



**REENOVA**  
**INVESTMENT**  
瑞星投资集团



# ENHANCING RESILIENCE SUSTAINING VALUE

ANNUAL REPORT 2021

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# CORPORATE PROFILE

**Reenova Investment Holding Limited** 瑞星投资集团 (“**Reenova**” or the “**Company**” and together with its subsidiaries, the “**Group**”) focuses on the investment and management of investee companies that are in the supply chain of high-tech industries, to strengthen the Group’s earnings base and generate value for its stakeholders.

The Group’s core strategic investment is a 75% stake in a rare earth concession area located in Madagascar, Africa. Headquartered in Singapore, the Group also manages its operations for the rare earth concession in Madagascar, Africa. Through its wholly-owned subsidiary, Reenova Global Pte. Ltd., the Group holds an exploration licence for the 238km<sup>2</sup> concession area that hosts rare earth oxides in north-western Madagascar, Africa.

Reenova is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) under the stock code **5EC**.

## VISION

The Group strives to be a partner of choice in the supply of rare earth oxides, delivering long-term benefits for all stakeholders through our holistic management along the value chain.

## MISSION

The Company aims to be an investment group that invests in a responsible manner to deliver stable and sustainable returns for our shareholders.

## CORE VALUES

### GOOD CORPORATE GOVERNANCE

The Group is committed to uphold the best practices in corporate transparency and disclosures. The Board will continuously enhance our corporate governance framework and processes through effective oversight, and observe high standards of **transparency, accountability and integrity** in managing the Group’s business in order to deliver value for its stakeholders and safeguard the Group’s assets.

### RESPONSIBLE INVESTING

The Group will carry out preliminary assessment on proposed investments in accordance with its investment criteria, policies and guidelines, and will engage external independent professionals to carry out extensive due diligence on the proposed investments identified. The Group will avoid investing in companies that are involved in known breaches of human rights, labour laws, environment or anti-corruption laws.

### PRUDENT RISK MANAGEMENT

The Group takes great care in assessing and mitigating potential risks to ensure that all investment decisions are in the best interest of our shareholders.

# CHAIRMAN'S LETTER TO SHAREHOLDERS

## DEAR SHAREHOLDERS,

The financial year ended 31 December 2021 ("**FY2021**") saw the Group weather yet another round of adversities. The emergence of new variants of the Coronavirus Disease ("**COVID-19**") led to further extension of travel curbs and precautionary safety measures, which exacerbated business operations.

In early 2021, the Group remained hopeful that travel curbs would be lifted and went on to engage METC Engineering (Pty) Ltd, an engineering design house that designs and builds metallurgical plants for mines, to assist in managing and completing a pre-feasibility study of a plant for the initial stage of commercialisation within the 238km<sup>2</sup> rare earth concession area that hosts rare earth oxides in north-western Madagascar, Africa (the "**Rare Earth Project**"). This pre-feasibility study was to provide estimates of the capital expenditure and operating expenses comprising solution mining (in-situ leaching), a process plant, associated mine, and process plant infrastructure, and services (raw water and electricity supply) to produce up to 2,000 tonnes of rare earth oxides products with a 92% grade ("**TREO ≥ 92%**") per annum. This engagement, together with the engagement of other professional teams who are familiar with ionic clay mines, are essential for the Group's progress towards pilot production and subsequently, the application for the full mining licence.

Whilst all preparatory works were put in place in a bid to commence work at the mine site of the Rare Earth Project once travelling across borders would resume, the prolonged COVID-19 pandemic crisis, however, disrupted all schedules in the year under review.

Amid the pandemic crisis and in view of the expiry of the exploration licence PR 6698 ("**Exploration Licence**") on 5 November 2021, the Group had on 15 September 2021 through its subsidiary, Reenova Rare Earth (Malagasy) S.A.R.L.U. ("**RREM**"), submitted an application to the Ministry of Mines and Strategic Resources of Madagascar, on an exceptional basis for an extension of the period of validity of the Exploration Licence for an

additional period of two years. This was in addition to the application made for the full mining licence (*Permis de Exploitation*) to the Madagascar Mining Cadastral Office (Bureau du Cadastre Minier de Madagascar) in relation to the Rare Earth Project on 18 September 2020. The outcome of these applications is currently pending.

The arduous wait for the travel curbs to be lifted not only hindered the Group's operations at the mine site of the Rare Earth Project, but also depleted the cash resources of the Group. As an alternative to safeguard shareholders' interests, the Group explored and deliberated the option of disposing our core investment, the Rare Earth Project. The Group had on 10 November 2021 announced the proposed disposal of our wholly-owned subsidiary, Reenova Global Pte Ltd, which holds a 75% stake in Reenova Holding (Mauritius) Limited ("**RHM**"), and in turn, owns 100% of RREM that holds the mining rights to the Rare Earth Project, to a prospective purchaser, GRM Group Limited ("**GRM**") for a proposed consideration of US\$6 million (approximately S\$8.1 million). The proposed consideration was arrived at by a willing buyer and willing seller in an arm's length transaction and after a 25% haircut, notwithstanding that the Exploration Licence held by RREM had expired on 5 November 2021. The proposed disposal could potentially strengthen the Group's financial position and possibly bring a new lease of life to the listing entity. However, GRM has requested more time to make the necessary payment of the deposit due to the strict foreign exchange controls in China.

Taking into account the status of the Exploration Licence, net loss attributable to shareholders widened from S\$6.26 million for the financial year ended 31 December 2020 ("**FY2020**") to S\$19.25 million in FY2021. The increase in losses was mainly due to the impairment loss on mining rights that was partially offset by the write back of the corresponding deferred tax liability, whereby the extent of impairment was based on the proposed consideration of US\$6 million by GRM.

## CHAIRMAN'S LETTER TO SHAREHOLDERS

### RESILIENCE AMID UNCERTAINTY

In view of the timeline in relation to the Company being placed on the Financial Entry Criteria Watch-list under Listing Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") with effect from 4 December 2019, and the inability to proceed with the scheduled work plans for the Rare Earth Project in Madagascar amid the pandemic crisis, the Board and management strived to pursue available options to serve the best interests of the minority shareholders.

The proposed acquisition of 3DOM (Singapore) Pte. Ltd. (the "**Target**") which is expected to result in a reverse takeover ("**RTO**"), is selected as the most viable option ("**Proposed Acquisition**"). The Target is in the business of manufacturing, distributing and sale of lithium-ion secondary batteries using the next-generation battery technologies by 3DOM Inc. (the "**Vendor**"). The electric vehicle revolution is driving demand for electric vehicles globally and this trend underpins the growth potential for reliable batteries. The Target has been granted by the Vendor with an irrevocable exclusive global license to manufacture and sell next-generation lithium-ion batteries using the Vendor's next-generation lithium-ion battery technologies, as well as the sub-licensing right of such technology. The Target has also firmed up suppliers and original equipment manufacturer ("**OEM**") plants to fulfil orders from battery firms and global automobile manufacturers for deliveries in mid-year 2022.

Under the Sale and Purchase Agreement with the Vendor, the Company shall acquire the entire issued and paid-up share capital of the Target (the "**Sale Shares**") from the Vendor, for a consideration equivalent to 80% of the valuation of the Target (the "**Actual Valuation**") to be conducted by an independent qualified valuer (the "**Consideration**"). In consideration for the Sale Shares, the Company shall allot and issue such number of new fully paid-up ordinary shares (the "**Consideration Shares**") at a pre-consolidation issue price of S\$0.0075 per ordinary share (the "**Pre-Consolidation Issue Price**") to the Vendor.

On 10 May 2022, the Company announced that Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") has no objection to granting an extension of time under Mainboard Listing Rule 1304(1) of up to 31 July 2022 (the "**Extended Third Waiver**"), for the purpose of making submissions in relation to the Proposed Acquisition and RTO, and to resume trading of the Company's shares no later than 31 July 2022. One of the conditions include the completion of an independent valuation of the Target by 20 May 2022 for the Proposed Acquisition by EY Corporate Advisors Pte. Ltd. and the Actual Valuation being not less than US\$1.25 billion to support the Consideration payable of US\$1 billion being 80% of the Actual Valuation.

Notwithstanding the aforementioned, the Group remains mindful of the operating environment as we work towards achieving all the conditions stipulated in the Third Waiver announcement.

### ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all members of the Group for their dedication and efforts in the past year. Our heartfelt appreciation also goes to our professional partners for their support to the Group. I also acknowledge our fellow Board Directors for their invaluable advice and support throughout the year.

Last but not least, we are thankful to you, our shareholders. We appreciate the continued support and confidence you have given us over the years, and we remain committed to pursue available options that will serve the best interests to you.

### CHEN TONG

Executive Chairman

# OPERATIONS REVIEW

**“The Board and Management are working relentlessly on available options that will serve the best interests of the Company’s shareholders amid the COVID-19 pandemic crisis.”**

The emergence of new variants of the Coronavirus Disease (“**COVID-19**”) in 2021 led to the extension of travel curbs, where stringent precautionary measures against the transmission of COVID-19 remained in place. Economic and business activities have inevitably slowed down, and more businesses are on the brink of closure amid the pandemic crisis.

**Reenova Investment Holding** (“**Reenova**” or the “**Company**” and together with its subsidiaries, the “**Group**”) has its key investment in the 75%-owned 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 of the 238km<sup>2</sup> concession area in north-western Madagascar, Africa that hosts rare earth oxides (the “**Rare Earth Project**”).

Despite the COVID-19 pandemic, the Group remains committed and stepped up its efforts in a bid to make progress for its Rare Earth Project. The Group had on 26 February 2021 entered into an agreement to engage METC Engineering (Pty) Ltd (“**METC**”), an engineering design house that designs and builds metallurgical plants for mines, to assist in managing and completing a pre-feasibility study of a plant for the initial stage of commercialisation within the Rare Earth Project. METC was to work with Kopilot Project Development from Canada to deliver the pre-feasibility study for the Rare Earth Project that estimates the capital expenditure and operating expenses comprising solution mining (in-situ leaching), a process plant, associated mine and process plant infrastructure, and services (raw water and electricity supply) to produce up to 2,000 tonnes of rare earth oxides products with a 92% grade (“**TREO ≥ 92%**”) per annum. All respective appointed professional teams were on standby and ready to commence work at the mine site once they were permitted to travel to Madagascar.

However, the Group could not proceed with its scheduled work plans to commence work on the Rare Earth Project with the prolonged international travel curbs and movement restrictions amid the emergence of more transmissible new COVID-19 variants. This is further aggravated by the lockdown of cities, which affected business operations detrimentally.

While the Group is unable to proceed to make progress on the scheduled pilot production at its Rare Earth Project, it has to continue to maintain its operating expenses. This inevitably drained the Group’s cash resources despite its stringent cost management effort.

## THE RARE EARTH PROJECT

The Rare Earth Project area covers approximately 238km<sup>2</sup> and is held under exploration licence PR 6698 (the “**Exploration Licence**”) which grants exclusive rights for prospecting and research. The rare earth concession area is located in the eastern part of the Ampasindava Peninsula, in the province of Antsiranana in north-western Madagascar, approximately 500km north of the capital, Antananarivo. The nearest major town and administrative centre is Ambanja, some 40km to the northeast of the rare earth concession area.

The Exploration Licence was originally granted in 2008 for five years and was renewed for a three-year period in January 2014. The Group received the approval for the second renewal of the Exploration License in November 2018 for another three years, beginning 6 November 2018 to 5 November 2021. Prior to the expiry of the Exploration Licence, RREM has, on 15 September 2021, submitted an application to the Ministry of Mines and Strategic Resources of Madagascar, on an exceptional basis, for an extension of the period of validity of the Exploration Licence for an additional period of two (2) years due to the COVID-19 pandemic. The outcome of this application is currently pending as at the date of this annual report.

## OPERATIONS REVIEW

As announced on 20 September 2020, RREM had on 18 September 2020 submitted an application for the full mining licence (*Permis de Exploitation*) to the Madagascar Mining Cadastral Office (Bureau du Cadastre Minier de Madagascar) in relation to the Rare Earth Project. The outcome of this application is also pending as at the date of this annual report.

The Independent Qualified Persons Technical Report on the Rare Earth Project (the “**Technical Report**”) commissioned by the Company and issued by Behre Dolbear Australia Pty Limited dated 21 September 2017

and updated on 20 September 2018, in accordance with the requirements of the VALMIN Code (Australian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – 2015) and in compliance with the Code and Guidelines for Reporting Exploration Results, Mineral Resources and Ore Reserves – Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia – December 2012, concluded that rare earth elements can be readily extracted from the deposits found within the concession area.

An estimated base case resource statement from the Technical Report is as follows:

### SUMMARY OF MINERAL RESOURCES AS AT 20 SEPTEMBER 2018

Category	Tonnage	Thickness	TREO	TREOnoCe	CREO	HREO	Contained TREO
	Mt	M	ppm	ppm	ppm	ppm	Tonnes
Measured	40.1	5.4	975	660	296	187	39,100
Indicated	157.6	6.8	878	554	255	166	138,300
<b>Meas/Ind</b>	<b>197.7</b>	<b>6.5</b>	<b>897</b>	<b>575</b>	<b>263</b>	<b>170</b>	<b>177,400</b>
Inferred	430.0	5.6	894	574	247	149	384,600
<b>Total</b>	<b>627.7</b>	<b>5.9</b>	<b>895</b>	<b>574</b>	<b>252</b>	<b>156</b>	<b>562,000</b>

#### Notes:

- SGS Canada Inc. 10 June 2016 estimate; cut-off grade 300-500ppm TREOnoCe; Mt denotes million tonnes; m denotes metres; ppm denotes parts per million; 1 tonne = 1,000 kilogramme.
- The Technical Report dated 20 September 2018 can be found in Appendix A of the Company’s Circular dated 15 October 2018.



## OPERATIONS REVIEW

For the year under review, there are no reserves classified in this Rare Earth Project as it has not been able to carry out the scheduled feasibility study. Although the Group has a shareholding of 75% in the Rare Earth Project, the pending outcome of its applications for the extension of the Exploration Licence and the full mining licence is likely to have an impact on the valuation of the mining rights.

### SUMMARY OF MINERAL RESOURCES UPDATED BY SGS CANADA INC. AS AT 31 DECEMBER 2021:

Category	Mineral Type*	Gross Attributable to Licence					Net Attributable to Company (75%)				
		Tonnage (Mt)	TREO (ppm)	TREOnoCe (ppm)	CREO (ppm)	HREO (ppm)	Tonnage (Mt)	TREO (ppm)	TREOnoCe (ppm)	CREO (ppm)	HREO (ppm)
Measured	52% PED/ 48% SAP	40.1	975	660	296	187	30.1	975	660	296	187
Indicated	38% PED/ 62% SAP	157.6	878	554	255	166	118.2	878	554	255	166
Inferred	48% PED/ 52% SAP	430.0	894	574	247	149	322.5	894	574	252	149
<b>Total</b>	<b>46% PED/ 54% SAP</b>	<b>627.7</b>	<b>895</b>	<b>574</b>	<b>252</b>	<b>156</b>	<b>470.8</b>	<b>895</b>	<b>574</b>	<b>252</b>	<b>156</b>

#### Notes:

- 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 Saproilite

TREO ► total rare earth oxides ► LREO + HREO

TREOnoCe ► Total Rare Earth Oxides excluding Cerium Oxide = TREO - Ce<sub>2</sub>O<sub>3</sub>

CREO ► Critical Rare Earth Oxides ► Nd<sub>2</sub>O<sub>3</sub> + Y<sub>2</sub>O<sub>3</sub> + Eu<sub>2</sub>O<sub>3</sub> + Tb<sub>2</sub>O<sub>3</sub> + Dy<sub>2</sub>O<sub>3</sub>

HREO ► Heavy Rare Earth Oxides ► Y<sub>2</sub>O<sub>3</sub> + Eu<sub>2</sub>O<sub>3</sub> + Gd<sub>2</sub>O<sub>3</sub> + Tb<sub>2</sub>O<sub>3</sub> + Dy<sub>2</sub>O<sub>3</sub> + Ho<sub>2</sub>O<sub>3</sub> + Er<sub>2</sub>O<sub>3</sub> + Tm<sub>2</sub>O<sub>3</sub> + Yb<sub>2</sub>O<sub>3</sub> + Lu<sub>2</sub>O<sub>3</sub>

- An "**Inferred Mineral Resource**" is that part of a mineral resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. An "Inferred Mineral Resource" has a lower level of confidence than that applying to an "Indicated Mineral Resource".
- An "**Indicated Mineral Resource**" is that part of a mineral resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. An "Indicated Mineral Resource" has a lower level of confidence than that applying to a "**Measured Mineral Resource**".
- A "**Measured Mineral Resource**" is that part of a mineral resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

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

Date: 29 March 2022

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



## OPERATIONS REVIEW

### CORPORATE DEVELOPMENTS

The Company and management continued to actively engage and pursue potential investors to secure additional funding to allow the Group to operate as a going concern, as well as working relentlessly on available options that will serve the best interests of the Company's shareholders amid the COVID-19 pandemic crisis. These efforts include the proposed disposal of the Rare Earth Project and the proposed acquisition of 3DOM (Singapore) Pte. Ltd. (the "**Target**") which is expected to result in a reverse takeover.

- The Company had on 10 November 2021 announced the proposed disposal of its wholly-owned subsidiary, Reenova Global Pte Ltd, which holds a 75% stake in RHM and in turn, owns 100% of RREM that holds the mining rights to the Rare Earth Project, to a prospective purchaser, GRM Group Limited ("**GRM**"). The proposed consideration of US\$6 million (approximately S\$8.1 million) offered by GRM was arrived at by a willing buyer and willing seller in an arm's length transaction and notwithstanding that the Exploration Licence held by RREM has expired on 5 November 2021. This proposed disposal could potentially monetise the Group's investment and strengthen its financial position.

GRM, however, has requested for more time to make the necessary payment of the deposit due to the strict foreign exchange controls in China.

- The Company had on 16 November 2021, 10 December 2021 and 28 January 2022 entered into a non-binding term sheet, a Sale and Purchase Agreement ("**SPA**"), and an amended and restated SPA with 3DOM Inc. (the "**Vendor**"), in relation to the proposed acquisition of the Target that is expected to result in an RTO ("**Proposed Acquisition**").

The Target is in the business of manufacturing, distributing and sale of lithium-ion secondary batteries using the Vendor's next-generation battery technologies. The Target has been granted by the Vendor with an irrevocable exclusive global license to manufacture and sell next-generation lithium-ion batteries using the Vendor's next-generation lithium-ion battery technologies, as well as the sub-licensing right of such technology. The Target has firmed up suppliers and original equipment manufacturer ("**OEM**") plants to fulfil orders from battery firms and global automobile manufacturers for deliveries in mid-year 2022.

- The Company failed to complete a pre-consultation for the proposed RTO and failed to receive the letter of non-objection from the IPO Admissions on the suitability of the listing of the Target by 31 January 2022. This was mainly due to the restructuring of the share capital of the Target, which resulted to the amended and restated SPA as announced on 28 January 2022.

Nevertheless, the Company has appointed the relevant professionals in preparation for the submission of (i) an independent valuation of the Target, (ii) a confirmation of opinion that the Target is suitable for listing and able to meet the requirements under Mainboard Listing Rule 1015, and (iii) a pre-consult on the suitability of the Target, in respect of the Proposed Acquisition and RTO. These professionals include the independent qualified valuer, Ernst & Young Corporate Advisors Pte. Ltd., to determine the value of the Target, and Evolve Capital Advisory Private Limited being the financial adviser and issue manager for the Proposed Acquisition.

On 10 May 2022, the Company announced that Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") has no objection to granting an extension of time under Mainboard Listing Rule 1304(1) of up to 31 July 2022 (the "**Extended Third Waiver**"), for the purpose of making its submission in relation to the Proposed Acquisition and RTO, and to resume trading of its shares no later than 31 July 2022. The Extended Third Waiver, however, is subject to the Company satisfying all the conditions as stipulated in the announcements dated 11 April 2022 and 10 May 2022.

# BOARD OF DIRECTORS

## CHEN TONG

*Executive Chairman and Executive Director*

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**Mr Chen Tong** is the Executive Chairman and Executive Director of the Company, and a member of the Nominating Committee. He was re-designated from a Non-Independent Non-Executive Director to Executive Chairman and Executive Director on 18 November 2016. He was last re-elected on 28 April 2021.

Mr Chen is primarily involved in the oversight and management of the Group's investments and corporate developments, as well as formulate the overall business and corporate policies and strategies for the Group.

Having been previously involved in developing mineral resource assets and businesses in China, Australia, Canada, South Africa and the ASEAN region, Mr Chen brings with him over 30 years of operational experience and related industry expertise as well as industrial network to the Group.

Mr Chen was appointed as a director of Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) and Straits Hi-Rel Pte. Ltd. on 12 April 2017 and 25 September 2017, respectively.

Mr Chen Tong graduated from Beijing University of Science and Technology with a Bachelor of Engineering in Thermal Engineering and from Shanghai University with a Master of Engineering in Metallurgy.

## LEE KA SHAO

*Lead Independent Non-Executive Director*

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**Mr Lee Ka Shao** is the Lead Independent Director of the Company, Chairman of the Audit Committees and a member of the Remuneration and Nominating Committees. He was appointed to the Board on 3 January 2017 and was re-elected on 28 April 2021.

Mr Lee, a veteran in the banking and finance industry, built and managed businesses in major financial institutions spanning trading, investment management, corporate finance and solution structuring across broad asset classes in the United States, Europe and Asia. He co-founded and is currently the Chief Executive Officer of Edge Capital Asset Management Pte Ltd. Previously, he managed a family office, PhiMattell Pte. Ltd., and also a consulting company, Skeel Advisors Pte. Ltd.

Prior to that, he co-founded and was the chief investment officer of Cavenagh Capital, a global macro strategy hedge fund with offices in Amsterdam and Singapore, and he was also a founding member of Abax Global Capital, a special situation hedge fund based in Hong Kong. Preceding that, Mr Lee established and ran an internal absolute returns fund managing the shareholders' equity of DBS Bank Group, and also advised on DBS's asset and liability management as the Managing Director in Central Treasury. Mr Lee began his career on Wall Street with J.P. Morgan as a market maker and proprietary trader in foreign exchange, interest rates and derivatives. He also established and headed a structuring group to offer innovative solutions in the post-Asian financial crisis in 1998.

Mr Lee graduated with Honours in Economics from the National University of Singapore.

## BOARD OF DIRECTORS

### LIN, CHEN HSIN

*Independent Non-Executive Director*

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**Mr Lin, Chen Hsin** is an Independent Director of the Company and a member of the Audit and Remuneration Committees. He was appointed to the Board on 8 March 2017 and was re-elected on 26 June 2020.

Mr Lin brings with him over 20 years of experience in import and export trading and manufacturing. He holds the position of Administration Director at Coastal International Holdings Ltd since 1997. Between 1997 and 2012, he was the Executive Director of Coastal Greenland Limited, an investment holding company that is principally engaged in property-related business and listed on the Hong Kong Stock Exchange.

Mr Lin graduated from the Shanghai Institute of Education in 1965.

### EDDY LIM SEOK BOON

*Independent Non-Executive Director*

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**Mr Eddy Lim Seok Book** is an Independent Director of the Company, Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee. He was appointed to the Board on 30 December 2020.

Mr Lim brings with him over 25 years of experience in the financial industry, spearheaded in sales and marketing in most of the managerial roles across equities, foreign exchange, commodities and derivatives. He had also held managerial positions in Singapore Mercantile Exchange, Singapore Exchange, S&P Dow Jones Indices, Korea Exchange, and Zhongtai International Holdings Singapore.

Mr Lim is currently pursuing his Master in Business Administration. He holds a Diploma in Marketing (LCCI), Diploma in Principles of Management (LCCI), Diploma in Sales and Management (MAMSA), and Fellowship Diploma in Marketing from Chartered Marketing Institute.

# KEY MANAGEMENT

## **PATRICK KWOK KAI MING**

*Group Financial Controller and Company Secretary*

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**Mr Kwok Kai Ming** is our Group Financial Controller and Company Secretary joining the company on April 15, 2022. Mr. Kwok Kai Ming is responsible for overseeing the Company's and the Group's accounting and finance, taxation and administration matters.

Prior to joining the Company, Mr Kwok Kai Ming engaged in financial investment and also occasionally acted in a freelance financial advisory role since late 2012. He was an executive director and CFO for SP Manufacturing Pte Ltd after he spent 25 years in Speedy-Tech Electronics Ltd with his last position as Group Financial Director cum Managing Director (China).

Mr Kwok graduated from Leicester University, United Kingdom with a Master's in Business Administration. He is a member of Chartered Institute of Management Accountants (CIMA), UK, The Hong Kong Institute of Certified Public Accountants and Chartered Global Management Accountant, USA.

## **EDOUARD DOMINIQUE RAKOTOMANANA**

*Co-Gérant (Co-General Manager) and Senior Geologist, Reenova Rare Earth (Malagasy) S.A.R.L.U.*

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**Mr Edouard Dominique Rakotomanana** is the Co-Gérant (Co-General Manager) (appointed on 26 September 2020) and Senior Geologist of Reenova Rare Earth (Malagasy) S.A.R.L.U. ("**RREM**"). He joined RREM in April 2011.

Mr Rakotomanana leads and manages the scientific and technical programmes and supporting works on the exploration of rare earth elements. He has expanded his role and responsibility to managing the administrative and financial aspects of RREM, as well as engaging with various government ministries and authorities in Madagascar on matters relating to mining, environmental, tax, and labour.

Mr Rakotomanana is an experienced geologist and previously served as the Head of Geology and Geophysics Department at a project for governance of mineral resources mainly funded by the World Bank between March 2003 to April 2011. He was in charge of the modernisation and updating of the geological and mining mapping of Madagascar and the related scientific and prospecting programs. Previously, he was an Exploratory Geologist at the Office des Mines Nationales et des Industries Stratégiques where he started as an Engineer and, prior to his secondment to the World Bank Project, he was Deputy Director in charge of mining resources.

He has also been a temporary lecturer at University of Antananarivo: Polytechnic High School (Geology Department and Mine Department) and Faculty of Sciences (Earth Science Department) since 1997.

He graduated from the University of Madagascar in 1980 with an Engineering Diploma with a specialty in geology. He obtained a University Doctorate Diploma (PhD) from the Institut National Polytechnique de Lorraine (Nancy Brabois, France) in 1996.

# SUSTAINABILITY REPORT

## BOARD STATEMENT

The Board of Directors (the “**Board**”) of Reenova Investment Holding Limited (“**Reenova**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to present the annual sustainability report for the financial year ended 31 December 2021 (“**FY2021**”).

In the year under review, we were unable to send the appointed professional teams to commence work at the mine site of the Rare Earth Project in Madagascar amidst the ongoing COVID-19 pandemic which suspended travelling in most countries. Whilst the sustainability report highlights our key economic, environmental, social and governance (“**EESG**”) performance for FY2021, our focus will primarily be on the sustainability initiatives and performance of the Group’s investment management operations and corporate reporting at the holding level in Singapore.

The Board will continue to oversee the management and monitoring of key factors in our sustainability practices with the Sustainability Committee, improving on our disclosures as well as progressively updating targets that are material to the sustainability of the business operations.

This sustainability report has been prepared with reference to the guidelines of the Global Reporting Initiative (“**GRI**”) and in compliance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual of Mainboard Rules as well as the SGX-ST’s Sustainability Reporting Guide. We have chosen the GRI framework as it is a well-known and globally-recognised sustainability reporting standard.

No external assurance was sought for this report.

We welcome our stakeholders to provide us with feedback and suggestions on this report. You may reach out to us at [ir@reenovagroup.com](mailto:ir@reenovagroup.com).

*For and on behalf of the Board*

**CHEN TONG**

Executive Chairman

# SUSTAINABILITY REPORT

## SUSTAINABILITY GOVERNANCE

We take a strategic and comprehensive approach towards sustainability as we acknowledge the importance of effective EESG strategy and management throughout the business operations. The Board will review and consider sustainability issues raised by the Sustainability Committee during board meetings, and will deliberate on the possible solutions that could be adopted into our day-to-day operations. The Board approves the Group's general policies and strategies including those relating to sustainability.

We have in place a Sustainability Committee which is led by the Executive Chairman, who is supported by the Financial Controller of the Group. The Sustainability Committee reports to the Board and is responsible for reviewing the Group's sustainability performance, material topics, stakeholder concerns, setting of targets for material topics, and establishing systems to collect, verify, and monitor and information required for the sustainability reports.

The Sustainability Committee is relatively lean as the primary focus is currently on the Group's investment management operations and corporate reporting at the holding level in Singapore. We aim to expand our Sustainability Committee and build Sustainability Team Enablers when our business operations are more pronounced.



# SUSTAINABILITY REPORT

## STAKEHOLDER ENGAGEMENT

We recognise the importance of engaging in efficient communication with stakeholders and we believe sustainable operations will require constant interaction with both internal and external stakeholders. Through our established channels and platforms, we remain committed to strengthen mutually beneficial relationships with our stakeholders, responding to their concerns and working together to make good progress.

Our engagements with our key stakeholders are summarised as follows:

Our Stakeholders	Mode of Engagement	Our Initiatives
<b>Employees</b>	<ul style="list-style-type: none"> <li>Regular internal communications through meetings and electronic communications (emails, phone calls, video conferencing)</li> <li>Regular review of working environment and welfare</li> <li>Employee feedback</li> </ul>	<ul style="list-style-type: none"> <li>Ensure effective implementation of internal systems and policies</li> <li>Staff training and development program</li> <li>Sponsor employees to attend courses and conferences regularly to keep abreast of their requirements in the designated roles and responsibilities</li> <li>Annual review on performance</li> </ul>
<b>Investee Companies/ Business Partners</b>	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Electronic communications (emails, phone calls, video conferencing)</li> </ul>	<ul style="list-style-type: none"> <li>Assessment and due diligence</li> <li>Refer to the Board's conduct of its affairs on Provision 1.1 and 1.3, and risk management and internal controls on pages 24, 25 and 36 respectively.</li> <li>Regular reviews on operations and economic performance</li> </ul>
<b>Investment Community/ Shareholders</b>	<ul style="list-style-type: none"> <li>Announcements on SGXNet</li> <li>Annual general meeting or extraordinary general meeting</li> <li>Company website</li> <li>Emails</li> <li>Annual report</li> </ul>	<ul style="list-style-type: none"> <li>Ensure all public disclosures on corporate results and developments are factual, timely, and accurate to provide fair and equitable treatment to all shareholders</li> <li>Refer to Corporate Governance Statement on pages 24 to 51</li> </ul>
<b>Governments &amp; Regulators</b>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Electronic communications (emails, phone calls, video conferencing)</li> <li>Through external professionals and agencies</li> <li>Announcements on SGXNet</li> </ul>	<ul style="list-style-type: none"> <li>Ensure compliance with applicable laws</li> <li>Meetings and correspondences with relevant authorities and agencies regularly to keep abreast of changes in regulations</li> <li>Closely monitor developments in laws and regulations in countries where we have invested</li> </ul>

# SUSTAINABILITY REPORT

Our Stakeholders	Mode of Engagement	Our Initiatives
<b>External Professionals/ Service Providers</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Electronic communications (emails, phone calls, video conferencing)</li> </ul>	<ul style="list-style-type: none"> <li>• Selection through internal assessment procedure and guidelines</li> <li>• Regular engagement with service providers to keep abreast of changes to ensure compliance with all relevant laws and regulations in countries where we have invested</li> <li>• Annual assessment</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Community activities</li> </ul>	<ul style="list-style-type: none"> <li>• Engage in environmental conservation initiatives</li> <li>• Engage in enhancing living standards</li> <li>• Explore opportunity and business growth</li> </ul>

Notwithstanding our intended initiatives, we have not been able to carry out most of our activities for the Rare Earth Project located in Madagascar due to new COVID-19 variants prolonging the pandemic in 2021. The travel curbs and safety management measures implemented to combat the transmission of highly transmissible variants across countries continued to affect our engagements with our stakeholders in the year under review.



# SUSTAINABILITY REPORT

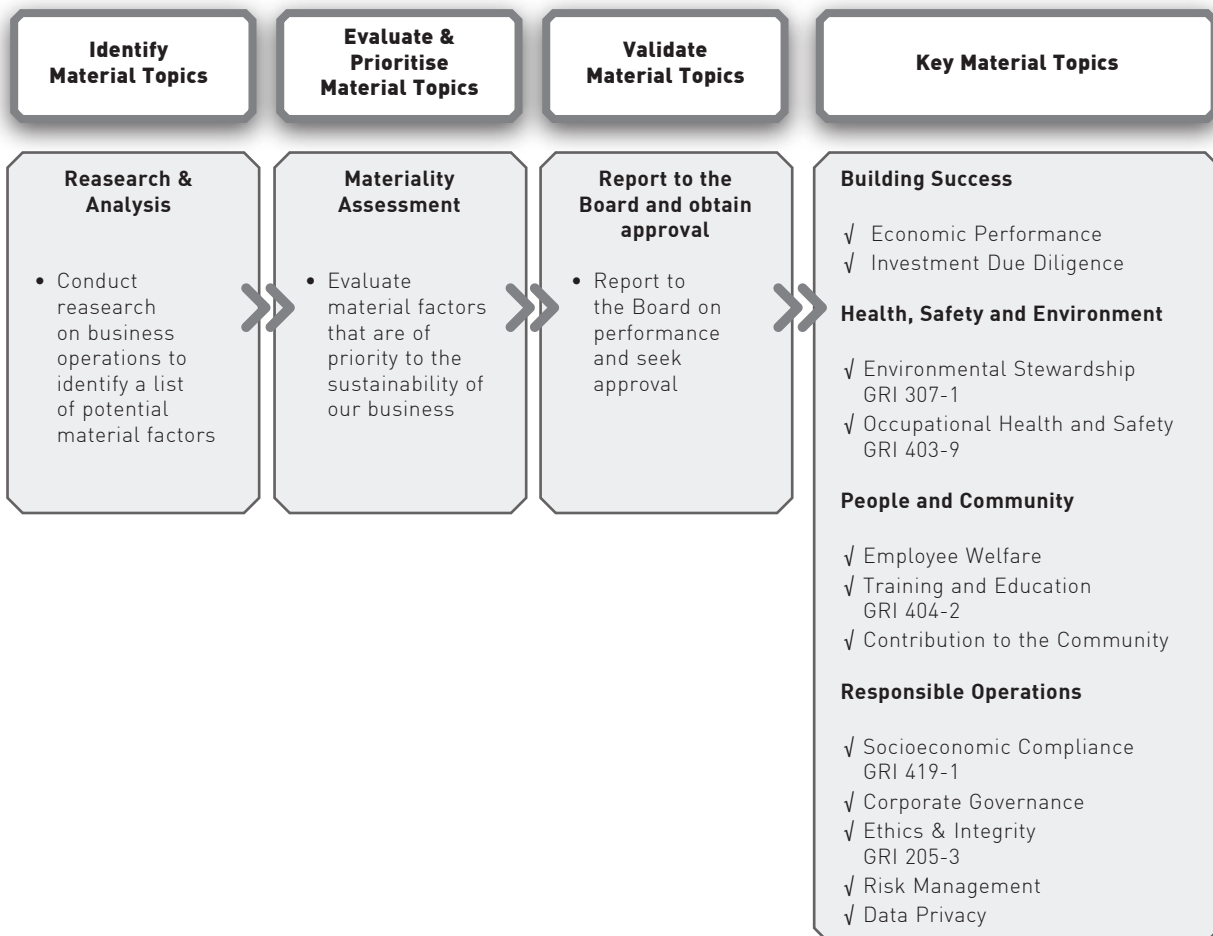
## MATERIALITY ASSESSMENT

We have reviewed our material topics in FY2021 based on internal stakeholders' discussion and taking into consideration the ongoing pandemic, as well as the economic, environmental and social impact, had we been able to commence our intended activities for the Rare Earth Project in Madagascar.

Our Stakeholders	Material Matters	What are the risks?	Where do we see the opportunities?
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Health, safety, and environment</li> <li>• Training and education</li> <li>• Ethics and integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to attract and retain talents of high ethics and integrity impedes growth and expansion</li> <li>• Employees risk obsolescence if they are not well-equipped with changing skillsets</li> </ul>	√ Develop a team of employees who are responsive to changes and requirements to perform in their respective roles and responsibilities
<b>Investee Companies/ Business Partners</b>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Corporate governance</li> <li>• Risk management</li> <li>• Health, safety, and environment</li> <li>• Ethics and integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Macroeconomic environment</li> <li>• Lack of internal control and proper risk management</li> <li>• Compliance risk</li> </ul>	√ Regular engagement and reviews on responsible operations and economic performance
<b>Investment Community/ Shareholders</b>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Corporate governance</li> <li>• Risk management</li> <li>• Privacy of personal data</li> </ul>	<ul style="list-style-type: none"> <li>• Macroeconomic environment</li> <li>• Lack of internal control and proper risk management</li> </ul>	√ Good corporate governance and transparency are the key factors in building trust and support
<b>Governments &amp; Regulators</b>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Compliance with laws</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of internal control and proper risk management</li> <li>• Compliance risks arise from evolving regulatory and reporting landscape</li> </ul>	√ Engage with government authorities and agencies to keep abreast of the changes in regulations
<b>External Professionals/ Service Providers</b>	<ul style="list-style-type: none"> <li>• Risk management</li> <li>• Compliance with laws</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of internal control and proper risk management</li> <li>• Changes in laws and regulations in countries where we invested may give rise to compliance risks</li> </ul>	√ Regular review and updates on the changes in regulations

# SUSTAINABILITY REPORT

Our Stakeholders	Material Matters	What are the risks?	Where do we see the opportunities?
<b>Community</b>	<ul style="list-style-type: none"> <li>• Environmental sustainability</li> <li>• Socioeconomic compliance</li> <li>• Contribution to the community</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Biodiversity</li> <li>• Indigenous land rights</li> </ul>	<ul style="list-style-type: none"> <li>√ To conduct environmental impact assessment according to international standards and pre-feasibility study on the mining operations in Madagascar</li> <li>√ To address the potential ESG issues arising from the mining operations</li> </ul>



# SUSTAINABILITY REPORT

## MATERIAL TOPICS

The material topics identified and categorised into four areas are set out below:

### BUILDING SUCCESS

#### Economic Performance

The Group depleted its cash resources in the normal course of operations while waiting for countries to lift travel curbs amid the emergence of new COVID-19 variants that prolonged the pandemic in FY2021.

The Group submitted an application to the Ministry of Mines and Strategic Resources of Madagascar on 15 September 2021 for an extension of an additional two-year validity period for our exploration licence PR 6698 for prospecting and research in the Rare Earth Project that was expiring on 5 November 2021. We have also been following up with Madagascar Mining Cadastral Office on the status of our application for the full mining licence made on 18 September 2020.

In view of the pending outcome of the aforementioned applications, the Group made an impairment loss on the mining rights with respect to the Rare Earth Project. This widened the net loss from S\$6.3 million in FY2020 to S\$19.3 million in FY2021.

#### Investment Due Diligence

The Group implemented investment guidelines and due diligence procedures to facilitate preliminary assessments of business opportunities, and outsource in-depth due diligence to external independent professional agencies for evaluation on potential investment opportunities before the investment decisions are put forth.

The sustainable success of the investment projects has a direct impact on our stakeholders, particularly our business partners and employees.

#### Performance in FY2021

- Did not achieve economic performance as planned due to curb in activities by subsidiary company overseeing the Rare Earth Project.
- Recorded zero incidence of non-compliance with management controls and procedures.
- Please refer to the Operations Review found on page 4 to 7 and Financial Statements and Notes to Financial Statements found on page 58 to 117 of this Annual Report.

#### Target for FY2022

- To strive for successful completions of (i) the proposed disposal of the Rare Earth Project, and (ii) the proposed acquisition of 3DOM (Singapore) Pte. Ltd.
- To strive for sustainable positive economic performance.
- To maintain zero incidence of non-compliance with management controls and procedures.

# SUSTAINABILITY REPORT

## HEALTH, SAFETY AND ENVIRONMENT

### Environmental Stewardship

GRI 307-1

The Group is committed to work towards mutual benefits with the local community in relation to the Rare Earth Project in Madagascar under our investment. Professional teams had been engaged to conduct environmental impact assessment and pre-feasibility and engineering studies to ensure the sustainability of the environment, however, due to the travel curbs during the COVID-19 pandemic, they have not been able to commence work in Madagascar.

### Occupational Health and Safety

GRI 403-9

The Group continues to adhere to precautionary measures in accordance with the directives of the respective governments and authorities, to prevent transmission of the COVID-19 virus at our premises in Singapore and Madagascar.

We have zero incidences of reportable accidents in FY2021.

We are committed to safeguard the wellbeing of our employees, business partners, and the community.

#### Performance in FY2021

- Did not achieve the target to commence work on feasibility and engineering studies, and environmental impact assessment of the Rare Earth Project due to the travel curbs amid the COVID-19 pandemic.
- Recorded zero incidence of non-compliance with the relevant laws and regulations relating to occupational health and safety.

#### Target for FY2022

- To record zero incidence of significant work-related injuries and fatalities.
- To record zero incidence of non-compliance with the relevant laws and regulations relating to occupational health and safety, providing a safe working environment and protecting employees from occupational hazards.

# SUSTAINABILITY REPORT

## PEOPLE AND COMMUNITY

The Group, as an investment holding company, liaises with a wide network of professional firms, companies, authorities, and agencies. We value the working relationships as we strive to rebuild the organisation despite the adversities.

### Employment

The Group strives to be directly involved in the operation, management and production of rare earth oxides for the Rare Earth Project in Madagascar, and we were looking to increase the number of employees.

However, the COVID-19 pandemic crisis deterred the plans.

### Training and Education

GRI 404-2

The Group is committed to employee development and investment, allowing our employees and contractors to build the appropriate skills, knowledge and behaviours to fulfil their roles and responsibilities safely and effectively, in particular, for the Rare Earth Project in Madagascar. The plans had to be shelved due to the COVID-19 pandemic as precautionary safety measures to prevent transmission of the virus were enforced.

### Contribution to the Community

The Group remains committed to improving the overall living standards of the rural villages that are at close proximity to the Rare Earth Project in Ambanja, Madagascar.

Due to the continual disruption to the Group's intended operations in Madagascar amid the COVID-19 pandemic and the depletion of its cash resources, the Group has not been able to continue our financial support for the educational institutions in the community, nor support community activities to promote health awareness such as health checks.

#### Performance in FY2021

- The prolonged COVID-19 pandemic crisis disrupted the Group's plans for recruitment and conduct training and education for new employees for the Rare Earth Project.
- Did not achieve the intended contribution to the local communities.

#### Target for FY2022

- To strive for the completion of the proposed acquisition of 3DOM (Singapore) Pte. Ltd. in a bid to rebuild the organisation.

# SUSTAINABILITY REPORT

## RESPONSIBLE OPERATIONS

### Socioeconomic Compliance

GRI 419-1

The Group operates our business in compliance with the relevant social and economic regulations and standards through regular checks and balances. We believe that compliance with legislative requirements is a minimum standard that should be achieved whilst striving to perform beyond these requirements.

We are committed to conducting our business with integrity and safeguarding the interest of all stakeholders.

### Corporate Governance

The Group continues to emphasise the importance of observing high standards of corporate governance and transparency to ensure the sustainability of our operations and the safeguarding of our stakeholders' interests and value for the long term.

We remain committed to uphold best practices in corporate transparency and disclosures, and we have in place a set of procedures and policies, governing our compliance with applicable legislation and adherence to our risk management guidelines.

### Ethics & Integrity

GRI 205-3

The Group has zero tolerance for bribery or corruption.

The Group's policy against improper payments sets out the standards and behaviour which we expect of our directors, officers, employees, agents, consultants, contractors and representatives, and links with the Whistleblowing Policy & Procedure for the reporting of any actual or suspected breaches of the policy. All reported incidents of non-compliance or potential non-compliance are taken seriously, reviewed and investigated. Serious incidences are to be reported to the Executive Director or the Chairman of the Audit Committee immediately within 24 hours and to the Audit Committee at its regular meetings.

### Risk Management

The Board, through the Board Charter, delegates responsibility for identifying and managing risks to the Management team. The Management team reports to the Board every three months on those risks which could have a material impact on the Group's business. The consequence of risk across a number of areas including environment, health, safety, reputation, stakeholder, compliance, financial and company objectives are all addressed. Through this risk management framework, we seek to identify, assess and manage risks in a structured and systematic manner and enable prudent risk taking in line with business objectives and strategies.

### Data Privacy

The Group committed to complying with the Personal Data Protection Act and all relevant legislation. We have systems and procedures in place to protect information related to our investee companies and employees.

# SUSTAINABILITY REPORT

## **Performance in FY2021**

- Recorded zero incidence of non-compliance with the relevant laws and regulations relating to social and economic that could potentially result in internal disciplinary action or public allegation.
- Complied with the principles and guidelines set out in the Code of Corporate Governance 2018, where appropriate.
- Recorded zero incidence of non-compliance with the relevant laws and regulations that cover corruption, bribery, extortion, fraud, and money laundering.
- Recorded zero incidence of non-compliance with management controls and procedures.
- Please refer to the Corporate Governance Statement found on page 24 to 50 of this Annual Report.

## **Target for FY2022**

- To maintain zero incidence of non-compliance with the relevant laws and regulations involving corruption, bribery, extortion, fraud, and money laundering.
- To maintain zero incidence of non-compliance with management controls and procedures.
- Continue to monitor and update the adequacy of the risk management framework.

# SUSTAINABILITY REPORT

## GRI STANDARDS REFERENCE INDEX

GRI Standards	Disclosure	Reference/Description
<b>General Disclosure</b>		
<b>GRI 102: General Disclosures</b>	102-1	Name of organisation Reenova Investment Holding Limited
	102-2	Activities, brands, products and services Annual Report 2021 – Corporate Profile, page 01
	102-3	Location of headquarters Singapore
	102-4	Location of operations Singapore and Madagascar, Africa
	102-5	Ownership and legal form Shareholders' Statistics and Distribution, page 118 to 119
	102-7	Scale of the organisation Operations Review, page 04 to 07
	102-8	Information on employees and other workers Health, Safety and Environment, page 18 People and Community, page 19
	102-9	Supply chain Corporate Profile, page 01
	102-10	Significant changes to the organisation and its supply chain Chairman's Letter to Shareholders, page 02 to 03
	102-14	Statement from senior decision maker Chairman's Letter to Shareholders, page 02 to 03 Board Statement, page 11
	102-16	Values, principles, standards and norms of behaviour Corporate Governance Statement, page 24 to 50
	102-18	Governance structure Corporate Governance Statement, page 24 to 50
	102-40	List of stakeholder groups Stakeholder Engagement, page 13 to 14
	102-42	Identifying and selecting stakeholders Materiality Assessment, page 15 to 16
	102-43	Approach to stakeholder engagement Stakeholder Engagement, page 13 to 14
	102-44	Key topics and expectations raised Materiality Assessment, page 15 to 16
	102-45	Entities included in the consolidated financial statements Financial Statements and Notes to Financial Statements, page 58 to 117



# SUSTAINABILITY REPORT

GRI Standards	Disclosure	Reference/Description	
	102-46	Defining report content and topic boundaries	Board Statement, page 11
	102-47	List of material topics	Key Material Topics, page 17
	102-48	Restatement of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	Board Statement, page 11
	102-51	Date of most recent previous report	12 April 2021
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions about the report	Board Statement, page 11
	102-54	Claims if reporting in accordance with the GRI Standards	Board Statement, page 11
	102-55	GRI content index	GRI Standards Reference Index, page 22 to 23
	102-56	External Assurance	We may seek external assurance in the future.
<b>GRI 103: Management Approach</b>	103-1	General requirements for reporting the management approach	Sustainability Governance, page 12 Materiality Assessment, page 15 to 16
<b>Material Topics</b>			
<b>GRI 201: Economic Performance</b>	201-1	Direct economic value generated and distributed	Building Success, page 17
<b>GRI 205: Anti-corruption</b>	205-3	Confirmed incidents of corruption and actions taken	Responsible Operations, page 20 to 21
<b>GRI 307: Environmental Compliance</b>	307-1	Non-compliance with environmental laws and regulations	Health, Safety and Environment, page 18
<b>GRI 403: Occupational health and safety</b>	403-9	Work-related injuries	Health, Safety and Environment, page 18
<b>GRI 404: Training and education</b>	404-2	Programs for upgrading employee skills and transition assistance programs	People and Community, page 19
<b>GRI 419: Socioeconomic Compliance</b>	419-1	Non-compliance with laws and regulations in the social and economic area	Responsible Operations, page 20 to 21

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “**Board**”) and Management of Reenova Investment Holding Limited (the “**Company**” or “**Reenova**”) and its subsidiaries (collectively, the “**Group**”) are committed to maintaining good corporate governance in complying with the Code of Corporate Governance 2018 (the “**Code**”) which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

This report outlines the Company’s corporate governance practices and structures for the financial year ended 31 December 2021 (“**FY2021**”), with specific reference made to each of the principles and provisions of the Code and the accompanying practice guidance by the SGX-ST pursuant to Rule 710 of the Listing Manual. The Company has generally adhered to the framework and complied with all principles of corporate governance outlined in the Code for FY2021. Where there were deviations from the provisions of the Code, appropriate explanations have been provided in the relevant sections. The Company will also continue to enhance its corporate practices appropriate to the conduct and progress of its business, as well as to review such practices from time to time and ensure compliance with the Listing Rules.

## BOARD MATTERS

### The Board’s Conduct of its Affairs

***Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.***

<u>Provisions</u>	<u>Corporate Governance Practices of the Company</u>
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1.1	<b>Directors are fiduciaries who act objectively in the best interests of the Company</b>
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The Company is headed by an effective Board, comprising competent individuals with diversified backgrounds and collectively bring with them a wide range of experience, to lead and control the Company. The Board oversees the business affairs of the Group.

The principal duties of the Board include:

- setting the strategic objectives of the Group and ensuring that necessary and adequate resources are in place for the Group to meet these objectives;
- reviewing and approving financial policies, investments and divestment proposals, and major funding proposals;
- reviewing and approving the Group’s annual business plan including the annual budget, capital expenditure, and operational plans;
- reviewing and evaluating the adequacy and integrity of the Group’s internal controls, risk management, and financial reporting system;
- identifying the key stakeholder groups, recognizing and addressing their concerns;
- considering sustainability issues including environmental and social factors as part of the strategic formulation; and
- ensuring accurate and timely reporting on material developments to shareholders and other stakeholders are understood and met.

# CORPORATE GOVERNANCE STATEMENT

## **Provisions** **Corporate Governance Practices of the Company**

While matters relating to the Group's objectives, strategies, and policies require the Board's decision and approval, the management (the "**Management**") is responsible for the day-to-day operations and administration of the Group. In particular, the Board holds the Management of the Company accountable for performance. The Company's Code of Conduct also sets the standards and ethical conduct expected of employees of the Group. Directors, officers, and employees are required to observe and maintain high standards of integrity, as to comply with the law and the regulations, and the Company's policies.

All Directors exercise due diligence and independent judgment and are obliged to act in good faith and the best interests of the Company. Where there are conflicts of interest, directors recuse themselves from discussions and decisions involving the issues of conflict.

### 1.2 **Directors' induction, training and development**

The Company ensures that incoming new Directors, upon appointment, are given guidance and orientation on the business and organisation structure of the Group to get them familiarised with the Group's business, operations and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties. Formal letters had been issued to all newly appointed directors upon their appointments, setting out their duties and responsibilities as a director. The Directors are aware of the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities, and restrictions on the disclosure of price-sensitive information. The Directors are also informed of regulatory changes initiated by or affecting the Company.

New updates and releases issued by the Accounting and Corporate Regulatory Authority ("**ACRA**"), the Monetary Authority of Singapore ("**MAS**") and Singapore Exchange Regulation ("**SGX RegCo**") that are relevant to the Directors were circulated to the Board. The independent auditors also update the Audit Committee and the Board on the new and revised accounting standards that apply to the Group. All Directors are encouraged to constantly keep abreast of developments in regulatory, legal, and accounting frameworks that are relevant to the Group through the extension of opportunities for participation in the relevant training courses, seminars, and workshops as relevant and/or applicable.

### 1.3 **Matters requiring Board's approval**

The Board has identified the following key areas for which the Board has direct responsibility for decision making:

- approving the Group's major investments and funding decisions;
- approving the Group's quarterly and full-year results announcements for release on the SGXNet in accordance with the Listing Rules of the SGX-ST;
- approving the annual report and audited financial statements;
- convening of shareholders' meetings;
- approving corporate strategies;
- approving corporate or financial restructuring;
- approving annual management plans and budgets; and
- approving of material acquisitions and disposal of assets.

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

### 1.4    **Board Committees**

The Board is supported by the Audit Committee (“**AC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”), each of whose members are drawn from members of the Board (together “**Board Committees**” and each a “**Board Committee**”). Each Board Committee has its written terms of reference and whose actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members. A summary of the activities of the AC, the NC, and the RC during FY2021 are also included within this report.

### 1.5    **Board Meetings and Attendance**

The full Board meets regularly and as and when necessary, to address any significant matters that may arise. The Company’s constitution (the “**Constitution**”) allows a Board meeting to be conducted by way of teleconference or videoconference. A record of the directors’ attendance at meetings of the Board and Board Committees for FY2021, as well as frequency of such meetings is disclosed in **Table 1** on page 49. Sufficient time and attention are being given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations as set out in **Table 3** on page 49.

### 1.6    **Access to information**

Board members are provided with adequate and timely information before Board meetings and on an on-going basis. Requests for information from the Board are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur. The information made available to the Directors is in various forms such as quarterly, half-yearly, and full-year financial results, progress reports of the Group’s operations, corporate developments, regulatory updates, business developments, and audit reports. The Management also consults with Board members regularly and whenever necessary and appropriate.

Management’s proposals to the Board for approval include background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions, and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. To keep Directors abreast of the Group’s operations, the Directors are also updated on initiatives and developments on the Group’s business as soon as practicable and/or possible and on an on-going basis.

### 1.7    **Access to Management and Company Secretary**

The Board has separate and independent access to the Group’s senior management, external auditors of the Group and the company secretaries at all times. The role of the company secretaries is to administer, attend and prepare minutes of Board meetings, assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company’s Constitution, Listing Manual of the SGX-ST and other relevant rules and regulations applicable to the Company are complied with. The company secretaries also attend all Board meetings. The appointment and replacement of the company secretaries are subject to the approval of the Board.

# CORPORATE GOVERNANCE STATEMENT

## **Provisions**    **Corporate Governance Practices of the Company**

A calendar of activities is scheduled for the Board a year in advance, with Board papers and agenda items dispatched to the Directors prior to the meetings of the Board and Board Committees, with sufficient lead-time for the Directors to peruse, review and consider the items tabled so that the discussions at such meetings can be more meaningful and productive.

The Board in fulfilling its responsibilities as a group or individually, when deemed fit, direct the Company, at the Company's expense, to appoint an independent professional adviser, to render professional advice.

## **BOARD COMPOSITION AND GUIDANCE**

***Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.***

## **Provisions**    **Corporate Governance Practices of the Company**

### **2.1    Director Independence**

The Board comprises four directors of whom three are Independent Non-Executive Directors and one Executive Director. There is a strong independent element on the Board, with Independent Directors constituting 75% of the Board. The Independent Directors provide the Board with independent and objective judgment on the corporate affairs of the Group. They have the necessary experience to assist the Board in decision making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Company. A summary of the current composition of the Board and its committees is set out in **Table 2** on page 49.

The NC, which reviews the independence of each Director on an annual basis, adopts the Code's definition of what constitutes an Independent Director. Each Independent Director is required to complete a Confirmation of Independence Statement annually based on the guidelines as set out in the Code. None of the Independent Directors has a relationship with the Company, its related corporations, its substantial shareholders (holding 5% or more of the shares) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company. None of the Independent Directors has served on the Board beyond nine years.

### **2.2    Independent directors make up a majority of the Board if Chairman is not independent**

The Chairman of the Board is part of the Management and he is not independent. Where the Chairman is not independent, the Independent Directors should make up a majority of the Board. The Company has conformed to the relevant provision of the Code with the majority of the Board made up of Independent Directors.

### **2.3    Non-executive directors make up a majority of the Board**

The Company has complied with the Code's provision for the majority of the Board to make up of non-executive directors.

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

### 2.4            **Board Composition**

The Directors consider that the Board's present size of four members is of the appropriate size taking into account the nature and scope of the Group's operations. The Board and the Board Committees comprise directors who as a group provide core competencies, such as accounting and finance, business and management experience, industry knowledge, financial and strategic planning experience, and knowledge that are necessary and critical to meet the Group's objectives. The diversity of the Directors' experience allows for the useful exchange of ideas and views. The biographies of all Board members are set out in the section entitled "Board of Directors & Management".

The Company values and embraces the benefits of having greater diversity on the Board in terms of skills, knowledge, experience and other aspects of diversity such as age, gender and ethnicity, and views diversity on the Board as an important element in building an effective Board even though the Company has yet to formalise this view by way of a written policy.

### 2.5            **Meeting of Independent Directors without Management**

The Independent Directors aim to assist in the development of proposals on strategy by constructively challenging the Management. The Independent Directors also review the performance of the Management in meetings. Where warranted, the Independent Directors meet without the presence of the Management or executive director to review any matters that must be raised privately.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making.***

## Provisions    Corporate Governance Practices of the Company

### 3.1            **Separation of the roles of the Chairman and the Chief Executive Officer**

The Company does not have the position of Chief Executive Officer ("CEO") and no CEO is proposed to be appointed for the time being. Mr. Chen Tong currently fulfills the role of the Executive Chairman and is responsible for the oversight and management of the Group's investments and corporate developments, as well as formulating the overall business and corporate policies and strategies for the Group.

### 3.2            **Responsibilities of Executive Chairman**

All major decisions made by the Executive Chairman are reviewed by the Board. His performance will be reviewed periodically by the NC and his remuneration package will be reviewed periodically by the RC. The Executive Chairman and other independent directors have regular meetings. All important and major decisions relating to the operations and management of the Group are made jointly and collectively by them. The Board believes that there is a balance of power and authority within the Board as all the Board Committees are chaired by independent directors.

# CORPORATE GOVERNANCE STATEMENT

The Executive Chairman ensures that Board meetings are held regularly and sets Board meeting agenda for each meeting in consultation with the Directors, the Management and the Company Secretary as and when necessary. The Executive Chairman ensures that Board members are provided with complete, adequate, and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group. The Executive Chairman also:

- (a) leads the Board to ensure its effectiveness on all aspects of its role;
- (b) sets the agenda and ensure that adequate time is available for discussion of all agenda items, in particular, strategic issues;
- (c) promotes a culture of openness and debate at the Board;
- (d) ensures that the Directors receive complete, adequate and timely information;
- (e) ensures effective communication with shareholders;
- (f) encourages constructive relations within the Board and between the Board and the Management;
- (g) facilitates the effective contribution of Non-Executive Directors in particular; and
- (h) promotes high standards of corporate governance.

### 3.3 **Lead Independent Director**

For effective governance, the Board has appointed Mr. Lee Ka Shao as the Lead Independent Director (“LID”) of the Company who provides leadership in situations where the Chairman is conflicted. As LID, Mr. Lee Ka Shao will be available to address shareholder concerns when contact through the normal channels of communication with the Chairman or the Group Financial Controller or the Management has failed to provide a satisfactory resolution or when such contact is inappropriate or inadequate.

## **BOARD MEMBERSHIP**

***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.***

### **Provisions    Corporate Governance Practices of the Company**

#### 4.1 **Role of NC**

The responsibilities of the Nominating Committee (“NC”) are described in its written terms of reference. Its main role is to ensure a rigorous process of board appointments and re-nominations, the determination of independence of each director and identification of new directors who have the appropriate knowledge, experience and skills to contribute effectively to the Board.

The principal functions of the NC stipulated in its terms of reference are as follows:

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

- (a) to review and make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's competencies, commitment, contributions and performance (for example attendance, preparedness, participation, candor and others);
- (b) to review and determine annually the independence of each director;
- (c) where a Director has multiple board representations, to decide whether a Director is able to and has adequately carried out his duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;
- (d) to determine how the Board's performance may be evaluated and propose objective performance criteria that allow comparison with industry peers, for approval by the Board, and that address how the Board has enhanced long-term shareholders' value;
- (e) to review the structure, composition and size of the Board;
- (f) to review board succession plan; and
- (g) to determine the appropriate training and professional development program for the Board.

### **Summary of NC's activities in FY2021**

- Evaluate the Board's composition and size, Director's tenure, competencies and outside commitments, attendance and nomination of directors for re-election;
- Reviewed the major themes arising from the annual Board performance review process and considered whether any aspects of the Board's oversight framework could be strengthened; and
- Reviewed the Director's independence criteria and assessment process.

## 4.2    **Composition of NC**

The NC comprises three directors, a majority of whom, including the Executive Chairman, are independent non-executive directors. The LID is a member of the NC. The names of the members of the NC are disclosed in **Table 2** on page 49.

## 4.3    **Board renewal and succession planning**

In the selection process for the appointment of new directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. Thereafter, the NC conducts an initial assessment to review a candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidates' independence, expertise, background and skills sets will be considered before the NC makes its recommendations to the Board. Under the Company's Constitution, any newly appointed director appointed by the Board shall retire at the AGM following his appointment and he shall be eligible for re-election. No alternate director has been appointed to the Board.

In accordance with the Company's Constitution, at each Annual General Meeting ("**AGM**"), one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3) but not less than one-third (1/3) shall retire by rotation and that all the Directors shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election.



# CORPORATE GOVERNANCE STATEMENT

## **Provisions**    **Corporate Governance Practices of the Company**

At the forthcoming AGM, retiring directors, Mr. Lin, Chen Hsin and Mr. Eddy Lim Seok Boon who are eligible, will be offering themselves for re-election pursuant to Article 89 of the Company's Constitution. Each Mr. Lin, Chen Hsin and Mr. Eddy Lim Seok Boon had accordingly abstained from reviewing and approving his own re-election.

The NC has recommended the nomination of the directors retiring by rotation for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation and accordingly, the above-mentioned directors will be offering themselves for re-election at the forthcoming AGM.

### 4.4    **Circumstances affecting Director's independence**

The NC determines the independence of each director annually based on the definitions and guidelines of independence having regard to the circumstances set forth in Provision 2.1 above. The Board, after taking into consideration the views of the NC, is of the view that Mr. Lee Ka Shao, Mr. Eddy Lim Seok Boon and Mr. Lin, Chen Hsin are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence.

### 4.5    **Multiple listed company directorships and other principal commitments**

The NC reviews annually the time commitment of directors. Notwithstanding that some of the directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company and each director is able to and has been adequately carrying out his/her duties as a director of the Company. Further information on the directorships and principal commitments of each director are disclosed in **Table 3** on page 49.

The NC with the concurrence of the Board are of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of directorships they could hold and serve effectively. Currently, none of the Directors hold more than two (2) directorships in other listed companies. During the financial year under review, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group and there is presently no necessity to implement internal guidelines to address their competing time commitments.

## **BOARD PERFORMANCE**

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

## **Provisions**    **Corporate Governance Practices of the Company**

### 5.1    **Assessment of effectiveness of the Board and Board Committees and assessing the contribution by individual directors**

The NC is also responsible for deciding how the Board's performance may be evaluated and considers practical methods to assess the effectiveness of the Board and the Board Committees. The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board and the Board Committees as well as assessing the contributions by each individual director to the effectiveness of the Board.

# CORPORATE GOVERNANCE STATEMENT

5.2 The NC has adopted a formal system of evaluating the Board annually. A Board performance evaluation was carried out and the assessment parameters include the evaluation of the Board composition, size and expertise, timeliness of information flow and quality of information to the Board, Board pro-activeness, Board accountability and oversight, functioning of the Board Committees as well as standards of conduct. The annual evaluation exercise provides an opportunity to gain constructive feedback from each Director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness.

For the year under review, the NC assessed the efficiency and effectiveness of the Board Committees in assisting the Board based on the assessment criteria which include amongst others, the Board Committees' composition and size, sufficient and relevant expertise and useful recommendations in assisting the Board for better decision-making, the interaction among committee members, reporting to the Board and recording of minutes.

Although the directors are not evaluated individually, the factors taken into consideration with regards to the re-nomination of directors for the current year are based on their attendances, commitment of time and contributions made at meetings of Board and Board Committees as well as general meetings.

No external facilitators were used in the assessment of the Board, its Board Committees and the individual directors.

## REMUNERATION MATTERS

### Procedures for developing remuneration policies

***Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

### Provisions    Corporate Governance Practices of the Company

#### 6.1    **RC to recommend remuneration framework and packages**

The principal function of the RC is to ensure that a formal and transparent procedure is in place for developing policies on executive remuneration and fixing the remuneration packages for the Board and key management personnel of the Group.

# CORPORATE GOVERNANCE STATEMENT

## Provisions **Corporate Governance Practices of the Company**

The duties of the RC include the following:

- (a) review periodically and recommend to the Board an appropriate framework of remuneration practices to attract, retain and motivate management staff to achieve increased performance and manage the Group successfully;
- (b) review and recommend senior management remuneration package and that of the Executive Director whose remuneration packages include a variable bonus component which is performance-related, and also performance shares which have been designed to align their interests with those of the shareholders;
- (c) to administer the Reenova Performance Share Plan approved by the shareholders on 8 September 2015;
- (d) to appoint and retain such professional consultancy firm deemed necessary to enable the RC to discharge their duties satisfactorily; and
- (e) to review the Company's obligations arising in the event of termination of the Executive Director and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC's recommendation for the fee framework of Independent Non-Executive Directors is made in consultation with the Chairman of the Board and submitted to the entire Board for endorsement, following which the recommendation is tabled for shareholders' approval at the Company's AGM. No member of RC or the Board participated in the deliberation of his/her remuneration.

### 6.2 **Composition of RC**

The RC, regulated by a set of written terms of reference, comprises three members, all of whom, including the Chairman, are independent non-executive directors. The names of the members of the RC are disclosed in **Table 2** on page 49.

### 6.3 **RC to consider and ensure all aspects of remuneration are fair**

The RC considers all aspects of remuneration, namely, director's fees, salaries, allowances, bonuses, share-based incentives and awards, other benefits-in-kind and termination terms, to ensure that they are fair. The RC ensures that the remuneration package of the Executive Chairman is in line with the Company's compensation policy. They also consider and review the disclosure of Directors' remuneration in the annual report. The RC will also ensure that the Independent Non-Executive Directors are not compensated excessively to the extent that their independence may be compromised.

### 6.4 **Expert advice on remuneration**

No independent consultant is engaged for advising on the remuneration of all directors and key management personnel. In its deliberations on remuneration matters, the RC takes into consideration industry practices and norms in compensation in addition to the Group's relative performance to the industries it operates in as well as the employment conditions within those industries and the performance of the individuals. The Company has not adopted the use of contractual provisions to reclaim incentive components of the remuneration of executive directors and key management personnel as it was considered unnecessary in the Company's current context.

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

### Summary of RC's activities in FY2021

- Reviewed the remuneration for Executive Chairman;
- Reviewed the remuneration for Key Management Personnel;
- Reviewed the remuneration level for Independent Non-Executive Directors; and
- Reviewed the granting the shares award under the Reenova Performance Share Plan.

## LEVEL AND MIX OF REMUNERATION

***Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.***

## Provisions    Corporate Governance Practices of the Company

### 7.1 & 7.3    **Remuneration of Executive Directors and key management personnel are appropriately structured to link rewards to performance**

In setting remuneration package for the Executive Chairman and the key management personnel (who are not also directors or the CEO) of the Company, the performance-related elements of remuneration form a significant portion of the total remuneration package. This is to align their interests with those of shareholders, promote the long-term success of the Group, and to link rewards to corporate and individual performance. The RC will also take into consideration the pay and employment conditions within the industry and comparable companies.

#### **Share Incentive Scheme**

The Company has an employee share award plan known as the Reenova Performance Share Plan (the "PSP"), administered by the Remuneration Committee. The PSP provides an opportunity for employees who met performance targets to receive their award through an equity stake in the Company. The Circular to Shareholders dated 24 August 2015 containing the details of the PSP is available to shareholders upon their request. The Company granted share awards totaling 271,674,900 ordinary shares to the independent directors and eligible employees under the Reenova Performance Share Plan on 21 August 2020 of which 191,240,900 share awards vested on 21 August 2020 while 53,622,700 share awards and 26,811,300 share awards would vest on 20 August 2021 and 19 August 2022 respectively. However, trading of the Company's shares (the "Shares") on Singapore Exchange Securities Trading Ltd. (the "SGX-ST") has been suspended since 16 November 2020. Pursuant to the rules of the Reenova Performance Share Plan, the release date for a share award (in respect of the allotment or transfer to the relevant participant of Shares pursuant to the release of such share award) shall be on a "Trading Day", which is defined in the rules of the Reenova Performance Share Plan as a day on which the Shares are traded on the SGXST. Accordingly, the release of Shares pursuant to the second and third tranches of the said share awards would not be made until trading of the Shares on the SGX-ST has resumed.

The Executive Chairman is remunerated as a member of management. No service contract was entered into between the Company and the Executive Chairman in relation to his employment with the Company. The Executive Chairman does not receive Directors' fee. The Executive Chairman has an employment contract with the Company and his performance is incentivized by the Reenova Performance Share Plan.

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

### 7.2    **Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities**

In reviewing the recommendation for Independent Non-Executive Directors' remuneration for FY2021, the RC had continued to adopt a framework of basic fees for serving on the Board and Board Committees, as well as fees for chairing each Board Committee and the role of Lead Independent Director. The fees take into consideration the amount of time and effort that each Board member may be required to devote to their role. Fees for Independent Non-Executive Directors are subject to the approval of shareholders at the AGM.

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the industry and is performance-related. The Company has not adopted the use of contractual provisions to reclaim incentive components of the remuneration of executive directors and key management personnel as it was considered unnecessary in the Company's current context.

## DISCLOSURE OF REMUNERATION

***Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

## Provisions    Corporate Governance Practices of the Company

### 8.1    **Remuneration disclosures of Directors and key management personnel**

The Group currently has two key management personnel (who are not also directors or the CEO) for the financial year ended 31 December 2021. The remuneration of the Directors and key management personnel (who are not also directors or the CEO) for FY2021 are disclosed using the band of S\$250,000 below. The disclosure is to enable investors to understand the link between the remuneration paid to Directors and key management personnel and their performance. The remuneration for the Executive Director and key management personnel (who are not also directors or the CEO) comprises fixed and variable components. The fixed component is in the form of a fixed monthly salary whereas the variable component is linked to the performance of the Group and the individual.

Regarding the Code's recommendation to fully disclose the remuneration of directors and the key management personnel (who are not directors or the CEO), the Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms.

The compensation structure for the Executive Director and key management personnel (who are not directors or the CEO) of the Company consists of four key components – salary, bonus, share awards and other benefits.

**Table 4** on page 51 sets out the breakdown (in percentage terms) of the remuneration of the directors and the key management personnel (who are not directors or the CEO), respectively, for FY2021.

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

### 8.2            **Remuneration disclosures of related employees**

There are no substantial shareholders of the Company, or immediate family member (defined in the Listing Manual as the spouse, child, adopted child, step-child, brother, sister, and parent) of a director, the CEO or a substantial shareholder, in the employment of the Company whose annual remuneration exceeded S\$100,000 during FY2021.

### 8.3            **Details of employee share scheme**

The Company has a share award plan known as the Reenova Performance Share Plan (the “PSP”). Further details of the PSP are set out above under Principle 7 and disclosed in the Directors’ Statement. The Circular to Shareholders dated 24 August 2015 containing the detailed information on PSP is available to shareholders upon their request.

## **ACCOUNTABILITY AND AUDIT**

### **Risk Management and Internal Controls**

***Principle 9: The Board is responsible for the governance of risk and ensures that the Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.***

## Provisions    Corporate Governance Practices of the Company

### 9.1            **Board determines the nature and extent of risks**

The Board is responsible for ensuring that the Management maintains a sound system of internal controls to safeguard shareholders’ interests and the Group’s assets. The system of internal controls provides a reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The AC and the Board believe that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the Group’s Management and that was in place throughout the financial year and up to the date of this report is adequate to meet the needs of the Group in its current business environment.

The Group has a formal Risk Management Framework for the identification of key risks within the business. The Group regularly reviews its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

The AC assists the Board in the oversight of risk management in the Group. It reviews the effectiveness of the overall risk management system in meeting sound corporate governance principles. The Group’s risk management is an ongoing process and requires continuing identification, assessment, monitoring, and management of significant risks. The AC will report any material matters including findings and recommendations pertaining to risk management to the Board.

As part of the annual statutory audit and internal audit, the Group’s external auditor and internal auditor conducted an annual review, in accordance with their audit plan, of the effectiveness of the Group’s material internal controls relevant to the Group’s preparation of financial statements. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC as part of their review. The AC also reviews the effectiveness of the actions taken on the recommendations made by the external auditor in this respect, if any.

# CORPORATE GOVERNANCE STATEMENT

## Provisions Corporate Governance Practices of the Company

It is the opinion of the Board, with the concurrence of the AC, that the risk management and system of internal controls maintained by the Group's Management that is in place throughout FY2021 and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational, information technology and compliance risks. The Board notes that all risk management and system of internal control contain inherent limitations and no risk management and system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, the work performed by the internal and external auditors and the documentation on the Group's key risks, reviews performed by the Management, AC and the Board, the AC and the Board are of the opinion that the Group's risk management and internal controls, addressing financial, operational, information technology and compliance risks, were effective and adequate.

As the Company has not put in place a Risk Management Committee, the Board, the AC and the Management assume the responsibility of the risk management function. The Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

The Company has disclosed that it is assisting with an investigation by the Commercial Affairs Department of the Singapore Police Force ("CAD") in a public announcement dated 3 April 2014. In response to the on-going investigation by CAD, the Board has put in place the following measures and controls to further safeguard the shareholders' interests in the Company:-

- (a) The Management to notify the AC and seek AC's approval before any investment transactions are undertaken by the Group.
- (b) The Group's business continuity plan should be enhanced to include identifying suitable personnel to replace any key executive or employee.

On 9 December 2016, the Company has been served a joint notice dated 7 December 2016 by Monetary Authority of Singapore and CAD (collectively referred to as the "Authorities") which states that the Authorities are investigating into an offence under the Securities and Futures Act (Chapter 289) and require access to certain documents and information pertaining to the Company.

As of the date of this Statement, the Authorities have not disclosed to the Company any further details nor provided any further updates on their investigations. Given the uncertainties in relation to the target(s) and subject matter of the ongoing investigations by the Authorities, the Board of Directors and Management are not able to ascertain the impact of these investigations, if any, to the Company and the Group and to their ongoing business operations and furthermore, the implications of such investigations, if any, to the Group's and the Company's financial statements for the financial year ended 31 December 2021. The Company remains unaware of the commission of any offence in connection with the investigations by the Authorities and has been cooperating fully with the Authorities in their investigations.

Apart from the investigations by the Authorities which have given rise to some uncertainties, the Company and its subsidiaries have kept full and proper accounting records, the full access whereof were provided and fully disclosed to the independent auditors.

# CORPORATE GOVERNANCE STATEMENT

## **Provisions**    **Corporate Governance Practices of the Company**

### 9.2            **Assurance from Executive Chairman, Group Financial Controller and other key management personnel**

The Board has received assurance from (a) the Executive Chairman and the Group Financial Controller that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Executive Chairman and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

## **AUDIT COMMITTEE**

***Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.***

## **Provisions**    **Corporate Governance Practices of the Company**

### 10.1           **Duties of AC**

The AC is governed by its Terms of Reference which highlights its duties and functions as follows:

- (a) to review with the external auditor, the audit plan, their evaluation of the Group's system of internal accounting controls, their audit report, management letter and the Management's responses, as well as to review the assistance given by the Company's officers to the external auditor;
- (b) to review the scope and results of audit and its cost effectiveness, as well as the independence and objectivity of the external auditor. Where the external auditor also provides a substantial volume of non-audit services to the Company, to review the nature and extent of such services to maintain the balance of objectivity and value for money;
- (c) to review the quarterly and full year financial results of the Company and the consolidated financial statements of the Group before submission to the Board for approval;
- (d) to review annually the effectiveness of the Company's material internal controls including financial, operational, information technology and compliance control and risk management;
- (e) to review the independence of the external auditor annually;
- (f) to consider and make recommendations to the Board on the appointment, re-appointment and removal of external auditor, their remuneration and terms of engagement;
- (g) to ensure that the internal audit function, is adequately resourced and has appropriate standing within the Company and to review the adequacy of the function annually;
- (h) to review the scope and results of the internal audit procedures;
- (i) to meet with the external and internal auditors without the presence of the Management, annually;
- (j) to review interested persons transactions to comply with the rules of the Listing Manual of the SGX-ST and other relevant statutory requirements and any potential conflicts of interest;
- (k) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on the operating results and financial position of the Group; and
- (l) to undertake such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.



# CORPORATE GOVERNANCE STATEMENT

## Provisions **Corporate Governance Practices of the Company**

Apart from the above functions, the AC has the power to conduct and authorise investigations into matters within the AC's scope of responsibility. The AC also has full access to and co-operation of the Company's Management and has full discretion to invite any Director or executive officer to attend the AC meetings, and has been given the reasonable resources to enable it to discharge its functions.

In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

### **Summary of AC's activities in FY2021**

During the year, the AC:

- (a) reviewed the financial statements of the Company before the announcement of the Company's quarterly and full-year results; before recommending it to the Board for approval;
- (b) reviewed the external auditor's report for the financial year ended 31 December 2020;
- (c) reviewed the nature and extent of non-audit services provided by the external auditor during the financial year ended 31 December 2020 and reviewed the external auditor's independence;
- (d) met with the external auditor without the presence of the Management;
- (e) reviewed non-audit fees and whether the provision of such services affects their independence;
- (f) reviewed the proposal for internal audit service for the financial year ended 31 December 2021;
- (g) reviewed the interested persons transactions (if any);
- (h) reviewed the Corporate Governance Statement for disclosure in the Company's 2020 Annual Report;
- (i) proposed and recommended the appointment of the external auditor for FY2021; and
- (j) reviewed and approved the external auditor's plan for the financial year ended 31 December 2021.

For FY2021, the aggregate amount of fees paid or payable to the external auditor of the Group amounted to S\$109,486 including audit fees of S\$105,486 and non-audit services fees of S\$4,000. The AC has reviewed all non-audit services provided by the external auditor and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditor. The AC having assessed the independence of auditors and size of resources and expertise, has recommended to the Board the re-appointment of RT LLP as auditors of the Company. The Board has approved the recommendation and will put forth the resolution to vote at the forthcoming AGM.

Rule 1207(6),  
Rules 712  
and 715  
and/or  
Rule 716  
of the  
SGX-ST  
Listing  
Manual

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Listing Rules 712 and 715. In addition, the AC is satisfied that the Company has complied with Rule 717 of the Listing Manual regarding the audit of the foreign subsidiaries

In accordance with Rule 716 of the Listing Rules, the AC and the Board confirmed that they are satisfied that the appointment of different auditors for certain of its subsidiaries (i.e., the appointment of the PricewaterhouseCoopers Mauritius and PricewaterhouseCoopers S.A.R.L. as the auditors of Reenova Holding (Mauritius) Limited and Reenova Rare Earth (Malagasy) S.A.R.L.U. respectively) had not compromised the standard and effectiveness of the audit of the Group and its consolidated financial statements.

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

In appointing the audit firms for the Group, the AC and the Board were satisfied that the Group has complied with Rules 712, 715 and 716 of the Listing Rules.

### **Whistle-Blowing Policy**

Rule 1207 (18A) and 1207 (18B) of the SGX-ST Listing Manual

The Company has put in place a whistle-blowing framework whereby employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and for appropriate follow up actions. The details of the whistle-blowing policies and arrangements have been made available to all employees.

All whistleblowing reports received are reviewed by the Chairman of the AC. Upon receipt of any report, the AC will review it and if deemed necessary appoint an investigator with no personal interest in the matter to conduct an investigation into the matters disclosed. The Company is committed to ensuring protection of the whistleblowers against detrimental or unfair treatment, the identity of the whistleblower and their reports will be treated confidentially and fairly.

The AC is responsible for oversight and monitoring of whistleblowing, and oversees the whistleblowing policy and its related procedures. Quarterly reports will be submitted to the AC stating, if any, the number and nature of complaints received, the results of investigation, follow up actions and unresolved complaints.

### **Financial Reporting Matters**

The AC noted that the external auditors have issued a Disclaimer of Opinion and did not express an opinion on the accompanying consolidated financial statements of the Group as at and for the financial year ended 31 December 2021 ("FY2021") and the statement of financial position of the Company as at 31 December 2021.

### **AC Commentary on the Basis for Disclaimer of Opinion in the Independent Auditor's Report**

The AC noted the following basis for Disclaimer of Opinion raised by the external auditor in its audit report for FY2021. The AC's commentary on the auditor's report is set out as follows:

<b>Basis for Disclaimer of Opinion</b>	<b>Comments by the AC</b>
Going concern	<p>The AC noted that for the financial year ended 31 December 2021, the Group incurred a net loss of S\$25.7 million (31 December 2020: S\$7.7 million), recorded net operating cash outflows of S\$1.7 million (31 December 2020: S\$3.1 million) and as at 31 December 2021, recorded net current liabilities of S\$6.1 million (31 December 2020: S\$3.5 million). The Group's cash and cash equivalents as at 31 December 2021 was S\$15,160 (31 December 2020: S\$1.7 million). These conditions indicate that a material uncertainty exists with a pervasive impact that may cast significant doubt on the Group's and Company's ability to continue as a going concern.</p> <p>Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the consolidated financial statements for the financial year ended 31 December 2021 remains appropriate after taking into account the following mitigating factors:</p>

# CORPORATE GOVERNANCE STATEMENT

## Provisions Corporate Governance Practices of the Company

Basis for Disclaimer of Opinion	Comments by the AC
	<p>(a) The Company is of the view that the proposed acquisition of 3DOM (Singapore) Pte. Ltd., which is expected to result in a reverse takeover (the "<b>Proposed RTO</b>") of the Company as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "<b>SGX-ST</b>") (the "<b>Listing Manual</b>") if successfully completed will place the Company in a position to expand into new business sectors and grow revenues, thereby assisting with the rebuilding of shareholder value. In addition, the Proposed RTO if successfully completed will facilitate the Group's attempts to build a profitable recurrent business and operate as a going concern in the long run, thereby placing the Group into a significantly stronger financial position and capital base.</p> <p>(b) The Board and Management have been exploring possible fundraising options to secure financing commitments to allow the Group to have access to additional working capital, as seen by the loans of S\$350,000, S\$150,000 and S\$454,545.50 that it has obtained recently. The Company continues to explore and source for such forms of financing, where possible.</p> <p>(c) The Company is working towards submitting to the SGX-ST, in due course, a draft circular on the non-binding term sheet in relation to S\$1.2 million convertible loans as announced on 17 November 2021.</p> <p>(d) In addition, the Company is in the midst of looking for potential buyers to acquire Reenova Global Pte Ltd and its subsidiaries. Subsequent to the year-end, RREM received enquiries from two interested parties.</p> <p>The Company will continue to prudently monitor its cash flows. Upon successful completion of the Proposed RTO that the Company is striving to accomplish, the Company is expected to be in a stronger financial position and thus be able to pay its debts as and when they fall due within the next 12 months.</p>
Intangible assets – Mining rights	<p>The AC noted that the carrying amount of the Group's intangible asset (Note17) amounted to S\$8,113,500 stated after accumulated impairment loss of S\$27,914,132 as at 31 December 2021.</p> <p>The Group performed an impairment assessment of the mining rights by estimating its recoverable amount based on the fair value less cost of disposal.</p>

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

Basis for Disclaimer of Opinion	Comments by the AC
	<p>A prospective purchaser, GRM Group Limited ("<b>GRM</b>") offered a proposed consideration of US\$6 million (approximately S\$8.1 million). The proposed consideration was arrived at by a willing buyer and willing seller in an arm's length transaction and after a 25% haircut, notwithstanding that the Exploration Licence held by RREM had expired on 5 November 2021. The proposed disposal if successfully completed could potentially strengthen the Group's financial position and possibly bring a new lease of life to the Company. However, GRM had initially requested for more time to make the necessary payment of the deposit due to the strict foreign exchange controls in China but has not done so to-date. Taking into account the status of the Exploration Licence, net loss attributable to shareholders widened from S\$6.26 million for the financial year ended 31 December 2020 ("FY2020") to S\$19.04 million in FY2021. The increase in losses was mainly due to the impairment loss on mining rights that was partially offset by the write back of the corresponding deferred tax liability, whereby the extent of impairment was based on the proposed consideration of US\$6 million by GRM.</p>
<p>Non-disclosure of Disposal of JV</p>	<p>The AC noted that during the year, the Group has disposed its entire shareholding of 14.29% in Straits Hi-Rel Pte Ltd ("<b>SHR</b>"), the investment in which has been fully impaired by the Group as at 31 December 2020, to an unrelated third party for a total cash consideration of S\$1.00 (One Singapore Dollar). The consideration was arrived at on a willing-buyer and willing-seller basis, taking into account, inter alia, the negative equity position of SHR of approximately S\$65,000 (total assets S\$23,000 less total liabilities S\$88,000) as at 30 September 2021.</p> <p>The disposal was completed on 28 October 2021. Our group auditor, RT LLP, is of the view that the Company is required under SFRS(I) 1(7) to disclose financial information pertaining to the Group's investment in SHR, which was previously accounted for as an investment in a joint venture, as at the date of disposal (i.e., 28 October 2021). However, as the Group is no longer a shareholder of SHR, it has not been provided with the financial statements of SHR following completion of the disposal on 28 October 2021. Moreover, the sole accounting personnel in-charge of SHR has been hospitalised recently and is therefore not in a position to furnish the information that has been requested for.</p>

### 10.2    **Composition of AC**

The AC, regulated by a set of written terms of reference, comprises three members, all of whom are non-executive directors and all of whom, including the AC Chairman, are independent. The names of the members of the AC are disclosed in **Table 2** on page 49. Mr. Lee Ka Shao, Mr. Eddy Lim Seok Boon and Mr. Lin, Chen Hsin are all qualified professionals and they possess the requisite accounting and financial management expertise and experience.

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

### 10.3    **AC does not comprise former partners or directors of the Company's auditing firm**

None of the AC members were previous partners or directors of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation and none of the AC members hold any financial interest in the auditing firm or auditing corporation.

### 10.4    **Primary reporting line of the internal audit function is to AC; Internal audit function has unfettered access to Company's documents, records, properties and personnel**

The internal audit function of the Group has been outsourced to an audit/accounting firm, Nexia TS Risk Advisory Pte. Ltd. (the "**Internal Auditor**"). The Internal Auditor reports directly and independently to the AC. To achieve its objectives, the Internal Auditor has unrestricted access to all records, properties and personnel of the Group. The Internal Auditor reviews the internal audit procedures and ensures that the internal audit function meets the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, is adequate and functioning in the required manner. The role and responsibilities of the Internal Auditor are as follows:

- (a) evaluates and provides reasonable assurance that risk management, control, and governance systems are functioning as intended and will enable the Group's objectives and goals to be met;
- (b) reports risk management issues and internal controls deficiencies identified directly to the Audit Committee and provides recommendations for improving the Group's operations, in terms of both efficient and effective performance;
- (c) evaluates regulatory compliance with applicable laws and regulations;
- (d) evaluates information security and associated risk exposures;
- (e) evaluates the Group's readiness in case of business interruption; and
- (f) maintains open communication with Management and the Audit Committee.

To ensure the Internal Auditor is staffed with relevant, qualified and experienced persons, the AC is responsible to select and approve the appointment of the internal auditors, as well as evaluation and compensation of the internal audit function. The Internal Auditor has confirmed that all its team members are corporate members of the Institute of Internal Auditors ("**IIA**") and are equipped with and practicing the recommended standards by the IIA. The AC is satisfied that the internal audit function is adequately resourced and staffed with suitably qualified and experienced professionals with the relevant experience.

The Internal Auditor reviewed the payables and payments cycle of Reenova Investment Holding Pte Ltd for FY2021 and followed up on the audit observations and recommendations in the previous internal audit report relating to payables and payments of RREM for FY2020.

The Audit Committee reviews the adequacy of the internal audit function annually. Based on the Audit Committee's review, the Audit Committee believes that the Internal Auditor is independent and has the appropriate standing within the Group and has adequate resources to perform its function effectively and objectively.

# CORPORATE GOVERNANCE STATEMENT

## **Provisions**    **Corporate Governance Practices of the Company**

### 10.5            **AC meets with the auditors without the presence of Management annually**

The AC meets annually with the external auditors without the presence of the Management to review any matters that might be raised. Where warranted, the AC shall meet with the Internal Auditor without the presence of the Management to review any matters that must be raised.

## **SHAREHOLDER RIGHTS AND ENGAGEMENT**

### **Shareholder Rights and Conduct of General Meetings**

***Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

## **Provisions**    **Corporate Governance Practices of the Company**

### 11.1            **Company provides shareholders with the opportunity to participate effectively and vote at general meetings**

All shareholders of the Company receive the Annual Report and notice of Annual General Meeting ("**AGM**") within the mandatory notice period. Shareholders are encouraged to participate at the Company's general meetings. Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy in accordance to the Constitution. The Constitution of the Company allows each shareholder to appoint up to two proxies to attend AGMs. The Company allows relevant intermediaries such as the Central Provident Fund Board or corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such bodies can attend and participate in general meetings as proxies.

In accordance with Rule 730A(2) of the Listing Manual and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by poll at all of its general meetings. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNet.

In light of the current COVID-19 measures in Singapore, the Annual Report, Notice of AGM and Proxy form will be made available to shareholders solely by electronic means via publication of SGXNET and our corporate website [www.reenovagroup.com](http://www.reenovagroup.com). The upcoming AGM will be held by way of electronic means. Shareholders may submit questions in advance of the AGM and appoint the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM.

# CORPORATE GOVERNANCE STATEMENT

## **Provisions**    **Corporate Governance Practices of the Company**

### 11.2    **Separate resolution on each substantially separate issue**

Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

### 11.3    **All Directors attend general meetings**

The Chairman of the AC, NC and RC, or members of the respective committees standing in for them, are present at each AGM, and other general meetings held by the Company, if any, to address shareholders' queries. The external auditor is also present at each AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

All directors attended the Company's AGM duly held on 28 April 2021. A record of the directors' attendance at the AGM is set out in **Table 1** on page 49.

### 11.4    **Company's Constitution for absentia voting of shareholders**

Under the Company's Constitution and pursuant to Companies Act 1967 (the "**Companies Act**"), a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies to attend AGMs and any other general meeting. A registered shareholder who is not a relevant intermediary may appoint up to two proxies. The Company is not implementing absentia voting methods such as voting via mail, e-mail, or fax until security, integrity and other issues are satisfactorily resolved. Accordingly, the Company's Constitution does not currently expressly provide for such absentia voting methods at general meetings of shareholders.

### 11.5    **Minutes of general meeting are published via SGXNet and on the Company's website**

Questions, comments received from shareholders, and responses from the Board and Management were recorded in the minutes of general meetings. The Company started publishing the minutes of general meetings of shareholders on SGXNet and via its corporate website within one month after the date of the meetings.

### 11.6    **Dividend Policy**

The Company does not have a dividend policy based on payout ratio. As the Company had accumulated losses as at 31 December 2021 and its current priority is to achieve long-term capital growth for the benefit of shareholders, any profits generated shall, therefore, be retained for investment into the future. The Board will continue to monitor the financial position of the Company and will propose dividends at the appropriate time to the best interest of the shareholders. No dividend has been proposed for FY2021.

# CORPORATE GOVERNANCE STATEMENT

## ENGAGEMENT WITH SHAREHOLDERS

***Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.***

### **Provisions    Corporate Governance Practices of the Company**

#### **12.1            The Company provides avenues for communication between the Board and shareholders**

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Shareholders are allowed to communicate their views to the Board and Management on matters regarding the Group during general meetings and other dialogues.

#### **12.2            Investor relations (if any) and mechanism of communication between the shareholders and the Company**

The Company has engaged an external investor relations firm to facilitate the communications with stakeholders, primarily shareholders, analysts and media, on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's financial performance and corporate developments. To enable shareholders to contact the Company easily, the contact details of the investor relations function are set out on the Corporate Information page of this Annual Report. The Company has procedures in place with regard to responding to investors' queries.

#### **12.3            The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company values regular, effective and fair communication with its shareholders. In line with the continuing obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.**

Material information is disclosed in a comprehensive, accurate and timely manner through SGXNet announcements, press releases and on the corporate website [www.reenovagroup.com](http://www.reenovagroup.com). To ensure level playing field and to provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Company's interactions with the investing community, a media release or announcement will be released to the public via SGXNet as soon as practicable.

The Company's corporate website is the key resource of information for shareholders. In addition to the quarterly and full year financial results materials, it contains a wealth of information of investor related information on the Group, including annual reports.



# CORPORATE GOVERNANCE STATEMENT

## MANAGING STAKEHOLDER RELATIONSHIPS

### Engagement with Stakeholders

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.***

#### **Provisions      Corporate Governance Practices of the Company**

##### 13.1      **Engagement with material stakeholder groups**

The Company has appropriate channels in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. It undertakes formal and informal stakeholder engagement exercise such as timely and informative updates relating to company announcements, quarterly financial results announcements, and press releases with material stakeholder group which include shareholders, investee companies/business partners, regulators, employees, media and public relations, external professionals/service providers, and the local communities.

13.2      The Company has identified the environmental, social and governance factors that are important to the stakeholders and could have a positive and/or negative impact on the Group's businesses. These factors form the materiality assessment upon which targets are set and progress are reviewed by and approved by the Board, before they are published in the sustainability report. Further information in relation to the details of the stakeholders engaged by the Group and areas of focus, in relation to the management of stakeholder relationships can be found under Sustainability Report on page 11 to 23 of this annual report.

##### 13.3      **Corporate website to engage stakeholders**

The Company provides timely and informative updates via company announcements, quarterly and yearly announcements of its financial results and news releases on its corporate website at [www.reenovagroup.com](http://www.reenovagroup.com).

## OTHER CORPORATE GOVERNANCE MATTERS

### **Securities Transactions**

Rule 1207(19) of the SGX-ST Listing Manual      In line with the Rule 1207(19) of the Listing Manual of the SGX-ST, the Company has in place a policy prohibiting share dealings by Directors and employees of the Group when in possession of undisclosed price sensitive information or for the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements, with the restriction ending on the day after the announcement of the relevant results.

Directors and employees of the Group are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. An officer should also not deal in the Company's securities on short term considerations. All employees of the Group have to obtain written approval before dealing in securities in their own accounts or in accounts which they have control or influence over.

# CORPORATE GOVERNANCE STATEMENT

## MATERIAL CONTRACTS

Rule 1207(8) of the SGX-ST Listing Rules

There was no material contract entered into by the Company during the financial year ended 31 December 2021. The total loans obtained by the Company from the Executive Chairman during the financial years ended 31 December 2019 and 2020 which remained outstanding and payable to the Executive Chairman amounted to S\$575,000 as at 31 December 2021. The loans are unsecured, interest-free and repayable on demand.

## INTERESTED PERSON TRANSACTION ("IPT")

Rule 1207(17) of the SGX-ST Listing Manual

During the year under review, there was no interested person transaction entered into by the Group that requires disclosure pursuant to the SGX-ST Listing Manual. No IPT Mandate has been obtained from shareholders.

## UTILISATION OF PROCEEDS RAISED FROM PLACEMENT OF 979,000,000 NEW ORDINARY SHARES AS AT 31 DECEMBER 2021

Rule 1207(20) of the SGX-ST Listing Manual

The Company refers to the net placement proceeds of approximately S\$2.51 million raised from the placement of 979,000,000 new ordinary shares in the capital of the Company (the "Placement") that was completed in November 2020.

As at 31 December 2021, the status on the use of the net placement proceeds in S\$'000 is as follows:

	<b>Amount utilised S\$'000</b>
Repayment of existing creditors	1,015
Commencing the next phase of works for the Group's rare earth project	54
General working capital*	1,429*
Total utilisation of net proceeds raised from placement of shares	<b>2,498</b>

\* The breakdown of the amount utilised for general working capital is as follows:

	<b>S\$'000</b>
Wages, salaries, bonuses and other short-term employee benefits and employer's contributions to defined contribution plans	822
Office and warehouse rental	56
Professional fees (including legal, secretarial, investor relations)	316
Listing related expenses	48
Office expenses	71
Insurance premiums	18
Others	98
Total	<b>1,429</b>

# CORPORATE GOVERNANCE STATEMENT

**TABLE 1 – ATTENDANCE AT BOARD, BOARD COMMITTEES AND ANNUAL GENERAL MEETINGS FOR FY2021**

Type of meetings	Board	AC	NC	RC	AGM	Total	%
No. of meetings held in FY2021	4	4	2	2	1	13	100%
<b>Attendance</b>							
Mr. Chen Tong	4/4	4/4	2/2	2/2	1/1	13/13	100%
Mr. Lee Ka Shao	4/4	4/4	2/2	2/2	1/1	13/13	100%
Mr. Lin, Chen Hsin	4/4	4/4	2/2	2/2	1/1	13/13	100%
Mr. Eddy Lim Seok Boon	4/4	4/4	2/2	2/2	1/1	13/13	100%

**TABLE 2 – BOARD AND BOARD COMMITTEES**

	Board	Nominating Committee	Audit Committee	Remuneration Committee
<b>Non-Independent Executive Director</b>				
Mr. Chen Tong	Chairman	Member	–	–
<b>Independent Non-Executive Directors</b>				
Mr. Lee Ka Shao (Lead Independent Director)	Member	Member	Chairman	Member
Mr. Lin, Chen Hsin	Member	–	Member	Member
Mr. Eddy Lim Seok Boon	Member	Chairman	Member	Chairman

**TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT, LAST RE-ELECTION AND THEIR DIRECTORSHIPS/ PRINCIPAL COMMITMENTS**

Name of Director	Age	Date of initial appointment	Date of last re-election	Academic and professional qualification	Present Directorship in other listed Companies	Past (preceding 5 years) Directorship in other listed Companies	Principal Commitments
Mr. Chen Tong Executive Chairman	57	27 October 2016	28 April 2021	<ul style="list-style-type: none"> <li>Master of Engineering (Metallurgy)</li> <li>Bachelor of Engineering (Thermal Engineering)</li> </ul>	–	–	Full time employment with Reenova Investment Holding Limited

# CORPORATE GOVERNANCE STATEMENT

Name of Director	Age	Date of initial appointment	Date of last re-election	Academic and professional qualification	Present Directorship in other listed Companies	Past (preceding 5 years) Directorship in other listed Companies	Principal Commitments
Mr. Lee Ka Shao Lead Independent Non-Executive Director	52	3 January 2017	28 April 2021	<ul style="list-style-type: none"> <li>Honours in Economics</li> </ul>	–	Asia Fashion Holdings Limited	Director of:– <ul style="list-style-type: none"> <li>Edge Capital Asset Management Pte. Ltd.</li> <li>Edge Capital Fund SPC</li> <li>Edge Capital Fund SP1 Pte. Ltd.</li> <li>Edge Capital Fund SP2 Pte. Ltd.</li> <li>Phimattell Pte. Ltd.</li> <li>Skeel Advisors Pte. Ltd.</li> <li>Kinetic Laboratory Pte. Ltd.</li> </ul>
Mr. Lin, Chen Hsin Independent Non-Executive Director	79	8 March 2017	26 June 2020	Shanghai Institute of Education	–	–	Director of Coastal International Holding Ltd
Mr Eddy Lim Seok Boon Independent Non-Executive Director	49	30 December 2020	28 April 2021	<ul style="list-style-type: none"> <li>Fiduciary Officer Licensed by Monetary Authority of Singapore (MAS)</li> <li>MBA candidate</li> <li>Diploma in Marketing (LCCI)</li> <li>Diploma in Principles of Management (LCCI)</li> <li>Diploma in Sales Management (MAMSA)</li> </ul>	–	–	Partner in W2 Advisors LLP

The term “principal commitments” includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

# CORPORATE GOVERNANCE STATEMENT

**TABLE 4 – REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL**

The breakdown (in percentage terms) of the remuneration for each Director and key management personnel for FY2021 is as follows:

	Designation	Salary*	Bonus*	Share Awards	Other Benefits	Director Fees	Total
		%	%	%	%	%	%
<b>Directors</b>							
<b>\$250,001 – \$500,000</b>							
Mr. Chen Tong	Executive Chairman	95	–	–	5	–	100
<b>Below S\$250,000</b>							
Mr. Lee Ka Shao	Lead Independent Director	–	–	–	–	100	100
Mr. Lin, Chen Hsin	Independent Director	–	–	–	–	100	100
Mr. Eddy Lim Seok Boon	Independent Director	–	–	–	–	100	100
<b>Key Management Personnel</b>							
<b>Below S\$250,000</b>							
Mr. Vincent Lee <sup>(1)</sup>	Former Group Financial Controller and Company Secretary	99	–	–	1	–	100
<b>Below S\$250,000</b>							
Mr. Edouard Dominique Rakotomanana	Co-Gérant (Co-General Manager) and Senior Geologist of RREM	100	–	–	–	–	100

\* Inclusive of employer's contributions to defined contribution plan

(1) Mr. Vincent Lee resigned as Group Financial Controller and Company Secretary on 31 March 2022.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors present their statement to the members together with the audited consolidated financial statements of Reenova Investment Holding Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

## Opinion of the directors

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are as follows:

Chen Tong (Demise on 11 June 2022)  
Lee Ka Shao  
Lin, Chen Hsin  
Eddy Lim Seok Boon

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of, the Company or any other body corporate, other than as disclosed under the section on “Share Awards” in this statement.

## Directors’ interests in shares or debentures

The following directors, who held office at the end of the financial year had, according to the register of directors’ shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations as stated below:

The Company	Holdings registered in name of director or nominee (No. of ordinary shares)			Holdings in which director is deemed to have an interest (No. of ordinary shares)		
	At 1.1.2021 or date of appointment, if later	At 31.12.2021	At 21.01.2022	At 1.1.2021 or date of appointment, if later	At 31.12.2021	At 21.01.2022
	Chen Tong	736,292,912	736,292,912	736,292,912	-	-
Lee Ka Shao	12,206,200	12,206,200	12,206,200	-	-	-
Lin, Chen Hsin	10,444,800	10,444,800	10,444,800	-	-	-

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Directors' interests in shares or debentures (Continued)

Except as disclosed above, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or date of appointment, if later or at the end of the financial year.

Except as disclosed above, there were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

## Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or any corporation in the Group.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

There were no unissued shares of the Company or any corporation in the Group under option at the end of the financial year.

## Share awards

### Reenova Performance Share Plan

The shareholders of the Company approved the Reenova Performance Share Plan (the "**Share Plan**") at an Extraordinary General Meeting on 8 September 2015.

The Share Plan is administered by the Remuneration Committee. The Share Plan enables the Company to award ordinary shares (the "**Award**") in the capital of the Company to directors and eligible employees in recognition of their contributions made to the Group.

The aggregate number of shares to be issued under that Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time-to-time.

The Company previously granted Awards totaling 42,161,000 new ordinary shares in the capital of the Company to directors and eligible employees under the Share Plan on 22 March 2016.

The Company granted Awards totaling 271,674,900 new ordinary shares in the capital of the Company to the independent directors and eligible employees under the Share Plan on 21 August 2020 of which 191,240,900 share awards and 53,622,700 share awards have vested on 21 August 2020 and 20 August 2021 respectively while 26,811,300 share awards would vest on 19 August 2022.

However, trading of the Company's shares (the "**Shares**") on Singapore Exchange Securities Trading Ltd. (the "**SGX-ST**") has been suspended since 16 November 2020. Pursuant to the rules of the Reenova Performance Share Plan, the release date for a share award (in respect of the allotment or transfer to the relevant participant of Shares pursuant to the release of such share award) shall be on a "Trading Day", which is defined in the rules of the Reenova Performance Share Plan as a day on which the Shares are traded on the SGX-ST. Accordingly, the release of Shares pursuant to the second and third tranches of the said share awards would not be made until trading of the Shares on the SGX-ST has resumed.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

- (i) Lee Ka Shao (Chairman)
- (ii) Lin, Chen Hsin
- (iii) Eddy Lim Seok Boon

All members of the Audit Committee are independent non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- (a) the scope and the results and its report on the weaknesses of internal accounting controls arising from internal audit procedures issued by the internal auditor;
- (b) the audit plan of the Company's independent auditors;
- (c) the assistance given by the Company's Management to the independent auditors;
- (d) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021 before their submission to the Board of Directors, as well as the Independent Auditors' Report on the statement of financial position of the Company and the consolidated financial statements of the Group; and
- (e) the auditor's audit report of the Company's independent auditors.

The Audit Committee has recommended to the Board that the independent auditor, RT LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Further details regarding the Audit Committee are disclosed in the Corporate Governance Statement.

Pursuant to Listing Rule 1207(6)(b), the Audit Committee has undertaken a review of all non-audit services provided by the auditors and they would not, in the Audit Committee's opinion, affect the independence of the auditors.

## Independent auditor

The independent auditor, RT LLP, has expressed its willingness to accept re-appointment.

On behalf of the board of directors

Lee Ka Shao  
Lead Independent Non-Executive Director

Eddy Lim Seok Boon  
Independent Non-Executive Director

13 June 2022



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REENOVA INVESTMENT HOLDING LIMITED  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Report on the Audit of the Financial Statements

### Disclaimer of Opinion

We were engaged to audit the financial statements of Reenova Investment Holding Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 58 to 117.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for Disclaimer of Opinion

#### 1. Going Concern

During the financial year ended 31 December 2021, the Group incurred a net loss of S\$25.7 million (2020: S\$7.7 million), recorded net operating cash outflows of S\$1.7 million (2020: S\$3.1 million) and net current liabilities of S\$6.1 million (2020: S\$3.5 million). The cash and cash equivalents in the Group as at 31 December 2021 was S\$15,160 (2020: S\$1.7 million). These conditions indicate that a material uncertainty exists with a pervasive impact that may cast significant doubt on the Group's ability to continue as a going concern.

As elaborated in Note 2.1, the financial statements have been prepared on a going concern basis as the Directors are of the view that:

- (a) The proposed acquisition of 3DOM (Singapore) Pte. Ltd., which is expected to result in a reverse takeover (the "**RTO**") of the Company will allow the Company to be in a position to expand into new business sectors and grow revenues, thereby, rebuilding shareholder value. In addition, the RTO is expected to facilitate the Group's attempts to build a profitable business and operate as a going concern in the long run, positioning the Group into a significantly stronger financial position and capital base, and
- (b) The Board and Management have been exploring possible fundraising options to secure financing to allow the Group to have access to additional working capital. On 16 March 2022, 30 March 2022, and 11 May 2022, the Company had obtained loans of S\$350,000, S\$150,000 and S\$454,545 respectively. The Company continues to explore and source for such forms of financing, where possible.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REENOVA INVESTMENT HOLDING LIMITED  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Report on the Audit of the Financial Statements (Continued)

### Basis for Disclaimer of Opinion (Continued)

#### 1. Going Concern (Continued)

The validity of the going concern basis on which the financial statements are prepared depends on the Directors' assessment of the Group's ability to operate as a going concern as set forth above. The assumptions are premised on future events, the outcome of which are inherently uncertain.

Accordingly, we were unable to assess the appropriateness of the management's use of the going concern assumption in the preparation of the financial statements. The financial statements of the Group and the Company have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operation at least for a period of twelve months from the reporting date. This means that the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue in operation in the foreseeable future. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

#### 2. Intangible assets – mining rights

As at 31 December 2021, the carrying amount of the Group's intangible asset (Note 17), with reference to Mining Rights amounted to S\$8,113,500, after adjustment for accumulated impairment loss of S\$27,914,132.

A subsidiary had held the exploration license for the greenfield rare earth mine located in north-western Madagascar, Africa, which was renewed in November 2018 and was valid for a three-year term from 6 November 2018 till 5 November 2021. As of the date of balance sheet, the license has expired. The Group had made a formal application for a full mining license (Permis de Exploitation) on 18 September 2020 to the Madagascar Mining Cadastral Office (Bureau du Cadastre Minier de Madagascar) in relation to the Rare Earth Project and the outcome of this application is pending as at the date of this report.

The Directors are of the view that the lapsed exploration license and the application for a full mining license hold an intrinsic value in the market place. They have, after adjustment for impairment, decided to carry the mining rights at their perceived fair value of S\$8,113,500 on the consolidated statement of financial position.

In view of the above, we were unable to obtain sufficient appropriate audit evidence to determine the right of ownership on account of the fact that, as at date of our report, the Group has no legal title to the license. Consequently, the existence of a valid exploration or full mining license, and appropriateness of carrying amount of the mining rights recorded in the consolidated statement of financial position as at 31 December 2021 cannot be substantiated. Therefore, to the extent the Group has recognized mining rights at S\$8,113,500, the assets on the consolidated statement of financial position may have been overstated.

We were also unable to assess whether the impairment loss of S\$27,914,132 recognised during the current financial year is in compliance with the requirements of SFRS(I) 1-36 *Impairment of Assets*.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REENOVA INVESTMENT HOLDING LIMITED  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Report on the Audit of the Financial Statements (Continued)

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ravinthran Arumugam.

### RT LLP

Public Accountants and  
Chartered Accountants

Singapore  
13 June 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021 S\$	2020 S\$
Revenue		-	-
Other income	4	86,264	68,678
Employee benefits expense	5	(1,204,078)	(1,598,158)
Depreciation	16,18	(74,136)	(162,754)
Other operating expenses	6(a)	(24,509,033)	(5,850,788)
Finance costs	6(b)	(2,625)	(30,173)
Share of loss of joint venture	15	-	(85,678)
Loss before tax		(25,703,608)	(7,658,873)
Income tax credit	7	-	-
Loss for the year		(25,703,608)	(7,658,873)
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		(294,255)	2,730,688
Other comprehensive (loss)/income for the year, net of tax		(294,255)	2,730,688
Total comprehensive loss for the year		(25,997,863)	(4,928,185)
Loss attributable to:			
Equity holders of the Company		(19,253,393)	(6,257,445)
Non-controlling interest		(6,450,215)	(1,401,428)
Loss for the year		(25,703,608)	(7,658,873)
Total comprehensive loss attributable to:			
Equity holders of the Company		(19,474,083)	(4,209,429)
Non-controlling interest		(6,523,780)	(718,756)
Total comprehensive loss for the year		(25,997,863)	(4,928,185)
Loss per share for loss attributable to equity holders of the Company (Singapore cent per share):			
Basic loss per share	8(a)	(0.29)	(0.12)
Diluted loss per share	8(b)	(0.29)	(0.12)

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 S\$	2020 S\$	2021 S\$	2020 S\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	15,160	1,716,593	1,828	1,375,256
Trade receivables	10	-	-	-	-
Other receivables	11(a)	39,471	125,479	7,700	49,121
Amounts due from subsidiaries	11(b)	-	-	-	13,608,487
Debt securities	12	-	-	-	-
Other current assets	13	11,942	62,133	3,400	39,401
		<b>66,573</b>	<b>1,904,205</b>	<b>12,928</b>	<b>15,072,265</b>
<b>Non-current assets</b>					
Investments in subsidiaries	14	-	-	6	6
Investment in a joint venture	15	-	-	-	-
Property, plant and equipment	16	89,473	131,950	66,966	99,441
Intangible assets	17	8,113,500	36,027,632	-	-
Right-of-use assets	18	29,113	60,541	29,113	60,541
		<b>8,232,086</b>	<b>36,220,123</b>	<b>96,085</b>	<b>159,988</b>
<b>Total assets</b>		<b>8,298,659</b>	<b>38,124,328</b>	<b>109,013</b>	<b>15,232,253</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Other payables	19	6,091,247	5,350,348	1,508,360	1,535,623
Convertible redeemable bonds	20	-	-	-	-
Lease liabilities	22	30,604	39,083	30,604	39,083
		<b>6,121,851</b>	<b>5,389,431</b>	<b>1,538,964</b>	<b>1,574,706</b>
<b>Non-current liabilities</b>					
Deferred income tax liabilities	21	1,393,207	6,138,610	2,954	2,954
Lease liabilities	22	-	30,603	-	30,603
		<b>1,393,207</b>	<b>6,169,213</b>	<b>2,954</b>	<b>33,557</b>
<b>Total liabilities</b>		<b>7,515,058</b>	<b>11,558,644</b>	<b>1,541,918</b>	<b>1,608,263</b>
<b>Net assets/(liabilities)</b>		<b>783,601</b>	<b>26,565,684</b>	<b>(1,432,905)</b>	<b>13,623,990</b>
<b>EQUITY</b>					
Share capital	24	48,750,905	48,750,905	48,750,905	48,750,905
Share award reserve	25	215,780	-	215,780	-
Currency translation reserve	26	2,327,222	2,547,912	-	-
Accumulated losses	27	(47,604,364)	(28,350,971)	(50,399,590)	(35,126,915)
<b>Total equity attributable to owners of the Company</b>		<b>3,689,543</b>	<b>22,947,846</b>	<b>(1,432,905)</b>	<b>13,623,990</b>
Non-controlling interest		(2,905,942)	3,617,838	-	-
<b>Total equity</b>		<b>783,601</b>	<b>26,565,684</b>	<b>(1,432,905)</b>	<b>13,623,990</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group 2021	Share capital S\$	Share award reserve S\$	Currency translation reserve S\$	Accumulated losses S\$	Total S\$	Non-controlling interest S\$	Total equity S\$
At 1 January	48,750,905	-	2,547,912	(28,350,971)	22,947,846	3,617,838	26,565,684
Loss for the year	-	-	-	(19,253,393)	(19,253,393)	(6,450,215)	(25,703,608)
Other comprehensive loss for the year	-	-	(220,690)	-	(220,690)	(73,565)	(294,255)
Total comprehensive loss for the year	-	-	(220,690)	(19,253,393)	(19,474,803)	(6,523,780)	(25,997,863)
Transactions with owners, recognised directly in equity:							
Employee share award expense (Note 25)	-	215,780	-	-	215,780	-	215,780
<b>At 31 December</b>	<b>48,750,905</b>	<b>215,780</b>	<b>2,327,222</b>	<b>(47,604,364)</b>	<b>3,689,543</b>	<b>(2,905,942)</b>	<b>783,601</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group 2020	Share capital S\$	Capital reserve S\$	Fair value reserve S\$	Currency		Accumulated losses S\$	Total S\$	Non-controlling interest S\$	Total equity S\$
				translation reserve S\$	reserve S\$				
At 1 January	42,161,116	130,524	(7,779,920)	499,896	(14,313,606)	20,698,010	4,336,594	25,034,604	
Loss for the year	-	-	-	-	(6,257,445)	(6,257,445)	(1,401,428)	(7,658,873)	
Other comprehensive income for the year	-	-	-	2,048,016	-	2,048,016	682,672	2,730,688	
Total comprehensive loss for the year	-	-	-	2,048,016	(6,257,445)	(4,209,429)	(718,756)	(4,928,185)	
Transactions with owners, recognised directly in equity:									
Issuance of new ordinary shares	6,699,723	-	-	-	-	6,699,723	-	6,699,723	
Share issue expense	(109,934)	-	-	-	-	(109,934)	-	(109,934)	
Convertible redeemable bonds – equity component	-	(130,524)	-	-	-	(130,524)	-	(130,524)	
Transfer upon investees been struck off and put into voluntary liquidation	-	-	7,779,920	-	(7,779,920)	-	-	-	
Total transactions with owners, recognised directly in equity	6,589,789	(130,524)	-	-	-	6,459,265	-	6,459,265	
<b>At 31 December</b>	<b>48,750,905</b>	<b>-</b>	<b>-</b>	<b>2,547,912</b>	<b>(28,350,971)</b>	<b>22,947,846</b>	<b>3,617,838</b>	<b>26,565,684</b>	

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021 S\$	2020 S\$
<b>Cash flows from operating activities</b>			
Net loss before tax		(25,703,608)	(7,658,873)
Adjustments for:			
Depreciation	16,18	74,136	162,754
Convertible redeemable bond interest	6(b)	-	26,692
Lease liabilities interest	6(b)	2,625	3,481
Interest income		(214)	(212)
Impairment loss on mining rights	17	27,914,132	-
Write-back of deferred tax liability	21	(4,745,403)	-
Impairment loss on VAT and other receivables	6(a)	14,375	54,355
Impairment loss on investment in a joint venture		-	1,159,997
Employees share award expense	5	215,780	573,723
Allowance for unutilised leave		8,759	5,617
Share of loss of joint venture	15	-	85,678
Unrealised currency translation losses		(294,486)	2,736,204
<b>Operating cash flows before changes in working capital</b>		<b>(2,513,904)</b>	<b>(2,850,584)</b>
Changes in working capital:			
Other receivables and other current assets		121,824	(154,649)
Other payables		732,140	(81,358)
<b>Cash used in operating activities</b>		<b>(1,659,940)</b>	<b>(3,086,591)</b>
Interest received		214	212
<b>Net cash used in operating activities</b>		<b>(1,659,726)</b>	<b>(3,086,379)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	16	-	(2,723)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(2,723)</b>
<b>Cash flows from financing activities</b>			
Lease liabilities interest paid		(2,625)	(3,481)
Proceeds from issuance of convertible redeemable bonds		-	1,900,000
Proceeds from placement of shares		-	2,643,300
Advances from director		-	385,000
Share issue expense		-	(109,934)
Payment of principal portion of lease liabilities		(39,082)	(87,072)
<b>Net cash provided by financing activities</b>		<b>(41,707)</b>	<b>4,727,813</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,701,433)</b>	<b>1,638,711</b>
Cash and cash equivalents at 1 January		1,716,593	77,882
<b>Cash and cash equivalents at 31 December</b>		<b>15,160</b>	<b>1,716,593</b>

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group	
	2021	2020
	S\$	S\$

**List of significant non-cash transactions:**

Conversion of convertible redeemable bonds to ordinary shares	-	3,482,700
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**Reconciliation of liabilities arising from financing activities**

	1 January 2021	Principal and Interest payments	Non-cash changes				31 December 2021
			Capital Reserve	Addition during the year	Equity conversion	Interest Expense	
			S\$	S\$	S\$	S\$	
Lease liabilities	69,686	(41,707)	-	-	-	2,625	30,604

	1 January 2020	Principal and Interest payments	Non-cash changes				31 December 2020
			Capital Reserve	Addition during the year	Equity conversion	Interest Expense	
			S\$	S\$	S\$	S\$	
Convertible bonds	1,439,057	1,900,000	130,524	-	(3,482,700)	13,119	-
Lease liabilities	90,259	(90,553)	-	66,499	-	3,481	69,686
Advances from bond subscriber	800,000	-	-	-	(800,000)	-	-
Advances from director	190,000	385,000	-	-	-	-	575,000

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

## 1. CORPORATE INFORMATION

Reenova Investment Holding Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The address of its registered office and its principal place of business is located at 60, Paya Lebar Road, #10-16 Paya Lebar Square, Singapore 409051.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries consist of investment holding, prospection, research and mining exploration of rare earth minerals and provision of consultancy services.

The Group refers to Reenova Investment Holding Limited and its subsidiaries, as disclosed in Note 14.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires Management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### Going concern assumption

For the financial year ended 31 December 2021, the Group incurred a net loss of S\$25.7 million (31 December 2020: S\$7.7 million), recorded net operating cash outflows of S\$1.7 million (31 December 2020: S\$3.1 million) and as at 31 December 2021, recorded net current liabilities of S\$6.1 million (31 December 2020: S\$3.5 million). The Group’s cash and cash equivalents as at 31 December 2021 was S\$15,160 (31 December 2020: S\$1.7 million). These conditions indicate that a material uncertainty exists with a pervasive impact that may cast significant doubt on the Group’s and Company’s ability to continue as a going concern.

Reenova Rare Earth (Malagasy) S.A.R.L.U. (“**RREM**”) holds the exploration licence for the greenfield rare earth mine located in north-western Madagascar, Africa (the “**Rare Earth Project**”), which was renewed in November 2018 and is valid for a three-year term from 6 November 2018 till 5 November 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### Going concern assumption (Continued)

During the year, the Group entered into an agreement to engage METC Engineering (Pty) Ltd ("**METC**"), an engineering design house that designs and builds metallurgical plants for mines, to assist in managing and completing a pre-feasibility study of a plant for the initial stage of commercialisation within the Rare Earth Project. METC will be working with Kopilot Project Development from Canada to deliver the pre-feasibility study for the Rare Earth Project that estimates the capital expenditure and operating expenses comprising solution mining (in-situ leaching), a process plant, associated mine and process plant infrastructure, and services (raw water and electricity supply) to produce up to 2,000 tonnes of rare earth oxides products with a 92% grade ("**TREO ≥ 92%**") per annum.

On 10 November 2021, the Company has 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.

On 16 November 2021, the Company has entered into a non-binding term sheet ("**Term Sheet**") with 3DOM Inc. ("**3DOM**"), a company incorporated in Japan (3DOM and the Company collectively, the "**Parties**" and each a "**Party**") in relation to the proposed acquisition of the entire issued and paid-up share capital of 3DOM (Singapore) Pte. Ltd., a company incorporated in the Republic of Singapore ("**3PL**") and a wholly-owned subsidiary of 3DOM, by the Company (hereinafter referred to as the "**Proposed Acquisition**"). The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover ("**RTO**") of the Company.

On 10 December 2021, the Company has entered into a Sale and Purchase Agreement (the "**SPA**") with 3DOM Inc. ("**3DOM**" or the "**Vendor**"), in relation to the proposed acquisition of the entire issued and paid-up share capital of 3DOM (Singapore) Pte. Ltd. (the "**Target**"), a company incorporated in the Republic of Singapore, by the Company (the "**Proposed Acquisition**").

The financial statements have been prepared on a going concern basis as the Directors are of the view that:

- (a) The Company is of the view that the proposed acquisition of 3DOM (Singapore) Pte. Ltd., which is expected to result in a reverse takeover (the "**RTO**") of the Company will place the Company in a position to expand into new business sectors and grow revenues, thereby assisting with the rebuilding of shareholder value. In addition, the RTO will facilitate the Group's attempts to build a profitable recurrent business and operate as a going concern in the long run, thereby placing the Group into a significantly stronger financial position and capital base.
- (b) The Board and Management have been exploring possible fundraising options to secure financing commitments to allow the Group to have access to additional working capital, as seen by the loans of S\$350,000, S\$150,000 and S\$454,545.50 that it has obtained recently. The Company continues to explore and source for such forms of financing, where possible.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### Going concern assumption (Continued)

The validity of the going concern basis on which the financial statements are prepared depends on the Directors' assessment of the Group's ability to operate as a going concern as set forth above. The assumptions are premised on future events, the outcome of which are inherently uncertain.

### 2.2 New accounting standards effective on 1 January 2021

The accounting policies adopted are consistent with those previously applied under SFRS(I)s. The adoption of these standards does not have any material impact to the financial performance or position of the Group and the Company.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-8 Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting

#### *(a) Subsidiaries*

##### *(i) Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

##### *(ii) Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (a) *Subsidiaries* (Continued)

##### (ii) *Acquisitions* (Continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous-held equity interest in the acquiree over the (ii) fair value of the identifiable assets acquired is recorded as goodwill.

##### (iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

#### (b) *Joint Ventures*

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

##### (i) *Acquisitions*

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### *(b) Joint Ventures (Continued)*

##### *(ii) Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the joint ventures are recognised as a reduction of the carrying amount of the investments.

When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

##### *(iii) Disposals*

Investments in joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

#### *(c) Transaction with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Currency translation

The financial statements are presented in Singapore dollars (“SGD” or “S\$”) which is the Company’s functional currency.

#### *(a) Functional presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“**functional currency**”).

#### *(b) Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investments in foreign operations, which are recognised initially in other comprehensive income and accumulated under currency translation reserve in equity. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Property, plant and equipment (Continued)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful lives</u>
Leasehold improvements	3 years
Furniture and fittings	5 years
Office equipment	5 years
Other equipment	4 to 10 years
Computers	3 to 4 years
Motor vehicles	5 to 10 years
Construction	10 years
Boat	10 years

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate. Fully depreciated property, plant and equipment still in use are retained in the financial statements.

An item of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

### 2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Intangible assets (Continued)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

In relation to the mining rights, which is accounted for as an intangible asset, the Group will determine the useful life of the mining rights (Note 17) when it has successfully obtained the full mining licence. Management is of the view that the period of operations granted for the full mining licence would be a fair basis to determine the useful life and to amortise the mining rights, with the commencement of production. The Group had on 18 September 2020 made a formal submission to the Madagascar Mining Cadastral Office (*Bureau du Cadastre Minier de Madagascar*) to apply for the full mining licence (*Permis de Exploitation*) in relation to the Rare Earth Project.

### 2.8 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that are previously re-valued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amounts of any previous revaluation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Investments in subsidiaries and joint venture

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.10 Financial assets

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### At subsequent measurement

##### (i) Debt instruments

Debt instruments mainly comprise cash and cash equivalents, trade and other receivables, amount due from subsidiaries and debt securities.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Group only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (Continued)

At subsequent measurement (Continued)

#### (ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

### 2.11 Impairment of financial assets

The Group has the following types of financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade and other receivables; and
- debt securities measured at amortised cost.

The Company has the following types of financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- other receivables; and
- amounts due from subsidiaries at amortised cost.

The Group assesses on a forward-looking basis the expected credit loss associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### 2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the asset.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

#### Jobs Support Scheme

The Jobs Support Scheme provides wage support to employers to help them retain their employees during this period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.

### 2.15 Financial liabilities

#### **(a) Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities include "other payables", "finance lease liabilities" and "convertible redeemable bonds".

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. They are classified as current liabilities if payment is due within one year or less. Otherwise they are presented as non-current liabilities.

#### **(b) Subsequent measurement and classification**

The measurement of financial liabilities depends on their classification as follows:

#### Other financial liabilities

After initial recognition, other financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial liabilities (Continued)

#### *(c) De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the differences in the respective carrying amount is recognised in profit or loss.

### 2.16 Convertible redeemable bonds

The total proceeds from convertible redeemable bonds issued are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

### 2.17 Employee benefits

#### *(a) Defined contribution plans*

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which it is incurred.

#### *(b) Employee leave entitlements*

Employee entitlement to annual leave is recognised as a liability when they accrue to the employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Employee benefits (Continued)

#### (c) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellation of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

### 2.18 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when there are changes to the terms and conditions of the contract.

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Leases (Continued)

#### As a lessee (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item and lease liabilities as a separate line item in the statement of financial position.

#### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The following specific recognition criteria must also be met before revenue is recognised:

#### Interest income

Interest income is recognised using the effective interest method.

### 2.20 Finance costs

Finance costs comprise interest expense on borrowings that are recognised in profit or loss.

### 2.21 Taxes

#### *(a) Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates.

Current income taxes are recognised in profit or loss except to the extent that the tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Taxes (Continued)

#### *(b) Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Taxes (Continued)

#### *(b) Deferred income tax (Continued)*

The carrying amount of deferred income tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets and liabilities relating to items recognised outside profit or loss is recognised outside profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

### 2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

### 2.23 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the board committee whose members are responsible for allocating resources and assessing performance of the operating segments.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the financial statements in conformity with SFRS(I) requires Management to exercise judgements in the process of applying the Group's accounting policies, as described in Note 2 to the financial statements, and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting periods, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on Management's best knowledge of current events and actions, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### 3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, the following are the critical judgement, apart from those involving estimates as detailed in Note 3.2 to the financial statements, that Management has made which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### Impairment of assets

In determining whether an asset is impaired or whether the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may affect the asset value, or such an asset value has been in existence, (ii) whether the carrying value of an asset can be supported either by the net present value of future cash flows, which are estimated based upon the continued use of the asset or the fair value less costs of disposal, based on independent professional valuation report; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate, or the appropriate key assumptions used by the independent external professional valuer in their valuation report. Changing the assumptions selected by Management to determine the level of impairment could have a material effect on the net recoverable amount used in the impairment test.

### 3.2 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **(a) Provision for expected credit losses ("ECLs") of trade receivables**

The Group determines the ECL by using debtor by debtor basis, since the trade receivables of the Group comprised six (6) third party debtors.

Critical judgement is used in the measurement of lifetime expected credit losses and forward-looking assumptions. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 10.

The carrying amounts of trade receivables at the end of the reporting period was Nil (2020: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### 3.2 Critical accounting estimates and assumptions (Continued)

#### (b) Investment in a joint venture

The Group through its wholly-owned subsidiary, Infiniti Advantage Pte Ltd (“**Infiniti**”) holds Nil (2020:14.29%) of the issued shares in its joint arrangement, Straits Hi-Rel Pte Ltd (“**SHR**”) (Note 15). The Group has joint control over this arrangement and therefore participates in all major decisions relating to operations, dividends and other distributions. There are sufficient indicators of joint control as contractually determined so that decisions about relevant activities require the unanimous consent of parties sharing control to treat the joint venture as an investment that should be equity accounted.

#### (c) Intangible asset – mining rights

The Group will determine the useful life of the intangible asset, in particular, mining rights (Note 17) when it has successfully obtained the full mining licence. Management is of the view that the period of operations granted for the full mining licence would be a fair basis to determine the useful life and to amortise the mining rights, with the commencement of production. The Group had on 18 September 2020 made a formal submission to the Madagascar Mining Cadastral Office (*Bureau du Cadastre Minier de Madagascar*) to apply for the full mining licence (*Permis de Exploitation*) in relation to the Rare Earth Project.

## 4. OTHER INCOME

	Group	
	2021 S\$	2020 S\$
Interest income on bank deposits	214	212
Government grant income	9,660	54,800
Recovery of legal fees	71,478	–
Sundry income	4,912	13,666
	<b>86,264</b>	<b>68,678</b>

## 5. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021 S\$	2020 S\$
Wages, salaries, bonuses and other short-term employee benefits	938,141	967,793
Equity-settled share-based payments	215,780	573,723
Employer’s contributions to defined contribution plans	50,157	56,642
	<b>1,204,078</b>	<b>1,598,158</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. OTHER OPERATING EXPENSES AND FINANCE COSTS

### (a) Other operating expenses

	Group	
	2021	2020
	S\$	S\$
Directors' fee	132,194	126,000
Insurance expense	48,958	47,791
Impairment loss on other receivables (Note 11(a))	-	6,497
Impairment loss on investment in a joint venture (Note 15)	-	1,159,997
Impairment loss on mining rights (Note 17)	27,914,132	-
Write-back of deferred tax liability (Note 21)	(4,745,403)	-
Impairment loss on VAT receivables (Note 11(a))	14,375	47,858
(Gain)/loss on foreign exchange	(163,870)	2,669,738
Consultancy services	844,192	845,484
Professional fees	216,135	503,082
Rental expenses*	32,571	124,589
Pilot production expenses	7,671	42,404
Travel and entertainment expenses	4,925	11,561
Listing related expenses	42,000	52,457
Office utilities and expenses	15,200	32,271
Repair and maintenance	16,053	13,396
Others	129,900	167,663
	<b>24,509,033</b>	<b>5,850,788</b>

\* The rental expenses pertain to short-term leases and leases of low-value assets.

Included in professional fees are audit and non-audit fees incurred by the Group as follows:

	Group	
	2021	2020
	S\$	S\$
The following items have been included in arriving at loss before tax:		
Audit fees:		
- Auditors of the Company and Singapore-incorporated subsidiaries	66,020	66,000
- Auditors of overseas subsidiaries	39,466	37,113
Non-audit fees:		
- Auditors of the Company and Singapore-incorporated subsidiaries	4,000	4,000
- Other auditors	3,000	5,000
Total audit and non-audit fees	<b>112,486</b>	<b>112,113</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. OTHER OPERATING EXPENSES AND FINANCE COSTS (CONTINUED)

### (b) Finance costs

	Group	
	2021 S\$	2020 S\$
Convertible redeemable bond interest	-	26,692
Interest expense on lease liabilities	2,625	3,481
	<b>2,625</b>	<b>30,173</b>

## 7. INCOME TAXES

### Income tax credit

	Group	
	2021 S\$	2020 S\$
Income tax expenses attributable to loss is made up of:		
Current income tax	-	-

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard tax rate of income tax as follows:

	Group	
	2021 S\$	2020 S\$
Loss before tax	<b>(25,703,608)</b>	(7,658,873)
Tax at statutory tax rate of 17% (2020: 17%)	<b>(4,369,613)</b>	(1,302,008)
Adjustments:		
Non-deductible expenses	<b>4,799,074</b>	102,173
Income not subject to tax	<b>(806,719)</b>	(9,352)
Deferred income tax asset not recognised	<b>377,258</b>	1,209,187
Income tax credit recognised in profit or loss	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 8. LOSS PER SHARE

### (a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Basic loss per share attributable to equity holders of the Company is calculated as follows:

	<b>Total</b>	
	<b>2021</b>	<b>2020</b>
Net loss attributable to owners of the Company (S\$)	<b>(19,253,393)</b>	(6,257,445)
Weighted average number of ordinary shares outstanding for basic loss per share	<b>6,744,247,542</b>	5,075,773,852
Basic loss per share (Singapore cent per share)	<b>(0.29)</b>	(0.12)

### (b) Diluted loss per share

For the purpose of calculating diluted loss per share, the loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the dilutive factors during the financial year.

Potential ordinary shares are anti-dilutive when conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

The Company issued convertible redeemable bonds (the "Bonds") in the previous financial year ended 31 December 2020 ("FY2020"). The effects of outstanding convertible bonds in FY2020 were anti-dilutive as their conversion to ordinary shares would decrease loss per share for FY2020. Consequently, the diluted loss per share would be the same as basic loss per share.

Accordingly, the diluted loss per share for FY2020 was the same as the basic loss per share for FY2020 as the effects of outstanding convertible bonds during the year were anti-dilutive.

For the financial year ended 31 December 2021, there were no outstanding convertible redeemable bonds.

## 9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Cash at bank	<b>15,105</b>	1,716,303	<b>1,828</b>	1,375,256
Cash on hand	<b>55</b>	290	-	-
	<b>15,160</b>	1,716,593	<b>1,828</b>	1,375,256



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents denominated in foreign currencies as at 31 December were as follows:

	Group	
	2021	2020
	S\$	S\$
Euro	21	25
Malagasy Ariary	1,554	29,616
United States Dollars	202	300,035
	<b>1,777</b>	<b>329,676</b>

## 10. TRADE RECEIVABLES

	Group	
	2021	2020
	S\$	S\$
Trade receivables – gross	<b>2,668,095</b>	2,668,095
Less: Allowance for impairment of trade receivables	<b>(2,668,095)</b>	(2,668,095)
Trade receivables – net	-	-

The Group's trade receivables are past due and impaired.

### Expected credit losses

The movement in allowance for expected credit losses of trade receivables based on lifetime ECL was as follows:

	Group	
	2021	2020
	S\$	S\$
Movement in allowance accounts:		
At 1 January	<b>2,668,095</b>	2,668,095
Reversal for the year (Note 6(a))	-	-
At 31 December	<b>2,668,095</b>	2,668,095

Trade receivables that are individually determined to be impaired at the end of the financial years ended 31 December 2021 and 2020 relate to debtors that have defaulted on payments. These receivables were not secured by any collateral or credit enhancements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 11. OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES

### (a) Other receivables

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Local sales tax (VAT)	1,721,802	1,707,427	-	-
Less: Allowance for impairment	(1,721,802)	(1,707,427)	-	-
	-	-	-	-
Other receivables	2,176	2,176	-	-
Less: Allowance for impairment	(2,176)	(2,176)	-	-
	-	-	-	-
Refundable deposits	37,641	71,301	5,950	29,623
Goods and Services Tax receivables	1,750	13,978	1,750	13,978
Government grant receivable	-	5,520	-	5,520
Sundry receivables	80	34,680	-	-
	<b>39,471</b>	<b>125,479</b>	<b>7,700</b>	<b>49,121</b>

\* The amounts due from related parties (non-trade) were unsecured and interest-free. The related parties refer to entities under the common control of the Executive Director. The entities have been struck off from the Companies Register on 9 November 2020.

The movements in the allowance for impairment of other receivables were as follows:

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
<b><u>Amounts due from related parties (non-trade)</u></b>				
Movements in allowance accounts:				
At 1 January	-	32,628	-	-
Charge for the year (Note 6(a))	-	4,321	-	-
Write-off during the financial year	-	(36,949)	-	-
At 31 December	-	-	-	-
<b><u>Local sales tax (VAT)</u></b>				
Movements in allowance accounts:				
At 1 January	1,707,427	1,659,569	-	-
Charge for the year (Note 6(a))	14,375	47,858	-	-
At 31 December	1,721,802	1,707,427	-	-
<b><u>Other receivables</u></b>				
Movement in allowance accounts:				
At 1 January	2,176	-	-	-
Charge for the year (Note 6(a))	-	2,176	-	-
At 31 December	2,176	2,176	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 11. OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

### (b) Amounts due from subsidiaries

	Company	
	2021 S\$	2020 S\$
Amounts due from subsidiaries (non-trade)	<b>46,943,357</b>	46,513,476
Less: Allowance for impairment	<b>(46,943,357)</b>	(32,904,989)
	<b>-</b>	13,608,487

The amounts due from subsidiaries (non-trade) are unsecured, interest-free and repayable on demand.

The movements in the allowance for impairment of amounts due from subsidiaries were as follows:

	Company	
	2021 S\$	2020 S\$
Movement in allowance accounts:-		
At 1 January	<b>32,904,989</b>	31,533,012
Charge for the year	<b>14,082,200</b>	1,561,767
Write back for the year	<b>(43,832)</b>	-
Write-off during the year	-	(189,790)
At 31 December	<b>46,943,357</b>	32,904,989

The impairment loss on amounts due from subsidiaries was provided due to loss-making subsidiaries.

## 12. DEBT SECURITIES

	Group	
	2021 S\$	2020 S\$
Debt securities (gross)	<b>3,665,790</b>	3,665,790
Less: Allowance for impairment	<b>(3,665,790)</b>	(3,665,790)
	<b>-</b>	-

The movements in the allowance for impairment of debt securities was as follows:

	Group	
	2021 S\$	2020 S\$
Movement in allowance accounts:-		
At 1 January	<b>3,665,790</b>	3,665,790
Reversal for the year (Note 6(a))	-	-
At 31 December	<b>3,665,790</b>	3,665,790

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 12. DEBT SECURITIES (CONTINUED)

### Debt facility

This debt facility of S\$3,665,790 was fully impaired as PT Permata Selaras Mandiri (the “**Borrower**” or “**PT PSM**”) had defaulted on principal and interest payments. The Group, through Dynamic Return (Singapore) Pte Ltd, had previously filed a legal suit (the “**Suit**”) in the Singapore High Court against the Borrower and its guarantor, Mr Harun Abidin (the “**Guarantor**”) in June 2017. The Group had on 22 May 2020 decided to discontinue Suit in the Singapore High Court against the Borrower and the Guarantor as the Company was advised that the Borrower is no longer operating and the Guarantor is deceased. Given the circumstances, the Group had decided to discontinue the Suit to save time and costs. Nevertheless, the Group is taking steps in Indonesia to recover the amounts owed from the heirs of the Guarantor. After several rounds of mediation in the District Court of North Jakarta, the heirs of the Guarantor have indicated that they are willing to consider a potential settlement of the claim, but they lack access to the information on the assets owned by the Guarantor to effect such settlement. Consequently, the Group is taking steps to obtain information on alternative assets available to the estate of the Guarantor before negotiation with the heirs resume.

## 13. OTHER CURRENT ASSETS

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Prepayments	<u>11,942</u>	<u>62,133</u>	<u>3,400</u>	<u>39,401</u>

## 14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 S\$	2020 S\$
Equity investments – gross	<u>150,004</u>	<u>349,167</u>
Less: Allowance for impairment of investments in subsidiaries	<u>(149,998)</u>	<u>(149,998)</u>
Less: Write-off of investment in a subsidiary	<u>-</u>	<u>(199,163)</u>
Equity investments – net	<u>6</u>	<u>6</u>

The movement in the allowance for impairment of investments in subsidiaries was as follows:

	Company	
	2021 S\$	2020 S\$
At 1 January	<u>149,988</u>	<u>349,160</u>
Write-off during the financial year	<u>-</u>	<u>(199,162)</u>
At 31 December	<u>149,998</u>	<u>149,998</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Management carried out an impairment review of the Company's investments in subsidiaries based on their value-in-use. No discount rate was used as there were no positive cash flows expected.

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2021 %	2020 %
<b><u>Held by the Company</u></b>				
Dynamic Return (Singapore) Pte Ltd <sup>(1)</sup>	Singapore	Investment holding and provision of consultancy services	100	100
Infiniti Advantage Pte Ltd <sup>(1)</sup>	Singapore	Investment holding	100	100
Reenova Global Pte Ltd <sup>(1)</sup>	Singapore	Investment holding	100	100
Raintree Strategic Consultancy Limited <sup>(4)</sup>	British Virgin Islands	Provision of consultancy services	100	100
<b><u>Held through Reenova Global Pte Ltd:</u></b>				
Reenova Holding (Mauritius) Limited <sup>(2)</sup>	Republic of Mauritius	Investment holding	75	75
<b><u>Held through Reenova Holding (Mauritius) Limited:</u></b>				
Reenova Rare Earth (Malagasy) S.A.R.L.U <sup>(3)</sup>	Republic of Madagascar	Prospection, research and mining exploration of rare earth minerals in Madagascar	75	75

(1) Audited by RT LLP, Singapore.

(2) Audited by PricewaterhouseCoopers Mauritius.

(3) Audited by PricewaterhouseCoopers S.A.R.L., Madagascar.

(4) Not required to be audited under the laws of the country of incorporation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group has the following subsidiaries that have non-controlling interest ("NCI") that is material to the Group.

Name of subsidiaries	Principal place of business	Proportion of ownership interest held by non-controlling interest of the Group	Total comprehensive loss allocated to NCI during the reporting period S\$	Accumulated NCI at the end of reporting period S\$
<b>31 December 2021</b>				
Reenova Holding (Mauritius) Limited ("RHM") and its 100% owned subsidiary, Reenova Rare Earth (Malagasy) S.A.R.L.U ("RREM")	RHM: Mauritius RREM: Madagascar	25%	(6,523,780)	(2,905,942)

Name of subsidiaries	Principal place of business	Proportion of ownership interest held by non-controlling interest of the Group	Total comprehensive loss allocated to NCI during the reporting period S\$	Accumulated NCI at the end of reporting period S\$
<b>31 December 2020</b>				
RHM and its 100% owned subsidiary, RREM	RHM: Mauritius RREM: Madagascar	25%	(718,756)	3,617,838

### Summarised financial information of subsidiaries with material non-controlling interest ("NCI"):

Set out below are the summarised financial information of subsidiaries with NCI that are material to the Group. These are presented before any intercompany eliminations as follows:

Summarised statement of financial position:

	RHM		RREM	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
<b>Current</b>				
Assets	10,653,391	27,144,477	6,932	83,650
Liabilities	(17,805,197)	(15,203,654)	(27,257,044)	(26,963,375)
Total current net (liabilities)/assets	(7,151,806)	11,940,823	(27,250,112)	(26,879,725)
<b>Non-current</b>				
Assets	-	5,346	22,507	32,510
Liabilities	-	-	-	-
Total non-current net assets	-	5,346	22,507	32,510
<b>Net (liabilities)/assets</b>	<b>(7,151,806)</b>	<b>11,946,169</b>	<b>(27,227,605)</b>	<b>(26,847,215)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### Summarised financial information of subsidiaries with material non-controlling interest ("NCI"): (Continued)

Summarised statement of profit or loss and other comprehensive income:

	RHM		RREM	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Revenue	-	-	-	-
Loss before income tax	<b>(3,078,158)</b>	(1,890,988)	<b>(189,532)</b>	(3,525,925)
Income tax expense	-	-	-	-
Loss for the year	<b>(3,078,158)</b>	(1,890,988)	<b>(189,532)</b>	(3,525,925)
Other comprehensive income	-	-	<b>(294,255)</b>	2,730,688
Total comprehensive loss	<b>(3,078,158)</b>	(1,890,988)	<b>(483,787)</b>	(795,237)

Summarised statement of cash flows:

	RHM		RREM	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Net cash used in operating activities	<b>(895,651)</b>	(396,476)	<b>(92,465)</b>	(824,401)
Net cash used in investing activities	<b>(176,654)</b>	(842,061)	-	(2,723)
Net cash provided by financing activities	<b>419,160</b>	1,527,482	<b>176,654</b>	842,061

## 15. INVESTMENT IN A JOINT VENTURE

	Group	
	2021 S\$	2020 S\$
Unquoted equity investment, at cost	<b>1,340,000</b>	1,340,000
Group's share of post-acquisition losses	-	(180,003)
Less: Allowance for impairment loss on investment in a joint venture	-	(1,159,997)
Less: Disposal of investment in a joint venture	<b>(1,340,000)</b>	-
	<b>-</b>	-

Name of entity	Country of incorporation/ Principal place of business	Proportion of ownership interest	
		2021 %	2020 %
Straits Hi-Rel Pte Ltd	Singapore	-	14.29

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Straits Hi-Rel Pte Ltd ("**SHR**") was set up to provide high reliability ("**Hi-Rel**") engineering services and had set up a Hi-Rel Technology Centre in Singapore, where the focus would be on speciality testing and back-end manufacturing for Hi-Rel integrated chips and electronic modules targeted for end applications in the automotive, energy (oil and gas) and industrial sectors. SHR commenced operations in March 2018.

Infiniti Advantage Pte. Ltd. ("**Infiniti**"), a wholly-owned subsidiary of the Company, had on 17 September 2017, entered into an Investment and Shareholders Agreement (the "**Agreement**") with the Original Shareholders of Straits Hi-Rel Pte Ltd ("**SHR**") and SHR in relation to an investment by Infiniti of up to S\$2.68 million in SHR in five (5) stages by subscribing for up to 16,667 shares in SHR (the "**Subscription Shares**"), representing an equity stake of up to 25% in SHR on an enlarged basis (the "**Investment**").

Stage 1 and Stage 2 of the Investment were completed during the financial year ended 31 December 2017 while Stage 3A was completed during the financial year ended 31 December 2018. The remaining two stages of the Group's investment in SHR were dependent on SHR's meeting the milestones stipulated in the Agreement and upon completion, the Group would own 25% of SHR.

Pursuant to the Agreement:

- (i) The shareholders of SHR shall procure that no action is taken or resolution passed by SHR or any of its group company, and SHR shall not take and shall procure that no SHR group company takes any action, in respect of any shareholder reserved matter without the approval of Infiniti.
- (ii) Any meeting of the shareholders to approve a shareholder reserved matter shall be governed by the Constitution of SHR and applicable laws.

Based on the above, shareholder reserved matters shall be approved in accordance with the articles and applicable laws. In addition, the shareholder reserved matters must be approved by Infiniti as well, which means that without Infiniti's approval, the shareholder reserved matters cannot be passed. However, Infiniti with an eventual shareholding of 25% would also not be able to push through any resolution unilaterally without the approval of the other shareholders of SHR, which may result in a stalemate.

Further to the Agreement, the approval by directors are not required for board reserved matters if shareholders' approval has already been obtained.

Accordingly, the Group's investment in SHR has been accounted for as an investment in a joint venture as Infiniti has joint control with the Original Shareholders of SHR over SHR's relevant activities and therefore has the ability to exercise joint control as contractually determined so that decisions about relevant activities require the unanimous consent of parties sharing control to treat the joint venture as an investment that should be equity accounted.

The joint venture was accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policy in Notes 2.4(b)(ii) and 2.9.

As at 31 December 2020, the Group's investment in SHR had been fully impaired. The operations of SHR had been significantly impacted by the Coronavirus Disease ("**COVID-19**") as projects had not been forthcoming, thereby reducing its revenue pipeline and adversely affecting its ability to generate future cash inflows. Accordingly, the Group was of the view that the recoverability of its investment in the joint venture had been significantly impacted by the market or environment condition and therefore, full impairment on its investment in SHR had been made in the financial year ended 31 December 2020.

During the current financial year, the Group has disposed its entire shareholding of 14.29% in SHR, the investment which has been fully impaired by the Group as at 31 December 2020, to an unrelated third party for a total cash consideration of S\$1.00 (One Singapore Dollar). The consideration was arrived at on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the negative equity position of SHR of approximately S\$65,000 as at 30 September 2021.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. INVESTMENT IN A JOINT VENTURE (CONTINUED)

### Summarised financial information for joint venture

Set out below is the summarised financial information for SHR prepared in accordance with SFRS(I) 12 *Disclosures of Interest in Other Entities*.

Summarised statement of financial position:

	2021 S\$	2020 S\$
Current assets	-	135,051
Includes:		
- Cash and cash equivalents	-	108,310
Non-current assets	-	4,722
Total assets	-	139,773
Current liabilities	-	(178,809)
Net liabilities	-	(39,036)

Summarised statement of profit or loss and other comprehensive income:

	2021 S\$	2020 S\$
Revenue	-	95,129
Expenses		
Includes: Depreciation	-	(22,322)
Loss before tax	-	(599,576)
Income tax expense	-	-
Net loss for the year	-	(599,576)
Other comprehensive income	-	-
Total comprehensive loss for the year	-	(599,576)

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint venture, is as follows:

	2021 S\$	2020 S\$
Net liabilities	-	(39,036)
Group's equity interest	-	14.29%
Group's share of net liabilities	-	(5,578)
Goodwill	-	5,578
Carrying value	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 16. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements	Furniture and fittings	Office equipment	Other equipment	Computers	Motor vehicle	Construction	Boat	Total
Cost	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
At 1 January 2020	40,743	20,038	70,000	53,354	193,890	250,000	10,952	13,950	652,927
Currency translation differences	-	(529)	(915)	(2,890)	(29)	-	(622)	(740)	(5,725)
Additions	-	-	-	-	2,723	-	-	-	2,723
Written off	(40,743)	(2,158)	(62,536)	(2,698)	(141,795)	-	-	-	(249,930)
At 31 December 2020 and 1 January 2021	-	17,351	6,549	47,766	54,789	250,000	10,330	13,210	399,995
Currency translation differences	-	-	-	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>-</b>	<b>17,351</b>	<b>6,549</b>	<b>47,766</b>	<b>54,789</b>	<b>250,000</b>	<b>10,330</b>	<b>13,210</b>	<b>399,995</b>
<b>Accumulated depreciation</b>									
At 1 January 2020	40,743	12,881	67,848	10,099	169,853	141,359	2,525	3,927	449,235
Depreciation charge for the year	-	1,217	372	28,104	11,794	21,338	2,340	3,782	68,947
Currency translation differences	-	(48)	(14)	(777)	(11)	-	(91)	(145)	(1,086)
Written off	(40,743)	(2,158)	(61,657)	(2,698)	(141,795)	-	-	-	(249,051)
At 31 December 2020 and 1 January 2021	-	11,892	6,549	34,728	39,841	162,697	4,774	7,564	268,045
Depreciation charge for the year	-	1,178	-	3,862	11,943	21,338	2,043	2,344	42,708
Currency translation differences	-	(39)	-	(93)	(19)	-	(39)	(41)	(231)
<b>At 31 December 2021</b>	<b>-</b>	<b>13,031</b>	<b>6,549</b>	<b>38,497</b>	<b>51,765</b>	<b>184,035</b>	<b>6,778</b>	<b>9,867</b>	<b>310,522</b>
<b>Carrying amount</b>									
<b>At 31 December 2021</b>	<b>-</b>	<b>4,320</b>	<b>-</b>	<b>9,269</b>	<b>3,024</b>	<b>65,965</b>	<b>3,552</b>	<b>3,343</b>	<b>89,473</b>
At 31 December 2020	-	5,459	-	13,038	14,948	87,303	5,556	5,646	131,950

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements S\$	Furniture and fittings S\$	Office equipment S\$	Computers S\$	Motor vehicle S\$	Total S\$
<b>Company</b>						
<b>Cost</b>						
At 1 January 2020	40,743	11,548	37,464	191,011	250,000	530,766
Written off	(40,743)	(2,158)	(30,915)	(141,795)	-	(215,611)
At 31 December 2020 and 1 January 2021	-	9,390	6,549	49,216	250,000	315,155
<b>At 31 December 2021</b>	<b>-</b>	<b>9,390</b>	<b>6,549</b>	<b>49,216</b>	<b>250,000</b>	<b>315,155</b>
<b>Accumulated depreciation</b>						
At 1 January 2020	40,743	11,548	37,464	153,695	120,021	363,471
Depreciation charge for the year	-	-	-	11,478	21,338	32,816
Written off	(40,743)	(2,158)	(30,915)	(141,795)	-	(215,611)
At 31 December 2020 and 1 January 2021	-	9,390	6,549	37,078	162,697	215,714
Depreciation charge for the year	-	-	-	11,137	21,338	32,475
<b>At 31 December 2021</b>	<b>-</b>	<b>9,390</b>	<b>6,549</b>	<b>48,215</b>	<b>184,035</b>	<b>248,189</b>
<b>Carrying amount</b>						
<b>At 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,001</b>	<b>65,965</b>	<b>66,966</b>
At 31 December 2020	-	-	-	12,138	87,303	99,441

## 17. INTANGIBLE ASSETS

	Mining rights S\$
<b>Group</b>	
<b>Cost</b>	
At 1 January 2020, 31 December 2020, 31 December 2021	36,027,632
<b>Accumulated amortisation</b>	
At 1 January 2020, 31 December 2020, 31 December 2021	-
<b>Impairment</b>	
At 1 January 2020, 31 December 2020	-
Impairment loss	27,914,132
At 31 December 2021	27,914,132
<b>Carrying amount</b>	
<b>At 31 December 2021</b>	<b>8,113,500</b>
At 31 December 2020	36,027,632

### Impairment assessment

During the year, the Group carried out a review of the recoverable amount of intangible asset of **RREM** arising from indicator for impairment based on facts and circumstances as described in Note 2 to the financial statements. An impairment loss which amounted to S\$27,914,132 is recognized in the group's profit or loss during the financial year ended 31 Dec 2021, as the Group has estimated the recoverable amount of the mining rights to be lower than the net carrying amount. The recoverable amount of the mining rights was based on its fair value less costs of disposal. This is a non-recurring fair value measurement, which was classified within level 3 (unobservable input) of the fair value hierarchy. The management uses the **Proposed Transaction of Reenova Global** as described in Note 2 to the financial statements as the appropriate basis for the recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 18. RIGHT-OF-USE ASSETS

The Group and Company	Office Lease S\$	Photocopier S\$	Total S\$
<b>Cost</b>			
At 31 December 2020, 1 January 2021 and 31 December 2021	231,268	10,929	242,197
<b>Accumulated depreciation</b>			
At 31 December 2020 and 1 January 2021	178,013	3,643	181,656
Depreciation for the year	27,785	3,643	31,428
At 31 December 2021	<b>205,798</b>	<b>7,286</b>	<b>213,084</b>
<b>Carrying amount</b>			
<b>At 31 December 2021</b>	<b>25,470</b>	<b>3,643</b>	<b>29,113</b>
At 31 December 2020	53,255	7,286	60,541

## 19. OTHER PAYABLES

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Accrued operating expenses	<b>867,931</b>	1,047,243	<b>483,380</b>	683,465
Advances from executive director*	<b>575,000</b>	575,000	<b>575,000</b>	575,000
Bond interest payable	<b>35,150</b>	35,150	<b>35,150</b>	35,150
Deferred grant income	-	5,520	-	5,520
Consultancy fee payable	<b>3,189,078</b>	2,329,151	-	-
Other payables	<b>1,428,088</b>	1,358,284	<b>414,830</b>	236,488
	<b>6,091,247</b>	5,350,348	<b>1,508,360</b>	1,535,623

\* The advances from executive director are unsecured, interest-free and repayable on demand.

## 20. CONVERTIBLE REDEEMABLE BONDS

The proposed issuance of 2% convertible redeemable bonds due 2020 (the "Bonds") with an aggregate principal amount of up to S\$35,000,000 comprising seven tranches of bonds of S\$5,000,000 each was approved by shareholders at an Extraordinary General Meeting held on 8 September 2015. Each tranche comprised five equal sub-tranches of S\$1,000,000 each. Tranche 1 Bonds aggregating S\$5,000,000 were issued and subscribed in 2015 and 2016. Four sub-tranches of Tranche 2 Bonds aggregating S\$4,000,000 were issued and subscribed in 2017. The last sub-tranche of Tranche 2 Bonds and two sub-tranches of Tranche 3 Bonds aggregating S\$3,000,000 were issued and subscribed in 2018. Two sub-tranches of Tranche 3 Bonds aggregating S\$2,000,000 were issued and subscribed in 2019. The last sub-tranche of Tranche 3 Bonds and the first sub-tranche of Tranche 4 Bonds aggregating \$2,000,000 were issued and subscribed in 2020. During the financial year ended 31 December 2020, Bonds with a face value of S\$3,500,000 have been converted into 1,166,666,666 ordinary shares (at a conversion price of S\$0.003 per share). 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 as at 31 December 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. DEFERRED INCOME TAX LIABILITIES

Deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Deferred income tax liabilities				
- To be settled	<b>1,393,207</b>	6,138,610	<b>2,954</b>	2,954

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) was as follows:

Group	Accelerated tax depreciation	Fair value gains/(loss) - net	Others	Total
	S\$	S\$	S\$	S\$
<i>Deferred income tax liabilities</i>				
At 31 December 2020 and 1 January 2021	2,770	6,124,698	11,142	6,138,610
Credited to profit or loss (Note 6(a))	-	(4,745,403)	-	(4,745,403)
<b>At 31 December 2021</b>	<b>2,770</b>	<b>1,379,295</b>	<b>11,142</b>	<b>1,393,207</b>

Company	Accelerated tax depreciation	
	2021 S\$	2020 S\$
<i>Deferred income tax liabilities</i>		
At 1 January and 31 December	<b>2,954</b>	2,954

### Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S\$15,520,619 (2020: S\$13,640,368) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred income tax asset was recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 22. LEASE LIABILITIES

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Maturity analysis:				
Less than 1 year	31,460	41,707	31,460	41,707
More than 1 year	-	31,460	-	31,460
	<b>31,460</b>	73,167	<b>31,460</b>	73,167
Less: Unearned interest	<b>(856)</b>	(3,481)	<b>(856)</b>	(3,481)
	<b>30,604</b>	69,686	<b>30,604</b>	69,686

## 23. LEASES

### Group as a lessee

The Group has lease contracts for offices and office equipment. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of warehouse and offices with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

### (a) Carrying amounts of right-of-use assets

The carrying amount of right-of-use assets and the movements during the year are disclosed in Note 18.

### (b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in reconciliation of liabilities arising from financing activities under statement of cash flows and the maturity analysis of lease liabilities is disclosed in Note 22.

### (c) Amounts recognised in profit or loss

	2021 S\$	2020 S\$
Depreciation of right-of-use assets	31,428	93,807
Interest expense on lease liabilities (Note 6(b))	2,625	3,481
Lease expense not capitalized in lease liabilities		
– Expense relating to short-term leases	29,695	120,437
– Expense relating to leases of low-value assets	2,876	4,152
Total (Note 6(a))	32,571	124,589
Total amount recognised in profit or loss	66,624	221,877

### (d) Total cash outflows

The Group had total cash outflows for leases of S\$74,278 (2020: S\$215,142).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. SHARE CAPITAL

	Issued share capital	
	No. of ordinary shares	Amount S\$
<b>Group and Company</b>		
<b>2021</b>		
Beginning of financial year	6,744,247,542	48,750,905
Shares issued	-	-
End of financial year	<b>6,744,247,542</b>	<b>48,750,905</b>
<b>2020</b>		
Beginning of financial year	4,407,339,976	42,161,116
Shares issued	2,336,907,566	6,589,789
End of financial year	<b>6,744,247,542</b>	<b>48,750,905</b>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

During the financial year ended 31 December 2021, there was no change in the share capital of the Company.

The increase in share capital in 2020 was due mainly to the following:

- Convertible redeemable bonds due 2020 (the "**Bonds**") with a present value of S\$3,482,700 (face value totaling S\$3,500,000) were converted into 1,166,666,666 ordinary shares of the Company;
- allotment and issuance of 191,240,900 share awards (the "**First Tranche**") amounting to S\$573,723 to the independent directors and eligible employees under the Reenova Performance Share Plan in August 2020;
- allotment and issuance of 979,000,000 new ordinary shares amounting to S\$2,643,300 in relation to the placement exercise in November 2020; and offset by
- the deduction of share issue expense of S\$109,934, that was attributable to the issuance of new ordinary shares, against share capital.

The newly issued shares ranked *pari passu* in all respects with the previously issued shares.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 25. SHARE AWARD RESERVE

Group and Company	<b>2021</b>
	<b>S\$</b>
Beginning of financial year	–
Charged to profit or loss (Note 5)	215,780
End of financial year	<u>215,780</u>

### Reenova Performance Share Plan (the “Share Plan”)

The shareholders of the Company approved the Share Plan at an Extraordinary General Meeting on 8 September 2015.

The Share Plan is administered by the Remuneration Committee. The Share Plan enables the Company to award ordinary shares (the “Award”) in the capital of the Company to directors and eligible employees in recognition of their contributions made to the Group.

The aggregate number of shares to be issued under that Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time-to-time.

The Company granted Awards totaling 32,358,500 new ordinary shares in the capital of the Company to the independent directors and eligible employees under the Share Plan on 21 August 2020 of which 191,240,900 share awards and 53,622,700 share awards have vested on 21 August 2020 and 20 August 2021 respectively while 26,811,300 share awards would vest on 19 August 2022.

However, trading of the Company’s shares (the “Shares”) on Singapore Exchange Securities Trading Ltd. (the “SGX-ST”) has been suspended since 16 November 2020. Pursuant to the rules of the Reenova Performance Share Plan, the release date for a share award (in respect of the allotment or transfer to the relevant participant of Shares pursuant to the release of such share award) shall be on a “Trading Day”, which is defined in the rules of the Reenova Performance Share Plan as a day on which the Shares are traded on the SGX-ST. Accordingly, the release of Shares pursuant to the second and third tranches of the said share awards would not be made until trading of the Shares on the SGX-ST has resumed.

### No. of ordinary shares awarded under the Share Plan

	<b>Vesting date</b>	<b>Granted as at 31 December 2021</b>	<b>Vested as at 31 December 2021</b>	<b>Issued as at 31 December 2021</b>
First tranche	21 August 2020	191,240,900	191,240,900	191,240,900
Second tranche	20 August 2021	53,722,700	53,722,700	–
Third tranche	19 August 2022	26,811,300	–	–



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. CURRENCY TRANSLATION RESERVE

Currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## 27. ACCUMULATED LOSSES OF THE COMPANY

	Company	
	2021 S\$	2020 S\$
Balance at beginning of the year	(35,126,915)	(31,675,157)
Loss for the year, representing total comprehensive loss for the financial year	(15,056,895)	(3,451,758)
Balance at end of the year	<u>(50,183,810)</u>	<u>(35,126,915)</u>

## 28. RELATED PARTY TRANSACTIONS

### (a) Key management personnel compensation

	Group	
	2021 S\$	2020 S\$
Key management personnel compensation is as follows:		
Salaries, fees, bonuses and other short-term employee benefits	634,453	680,776
Equity-settled share-based payments	-	457,232
Employer's contributions to defined contribution plans	22,449	26,131
	<u>656,902</u>	<u>1,164,139</u>

### (b) Other related party transactions

Certain of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following non-trade transactions with related parties:

	Group	
	2021 S\$	2020 S\$
Management fee	24,000	48,000
Payment of expenses on behalf of related parties*	-	4,321

\* The non-trade amounts outstanding were unsecured, interest-free and repayable on demand. No guarantees have been given or received. The amounts owed by related parties totaling S\$36,949 have been fully written off as at 31 December 2020 as the entities were struck off from the Companies register on 9 November 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 29. FAIR VALUE OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability. Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### (b) Assets measured at fair value

	2021 S\$			
	Fair value measurements at the reporting date using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>GROUP AND COMPANY:</b>				
<u>Intangible assets</u>				
Mining rights (Note 17)	–	–	8,113,500	8,113,500

### (c) Assets and liabilities not measured at fair value

*Cash and cash equivalents, other receivables, other payables and amount due from subsidiaries*

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

*Trade receivables*

The carrying amounts of these receivables approximate their fair values as they are subject to normal trade credit terms.

*Lease liabilities*

The carrying amounts of lease liabilities approximate their fair values as they are subject to interest rates close to market rate of interests.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31 December 2021 and 31 December 2020.

Risk management is carried out in accordance with approved policies. In relation to investment risk, mandates that are above or beyond the Management's limits of authority would be deliberated, resolved and approved by the Audit Committee and/or the Board.

### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. The Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company and the Group adopt the policy of dealing only with high credit quality counterparties.

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty is unable to fulfil its contract or payment terms.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk (Continued)

The Group considers “low risk” to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is unable to fulfill its contract or payment terms.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group’s current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is > 60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk (Continued)

The table below details the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

#### The Group

	Note	Category	12- month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
<b>31 December 2021</b>						
Trade receivables	10	Note 1	Lifetime ECL (simplified)	2,668,095	(2,668,095)	-
Refundable deposits	11(a)	I	12-month ECL	37,641	-	37,641
Sundry receivables	11(a)	I	12-month ECL	80	-	80
Debt securities	12	III	Lifetime ECL	3,665,790	(3,665,790)	-
					<u>(6,333,885)</u>	
<b>31 December 2020</b>						
Trade receivables	10	Note 1	Lifetime ECL (simplified)	2,668,095	(2,668,095)	-
Other receivables	11(a)	III	Lifetime ECL	39,125	(39,125)	-
Refundable deposits	11(a)	I	12-month ECL	71,301	-	71,301
Sundry receivables	11(a)	I	12-month ECL	34,680	-	34,680
Debt securities	12	III	Lifetime ECL	3,665,790	(3,665,790)	-
					<u>(6,373,010)</u>	

#### The Company

	Note	Category	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
<b>31 December 2021</b>						
Refundable deposits	11(a)	I	12-month ECL	5,950	-	5,950
Amount due from subsidiaries	11(b)	III	Lifetime ECL	46,943,357	(46,943,357)	-
					<u>(46,943,357)</u>	
<b>31 December 2020</b>						
Refundable deposits	11(a)	I	12-month ECL	29,623	-	29,623
Amount due from subsidiaries	11(b)	III	Lifetime ECL	46,513,476	(32,904,989)	13,608,487
					<u>(32,904,989)</u>	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk (Continued)

#### Trade receivables (Note 1)

For trade receivables (Note 10), the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on a debtor by debtor basis, since the trade receivables of the Group comprised six (6) third party debtors.

#### Other receivables, debt securities and amount due from subsidiaries

For other receivables, debt securities and amount due from subsidiaries, the Group and the Company have applied SFRS(I) 9 to measure the loss allowance at lifetime ECL.

An impairment loss of Nil (2020: S\$6,497) in respect of other receivables was recognised because the debtors had been struck off as at 31 December 2020.

For amount due from subsidiaries (note 11b), an impairment loss of S\$14,038,368 (2020: S\$1,561,767) is recognised as the subsidiaries have not been generating revenues or cash inflows and continue to be in net liability positions as at 31 December 2021.

#### Refundable deposits and sundry receivables

The Group and the Company has assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

#### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

#### Exposure to credit risk

The Group has no significant concentration of credit risks in trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments.

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#### Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the financial assets and financial liabilities of the Group and the Company based on contractual undiscounted cash flows:

Group	Effective interest rate	Undiscounted cash flows	
		Less than 1 year S\$	More than 1 year S\$
<b>2021</b>			
<b>Financial assets</b>			
Cash and cash equivalents	-	15,160	-
Other receivables	-	37,721	-
Total undiscounted financial assets		52,881	-
<b>Financial liabilities</b>			
Other payables	-	5,438,520	-
Lease liabilities	5.50%	31,460	-
Total undiscounted financial liabilities		5,469,980	-
<b>Total net undiscounted financial liabilities</b>		<b>(5,522,861)</b>	<b>-</b>
<b>2020</b>			
<b>Financial assets</b>			
Cash and cash equivalents	-	1,716,593	-
Other receivables	-	111,501	-
Total undiscounted financial assets		1,828,094	-
<b>Financial liabilities</b>			
Other payables	-	4,700,693	-
Lease liability	5.50%	41,707	31,460
Total undiscounted financial liabilities		4,742,400	31,460
<b>Total net undiscounted financial liabilities</b>		<b>(2,914,306)</b>	<b>(31,460)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Liquidity risk (Continued)

Company 2021	Effective interest rate	Undiscounted cash flows	
		Less than 1 year S\$	More than 1 year S\$
<b>Financial assets</b>			
Cash and cash equivalents	-	1,828	-
Other receivables	-	5,950	-
Total undiscounted financial assets		7,778	-
<b>Financial liabilities</b>			
Other payables	-	906,577	-
Lease liabilities	5.50%	31,460	-
Total undiscounted financial liabilities		938,037	-
<b>Total net undiscounted financial liabilities</b>		<b>(930,259)</b>	<b>-</b>
<b>2020</b>			
<b>Financial assets</b>			
Cash and cash equivalents	-	1,375,256	-
Other receivables	-	35,143	-
Amounts due from subsidiaries	-	13,608,487	-
Total undiscounted financial assets		15,018,886	-
<b>Financial liabilities</b>			
Other payables	-	928,319	-
Lease liabilities	5.50%	41,707	31,460
Total undiscounted financial liabilities		970,026	31,460
<b>Total net undiscounted financial assets/ (liabilities)</b>		<b>14,048,860</b>	<b>(31,460)</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Foreign currency risk

The foreign currency risk of the Group and the Company arise mainly from entities operating in foreign countries, where the Group has currency exposures arising from transactions that are denominated in a currency other than the functional currency of the Company, primarily Malagasy Ariary (“MGA”), Euro Dollar (“EUR”) and US Dollar (“USD”).

In addition to transactional exposures, the Group is also exposed to currency translation risks arising from its net investments in foreign subsidiaries. The Group and the Company do not use derivative financial instruments to protect against the volatility associated with foreign currency transactions. However, management of the Group monitors the fluctuations in exchange rates closely to ensure that the exposure to the risk is kept at a minimal level.

The Group’s currency exposure based on the information provided to key management is as follows:

Group 2021	SGD S\$	EUR S\$	MGA S\$	USD S\$	Total S\$
<b>Financial assets</b>					
Cash and cash equivalents	13,383	21	1,554	202	15,160
Other receivables	35,940	-	1,781	-	37,721
	<u>49,323</u>	<u>21</u>	<u>3,335</u>	<u>202</u>	<u>52,881</u>
<b>Financial liabilities</b>					
Other payables	903,411	-	762,979	3,772,129	5,438,519
Lease liabilities	30,604	-	-	-	30,604
	<u>934,015</u>	<u>-</u>	<u>762,979</u>	<u>3,772,129</u>	<u>5,469,123</u>
Net financial assets/(liabilities)	<u>(884,692)</u>	<u>21</u>	<u>(759,644)</u>	<u>(3,771,927)</u>	<u>(5,416,242)</u>
Less:					
Net financial assets/(liabilities) denominated in the respective entities functional currencies	<u>884,692</u>	<u>-</u>	<u>759,644</u>	<u>-</u>	<u>1,644,336</u>
<b>Foreign currency exposure</b>	<u>-</u>	<u>21</u>	<u>-</u>	<u>(3,771,927)</u>	<u>(3,771,906)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Foreign currency risk (Continued)

Group 2020	SGD S\$	EUR S\$	MGA S\$	USD S\$	Total S\$
<b>Financial assets</b>					
Cash and cash equivalents	1,386,917	25	29,616	300,035	1,716,593
Other receivables	75,132	-	36,369	-	111,501
	<u>1,462,049</u>	<u>25</u>	<u>65,985</u>	<u>300,035</u>	<u>1,828,094</u>
<b>Financial liabilities</b>					
Other payables	955,448	-	782,403	2,962,842	4,700,693
Lease liabilities	69,686	-	-	-	69,686
	<u>1,025,134</u>	<u>-</u>	<u>782,403</u>	<u>2,962,842</u>	<u>4,770,379</u>
Net financial (liabilities)/assets	436,915	25	(716,418)	(2,662,807)	(2,942,285)
Less:					
Net financial liabilities denominated in the respective entities functional currencies	<u>(436,915)</u>	<u>-</u>	<u>716,418</u>	<u>-</u>	<u>279,503</u>
<b>Foreign currency exposure</b>	<u>-</u>	<u>25</u>	<u>-</u>	<u>(2,662,807)</u>	<u>(2,662,782)</u>

If the USD and EUR change against the SGD by 10% (2020: 10%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset (excluding equity instruments) that are exposed to currency risk will be as follows:

Group		Total loss (after tax) Increase/(Decrease)	
		2021 S\$	2020 S\$
USD/SGD	- strengthened 10% (2020: 10%)	377,191	266,281
	- weakened 10% (2020: 10%)	(377,191)	(266,281)
EUR/SGD	- strengthened 10% (2020: 10%)	(2)	(2)
	- weakened 10% (2020: 10%)	2	2

The Company transacts mainly in Singapore Dollars and has minimal exposures to the changes in foreign exchange rates for the financial years ended 31 December 2021 and 31 December 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Company do not take on significant variable-rate interest-bearing financial assets and financial liabilities. The Group and the Company have no exposure to interest rate risks as the convertible redeemable bonds were issued at fixed rates and have been fully converted into new ordinary shares of the Company as at 31 December 2021. The Group's and the Company's income and equity are not likely to be materially affected by changes in market interest rates had these occurred at the end of the reporting period and had these been applied to the risk exposures as at those at the end of the reporting period.

## 31. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
<b>Financial asset at amortised cost:</b>				
– cash and cash equivalents	15,160	1,716,593	1,828	1,375,256
– other receivables	37,721	111,501	5,950	35,143
– amounts due from subsidiaries	–	–	–	13,608,487
Total financial assets measured at amortised cost	<b>52,881</b>	1,828,094	<b>7,778</b>	15,018,886
<b>Financial liabilities at amortised cost:</b>				
– other payables	5,438,520	4,700,693	1,508,360	1,530,102
– lease liabilities	30,604	69,686	30,604	69,686
Total financial liabilities measured at amortised cost	<b>5,469,124</b>	4,770,379	<b>1,538,964</b>	1,599,788

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings, if any.

The Group has complied with the externally imposed capital requirements during the financial years ended 31 December 2021 and 2020. The Group's overall strategy remains unchanged for the financial years ended 31 December 2021 and 2020.

The Group deems its capital as follows:

	Group	
	2021 S\$	2020 S\$
Equity attributable to the owners of the Company	<b>3,689,543</b>	22,947,846
Less: Currency translation reserve	<b>(2,327,222)</b>	(2,547,912)
Total capital	<b>1,362,321</b>	20,399,934

## 33. SEGMENT INFORMATION

Management considers the business from both a geographic and business segment perspective. Geographically, Management manages and monitors the business in three primary geographic areas namely, Madagascar, Mauritius and Singapore. From a business segment perspective, Management separately considers the consultancy and investment management activities in these geographic areas.

For management purposes, the Group is currently organised into the following main business segments:

(a) Minerals and Resources

The Group was deemed to have completed its acquisition of a 60% shareholding interest in Reenova Holding (Mauritius) Limited ("**RHM**") on 28 December 2018 and legally completed the acquisition of its 60% stake in RHM on 3 January 2019. In addition, the Group had on 15 May 2019 enforced the share pledge agreements after TRE AG defaulted on its obligations of repayment under the facility agreements with the Group. Following the enforcement of the share pledge agreements, the Group held 75% shareholding interest in RHM. RHM in turn owns 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. ("**RREM**"), which holds an exploration licence for a 238 km<sup>2</sup> concession that hosts rare earth oxides in Madagascar, Africa. The successful acquisition of RHM and RREM enables the Group to diversify its business scope into mineral and resources business segment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 33. SEGMENT INFORMATION (CONTINUED)

### (b) Investment management

The Group seeks significant capital appreciation through making direct and indirect investments in companies and projects, both listed and unlisted, which the Group considers to be undervalued and with high growth prospects. Such investments may include investments in quoted and non-quoted equity or debt securities, pre-initial public offer (“IPO”) shares which include late stage pre-IPO deals and early stage pre-IPO deals, IPO placement tranche shares, and other corporate finance deals, including without limitation, buyout deals and corporate restructuring deals.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, may be measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are at arm’s length basis in a manner similar to transactions with third parties. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, trade and other receivables, debt securities, financial assets and cash and cash equivalents. Segment liabilities comprise trade and other payables, finance lease liabilities, income tax liabilities and deferred income tax liabilities.

2021	<b>Minerals and Resources S\$</b>	<b>Investment Management S\$</b>	<b>Adjustments and Eliminations S\$</b>	<b>Group S\$</b>
<b>Revenue</b>				
– External revenue	-	-	-	-
<b>Results</b>				
Unallocated interest income	-	-	-	214
Depreciation	(10,233)	-	-	(10,233)
Unallocated depreciation	-	-	-	(63,903)
Unallocated finance cost	-	-	-	(2,625)
Segment results	<b>(2,632,193)</b>	<b>1,334,560</b>	<b>(24,190,195)</b>	<b>(25,487,828)</b>
<b>Assets</b>				
Segment assets	<b>8,148,106</b>	<b>17,814,260</b>	<b>(17,663,707)</b>	<b>8,298,659</b>
Segment liabilities	<b>19,947,466</b>	<b>49,936,468</b>	<b>(62,368,876)</b>	<b>7,515,058</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 33. SEGMENT INFORMATION (CONTINUED)

2020	Minerals and Resources S\$	Investment Management S\$	Adjustments and Eliminations S\$	Group S\$
<b>Revenue</b>				
- External revenue	-	-	-	-
<b>Results</b>				
Unallocated interest income	-	-	-	212
Depreciation	(36,131)	-	-	(36,131)
Unallocated depreciation	-	-	-	(126,623)
Unallocated finance cost	-	-	-	(30,173)
Share of loss of joint venture	-	(85,678)	-	(85,678)
Segment results	(5,605,713)	(264,842)	(1,788,318)	(7,658,873)
<b>Assets</b>				
Segment assets	36,448,919	16,032,110	(14,356,701)	38,124,328
Segment liabilities	22,153,111	49,488,871	(60,083,338)	11,558,644

### Geographical market of clients

The following details show the distribution of the Group's revenue and non-current assets from continuing operations based on the geographical segments in which the clients are located:

	Group			
	Revenue		Non-current assets	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Singapore	-	-	96,079	159,981
Madagascar	-	-	8,136,007	36,060,142
	-	-	8,232,086	36,220,123

There was no revenue recorded by the Group for the financial year ended 31 December 2021 and 31 December 2020.

## 34. EVENTS AFTER THE REPORTING PERIOD

- The Company had on 16 March 2022 and 11 May 2022 entered into two facility letters with JW Venture Capital Pte. Ltd., pursuant to which the Lender shall grant the Company a business loan facility of S\$350,000 and S\$454,545.50 respectively.
- The Company had on 30 March 2022 entered into a loan agreement with a Group of Lenders, pursuant to which the Group of Lenders shall grant the Company a loan of S\$150,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 35. INVESTIGATIONS BY REGULATORY AUTHORITIES

(a) Investigation by Commercial Affairs Department (the “2014 Investigation”)

On 2 April 2014, the Company with five other wholly-owned subsidiaries of the Company then (one of which has since been disposed of) and two funds (including two subsidiaries of one of the funds) that were previously managed by a subsidiary of the Company that has since been disposed of, were served notices by the Commercial Affairs Department of the Singapore Police Force (“CAD”) for an investigation into an alleged offence under the Securities and Futures Act, Cap 289 which required the Company and those entities to provide CAD with access to certain data. Since then, the Company has been cooperating fully with CAD in its investigation. The CAD has not provided the Company with any further details on its investigation, apart from certain key personnel being requested to attend further interviews by CAD in 2015. There have been no updates from the CAD as of 31 December 2021.

(b) Joint investigation by the Monetary Authority of Singapore and Commercial Affairs Department (the “2016 Investigation”)

The Company has been served a joint notice dated 7 December 2016 by the Monetary Authority of Singapore and the Commercial Affairs Department of the Singapore Police Force (hereinafter collectively referred to as the “Authorities”) which states that the Authorities are investigating into an offence under the Securities and Futures Act (Chapter 289) and require access to certain documents and information pertaining to the Company. The Authorities have not provided to the Company with any further details on their investigation. The Company has been cooperating fully with the Authorities in their investigation. There have been no updates from the Authorities as of 31 December 2021.

## 36. DEVELOPMENT OF COVID-19 OUTBREAK AND ITS IMPACT ON THE GROUP

COVID-19 outbreak has brought about an unprecedented challenge for many entities, with increased uncertainty in the global economy. As the situation is still evolving, the full effect of the outbreak is still uncertain and the Group is therefore unable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The Group continues to monitor and evaluate any possible impact on the Group’s business and will consider implementation of various measures to mitigate the effects arising from the COVID-19 situation.

Despite of uncertainty in the economy, with an on-going roll-out of COVID-19 vaccines and balance of governments policies placed between public health and countries’ economy, the Group is being optimistic towards the economy recovery.

## 37. AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Group for the financial year ended 31 December 2021 were authorised for the issue in accordance with a resolution of directors on 13 June 2022.

# SHAREHOLDERS' STATISTICS AND DISTRIBUTION

AS AT 25 MAY 2022

## SHARE CAPITAL

Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
Number of Issued Shares	:	6,744,247,542 Shares
Issued and Fully Paid-Up Capital	:	S\$49,245,794

The Company has no treasury shares and subsidiary holdings\* as at 25 May 2022.

\* *Subsidiary holdings* is defined in the SGX-ST Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 25 MAY 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.06	50	0.00
100 – 1,000	65	4.08	55,655	0.00
1,001 – 10,000	308	19.35	2,113,700	0.03
10,001 – 1,000,000	962	60.43	224,990,350	3.34
1,000,001 AND ABOVE	256	16.08	6,517,087,787	96.63
	<b>1,592</b>	<b>100.00</b>	<b>6,744,247,542</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS AS AT 25 MAY 2022

NO.	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,093,045,399	16.21
2	UOB KAY HIAN PTE LTD	899,195,745	13.33
3	PHILLIP SECURITIES PTE LTD	480,182,400	7.12
4	CHEN TONG	300,000,000	4.45
5	ABN AMRO CLEARING BANK N.V.	270,420,000	4.01
6	CITIBANK NOMINEES SINGAPORE PTE LTD	220,193,815	3.26
7	RAFFLES NOMINEES (PTE) LIMITED	193,535,900	2.87
8	WONG KAM WAN	180,000,000	2.67
9	DANNY LAI KONG SANG	176,000,000	2.61
10	UNIVERSAL COAL RESOURCES PTE LTD	173,105,838	2.57
11	ZULKIFLEE KUAN SHUN BIN ABDULLAH	124,500,000	1.85
12	HO BENG SIANG	99,137,900	1.47
13	LIM KENG HOCK JONATHAN	88,229,780	1.31
14	NOGRENO LTD.	81,203,250	1.20
15	TAN CHEW KOON	75,483,900	1.12
16	DB NOMINEES (SINGAPORE) PTE LTD	62,509,136	0.93
17	DBS NOMINEES PTE LTD	62,205,400	0.92
18	LEOW LAY CHOO	61,600,000	0.91
19	LAU CHENG HUAT DAVID	55,000,000	0.82
20	BENJAMIN NG CHEE YONG	52,167,000	0.77
	<b>TOTAL</b>	<b>4,747,715,463</b>	<b>70.40</b>



# SHAREHOLDERS' STATISTICS AND DISTRIBUTION

AS AT 25 MAY 2022

## SUBSTANTIAL SHAREHOLDERS AS AT 25 MAY 2022

(As shown in the Company's Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct/Beneficial Interest		Deemed Interest <sup>(1)</sup>		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chen Tong	736,292,912	10.92	-	-	736,292,912	10.92
Value Capital Asset Management Private Limited <sup>(2)</sup>	990,895,099	14.69	-	-	990,895,099	14.69
Premier Equity Fund Sub Fund G <sup>(3)</sup>	-	-	990,895,099	14.69	990,895,099	14.69

### Notes:

- (1) Deemed interest refer to interests determined pursuant to Section 7 of the Companies Act.
- (2) Value Capital Asset Management Private Limited is the Investment Manager of Premier Equity Fund Sub Fund G.
- (3) Premier Equity Fund Sub Fund G is deemed to have an interest in 990,895,099 shares of the Company through Value Capital Asset Management Private Limited.

## PUBLIC FLOAT

Based on information available to the Company as at 25 May 2022, approximately 74.05% of the issued ordinary shares of the Company is held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held by electronic means on Tuesday, 28 June 2022 at 11.00 a.m., to transact the following businesses:

## AS ROUTINE BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Directors' Statements and Independent Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of up to S\$240,000/- for the financial year ending 31 December 2022, payable quarterly in arrears. (2021: up to S\$240,000). **Resolution 2**

3(a). To re-elect Mr Lin, Chen Hsin, a Director who is retiring by rotation pursuant to Article 89 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 3**

*Mr Lin, Chen Hsin will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and he will be considered independent for purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*

*[See Explanatory Notes]*

3(b). To re-elect Mr Eddy Lim Seok Boon, a Director who is retiring by rotation pursuant to Article 89 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 4**

*Mr Eddy Lim Seok Boon will, upon re-election as a Director of the Company, remain as a Chairman of the Nominating Committee and Remuneration Committee and he will be considered independent for purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*

*[See Explanatory Notes]*

4. To re-appoint Messrs RT LLP as Auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 5**

5. To transact any other routine business that may properly be transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions with or without modifications:

### 6. Authority to allot and issue shares

### *Resolution 6*

“That pursuant to Section 161 of Companies Act 1967 of Singapore (the “**Companies Act**”), the Listing Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Company’s Constitution, authority be and is hereby given to the Directors of the Company to:–

- (A) (i) issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise, and/or
- (ii) make or grant offers, agreements or options (collectively “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time this Resolution is passed, after adjusting for:–
  - (i) new shares arising from the conversion or exercise of any convertible securities which were issued and are outstanding or subsisting at the time this Resolution is passed;

# NOTICE OF ANNUAL GENERAL MEETING

(ii) new shares arising from exercising share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (a) above and this sub-paragraph (b), “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.”

7. **Authority to offer and grant awards and to allot and issue shares under the Reenova Performance Share Plan (“PSP”)** *Resolution 7*

“That approval be and is hereby given to the Directors of the Company to offer and grant awards in accordance with the provisions of the PSP and to allot and issue from time to time such number of fully-paid new Shares as may be required to be allotted and issued pursuant to the vesting of awards under the PSP provided always that the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the PSP, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all awards granted thereunder; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed 15% of the total issued share capital (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST”), if any) of the Company on the day preceding the relevant date of award, and provided also that subject to such adjustments as may be made to the PSP as a result of any variation in the capital structure of the Company.”

BY ORDER OF THE BOARD

Kwok Kai Ming  
Joanna Lim Lan Sim  
Company Secretaries

13 June 2022  
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:-

In relation to Resolutions 3 and 4 proposed in item 3(a) and 3(b) above, the detailed information on Mr Lin, Chen Hsin and Mr Eddy Lim Seok Boon, and are set out in the section entitled "Profiles of Directors and Management", Table 3 in the "Corporate Governance Statement" section and "Additional Information on Directors Seeking Re-Election" section of the Company's 2021 Annual Report.

## Statement Pursuant to Article 52 of the Company's Constitution

The effect of the resolutions under the heading "Special Business" in this Notice of the Annual General Meeting is:-

- (i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company (unless varied or revoked by the Company in general meeting) from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier, to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares and issue shares in pursuance of such instruments. The number of shares (including shares to be issued in pursuance of instruments made or granted) that the Directors of the Company may issue under Resolution 6 shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time of the passing of Resolution 6, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to the shareholders. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time that Resolution 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Resolution 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.
- (ii) The Ordinary Resolution 7 proposed in item 7 above, will authorise the Directors of the Company to offer and grant awards under the Reenova Performance Share Plan ("PSP") and to allot and issue new Shares pursuant to the PSP, provided that the aggregate number of Shares over which awards may be granted under the PSP on any date, when aggregated with the number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered and/or to be delivered, pursuant to awards granted under the PSP, and any shares subject to any other share option or share incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

## Notes:

- 1) A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- 2) A proxy need not be a member of the Company.
- 3) The instrument appointing a proxy must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
- 4) The instrument appointing a proxy must be deposited in following manner:
  - (i) if submitted electronically, be submitted via email to the Company's Share Registrar at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com); or
  - (ii) if submitted by post, be deposited with the Company's Share Registrar, Tricor Barbinder Share Registration Service, at 80 Robinson Road #11-02, Singapore 068898.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

# ADDITIONAL INFORMATION ON THE ANNUAL GENERAL MEETING

On Tuesday, 28 June 2022 ("AGM") at 11.00 a.m. to be held by Electronic Means.

1. **Background.** The Board of Directors (the "**Board**") of Reenova Investment Holding Limited (the "**Company**") refers to:
  - a. the COVID-19 (Temporary Measures) Act 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to, inter alia, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means;
  - b. the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**") which sets out the alternative arrangements in respect of, inter alia, general meetings of companies;
  - c. the joint statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation of 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020 and 1 October 2020) which provides guidance on the conduct of general meetings amid the evolving COVID-19 situation during the period from 27 March 2020 to 30 June 2021;
  - d. The extension of the Order announced by the Ministry of Law ("**MinLaw**") on 6 April 2021 which allows entities to conduct general meetings via electronic means, beyond 30 June 2021 and will continue in force until revoked or amended by MinLaw (the "**Extended Order**"); and
  - e. Issuance of the 16 December 2021 Regulator's Column entitled "What SGX RegCo expects on the conduct of general meetings amid the ongoing COVID-19 situation" by the Singapore Exchange Regulation ("**SGX RegCo**").

In light of the foregoing authorities' advisories and guidance and the evolving Covid-19 situation, the Company wishes to inform that the AGM will be convened and held on Tuesday, 28 June 2022 at 11.00 a.m. by way of electronic means via Live Webcast to transact the business set out in the AGM Notice and the following are the alternative arrangements which has been put in place for the AGM:-

## (A) PRE-REGISTRATION

Members who wish to attend the AGM via live audio-visual webcast or live audio-only stream, must pre-register at the pre-registration website at URL: <https://globalmeeting.bigbangdesign.co/reenova2022/> by 11.00 a.m. on 26 June 2022 ("**Registration Cut-Off Date**") to enable the Company to verify their status as members.

Following the verification, authenticated members will receive a confirmation email by 27 June 2022 which will contain login details to access the live audio-visual webcast or a toll-free number with details to access the live audio-only stream of the AGM proceedings.

Members should not disclose such login details to persons who are not entitled to attend the AGM. Members who do not receive the confirmation email by 5 p.m. on 27 June 2022 may contact the Company at the following email address: [ir@reenovagroup.com](mailto:ir@reenovagroup.com).

Persons who hold shares through relevant intermediaries, including CPF and SRS investors, and who wish to participate in the AGM should approach their respective relevant intermediaries as soon as possible in order for necessary arrangements to be made for their participation in the AGM.

# ADDITIONAL INFORMATION ON THE ANNUAL GENERAL MEETING

## (B) SUBMISSION OF PROXY FORM

**Appointment of Chairman of the AGM as proxy.** Members will not be able to vote during the “live” audio-visual webcast or “live” audio-only stream of the AGM proceedings. Members (whether individual or corporate) who pre-register to observe and/or listen to the AGM proceedings and wish to vote on the resolutions to be tabled at the AGM must appoint the Chairman of the AGM as their proxy to attend, speak and vote on their behalf at the AGM, in accordance with the instructions on the proxy form. The Proxy Form is available on SGXNET and the Company’s website. A printed copy of the Proxy Form can also be found in the Annual Report 2021.

**Specific voting instructions to be given.** Members must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

**Submission of proxy forms.** The Proxy Form must be submitted in the following manner:

- ❖ if submitted electronically, be submitted via email to the to the Company’s email address at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com) or
- ❖ if submitted by post, be deposited to the office of the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898.

in either case, by 11.00 a.m. on 26 June 2022.

A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by Friday, 17 June 2022 at 11.00 a.m.).

## (C) SUBMISSION OF QUESTIONS IN ADVANCE

Shareholders will not be able to ask questions at the AGM live during the webcast or audio-stream and therefore it is important for shareholders to pre-register and submit their questions in advance of the AGM.

Shareholders can submit their questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM, via email to the Company at [ir@reenovagroup.com](mailto:ir@reenovagroup.com) or via the pre-registration website at the URL: <https://globalmeeting.bigbangdesign.co/reenova2022/>.

# ADDITIONAL INFORMATION ON THE ANNUAL GENERAL MEETING

When sending in your questions by post or by email, please also provide the following details:

- a. your full name;
- b. number of shares held in the Company; and
- c. the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

**Deadline to submit questions.** All questions must be submitted by 20 June 2022. Members will be not able to ask questions at the AGM live during the webcast or audio-stream.

The Company will endeavor to address all substantial and relevant questions related to the resolutions to be tabled for approval before or at the AGM. A summary of the questions and responses will be published on SGXNET and the Company's website on 23 June 2022.

## **(D) ACCESS TO DOCUMENTS OR INFORMATION RELATING TO THE AGM**

The Annual Report 2021, Notice of AGM and Proxy Form may be accessed on the Company's corporate website at the URL <https://reenovagroup.com/> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Physical copies of these Documents will NOT be dispatched to shareholders.

## **(E) REMINDER**

In view of the evolving COVID-19 situation, the Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the AGM, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. Shareholders should continually check for announcements by the Company for updates on the AGM.

The Company would like to thank all shareholders for their patience and cooperation in enabling the Company to continue holding its AGM amidst the COVID-19 situation.



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Lin, Chen Hsin and Mr Eddy Lim Seok Boon are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Tuesday, 28 June 2022 at 11 a.m. (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Appendix 7.4.1 Disclosure	Mr Lin, Chen Hsin	Mr Eddy Lim Seok Boon
Date of Initial Appointment	8 March 2017	30 December 2020
Date of last re-election	26 June 2020	28 April 2021
Age	79	49
Country of principal residence	Hong Kong	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Lin, Chen Hsin as the Non-Executive Independent Director was recommended by the Nominating Committee (“ <b>NC</b> ”) and the Board has accepted the recommendation after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Eddy Lim Seok Boon as the Non-Executive Independent Director was recommended by the Nominating Committee (“ <b>NC</b> ”) and the Board has accepted the recommendation after taking into consideration his qualifications, expertise, past experiences and overall contributions since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive, Independent Director, and a member of both the Audit and Remuneration Committees.	Non-Executive, Independent Director, Chairman of Nominating and Remuneration Committees and a member of the Audit Committee.
Professional qualifications	Shanghai Institute of Education.	<ul style="list-style-type: none"> <li>• Fiduciary Officer Licensed by Monetary Authority of Singapore (MAS)</li> <li>• MBA Candidate</li> <li>• Diploma in Marketing (LCCI)</li> <li>• Diploma in Principles of Management (LCCI)</li> <li>• Diploma in Sales Management (MAMSA)</li> </ul>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7.4.1 Disclosure	Mr Lin, Chen Hsin	Mr Eddy Lim Seok Boon
Working experience and occupation(s) during the past 10 years	Mr Lin has over 20 years of experience in import and export trading and manufacturing. He holds the position of Administration Director at Coastal International Holdings Ltd since 1997. Between 1997 to 2012, he was Executive Director of Coastal Greenland Limited, an investment holding company that is principally engaged in property related business and listed on the Hong Kong Stock Exchange.	Mr Lim is a Partner in W2 Advisors LLP.  Mr Lim was appointed as Senior Board Adviser of DIOS Asset Management and Senior Director of Haven Capital on a contract basis between June 2018 to May 2020.  Mr Lim was Group CEO and Executive Director of Zhongtai International Holdings (Singapore) Pte Ltd between August 2016 to May 2018.  He was appointed as Senior Vice President of Korea Exchange (KRX) on a contract basis between September 2015 to July 2016.  Mr Lim was a private investor between February 2013 to August 2015.  He was Director of Business Development, APAC – S&P Dow Jones Indices between September 2011 to January 2013.
Shareholding interest in the listed issuer and its subsidiaries	10,444,800 shares	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	Shareholder of the Company	None
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships#	Not Applicable	Partner in W2 Advisors LLP

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7.4.1 Disclosure	Mr Lin, Chen Hsin	Mr Eddy Lim Seok Boon
Past (for the last 5 years)	Nil	<ul style="list-style-type: none"> <li>• CJEF Capital Partners Pte. Ltd.</li> <li>• Zhongtai International Asset Management (Singapore) Pte. Ltd.</li> <li>• Zhongtai International Holdings (Singapore) Pte. Ltd.</li> <li>• Zhongtai International Investment Management (Singapore) Pte. Ltd.</li> <li>• Zhongtai International Securities (Singapore) Pte. Ltd.</li> </ul>
Present	<ul style="list-style-type: none"> <li>• Coastal International Holdings Ltd</li> </ul>	Nil
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7.4.1 Disclosure	Mr Lin, Chen Hsin	Mr Eddy Lim Seok Boon
<p>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	No	No
<p>(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</p>	No	No
<p>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</p>	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7.4.1 Disclosure	Mr Lin, Chen Hsin	Mr Eddy Lim Seok Boon
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7.4.1 Disclosure	Mr Lin, Chen Hsin	Mr Eddy Lim Seok Boon
<p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	<p>Yes</p> <p>SIMEX Trading Floor (1994)</p> <p>- Reprimanded for Open Outcry process as announcement of last traded price in the pit was not loud enough.</p>
<b>Disclosure applicable to the appointment of Director only</b>		
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Yes</p> <p>Mr Lin is currently an Independent Director of Reenova Investment Holding Limited.</p>	<p>Yes</p> <p>Mr Lim is currently an Independent Director of Reenova Investment Holding Limited.</p>

# REENOVA INVESTMENT HOLDING LIMITED

(Company No.: 200104762G)

(Incorporated in the Republic of Singapore)

## PROXY FORM

### ANNUAL GENERAL MEETING

#### IMPORTANT:

1. This Proxy Form is not valid for use by investors who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967, including CPF and SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions at least seven (7) working days before the AGM. Other investors holding shares in the Company through relevant intermediaries who wish to vote should approach their relevant intermediaries as soon as possible to specify voting instructions.

#### PERSONAL DATA PRIVACY:

By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 June 2022.

I\*/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport/UEN)  
of \_\_\_\_\_ (Address)

being a \*member/members of Reenova Investment Holding Limited. (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies, to vote for me/us on my/our behalf at the AGM of the Company **to be held by electronic means on Tuesday, 28 June 2022 at 11.00 a.m.** and at any adjournment thereof.

\*I/We direct \*my/our proxy to vote for or against, or abstain from voting on, the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder.

**In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

No.	Ordinary Resolutions	For**	Against**	Abstain**
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Directors' Statements and Independent Auditor's Report thereon.			
2.	To approve the payment of Directors' fees of up to S\$240,000/- for the financial year ending 31 December 2022, payable quarterly in arrears. (2021: up to S\$240,000/-).			
3.	To re-elect Mr Lin, Chen Hsin as Director (Retiring under Article 89).			
4.	To re-elect Mr Eddy Lim Seok Boon as Director (Retiring under Article 89).			
5.	To re-appoint Messrs RT LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.			
6.	To authorise the Directors to allot and issue shares.			
7.	To authorise the Directors to offer and grant awards to allot and issue shares under the Reenova Performance Share Plan.			

\* Delete where applicable.

Please indicate your vote "**For**", "**Against**" or "**Abstain**" with an "**X**" within the box provided. Alternatively, please indicate the number of votes "**For**" or "**Against**" within the box provided. If you wish the Chairman of the AGM as your proxy to "**Abstain**" from voting on a resolution, please indicate "**X**" in the "**Abstain**" box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total number of shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal of Corporate Member

**IMPORTANT.** Please read the notes overleaf carefully before completing this Proxy Form.



**Notes:**

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Please note that a member may not vote at the AGM otherwise than by way of appointing the Chairman of the AGM as the member's proxy.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. A member who is a relevant intermediary is entitled to vote at the AGM must appoint the Chairman of the AGM to vote at the AGM instead of the member.

"Relevant intermediary" means:

- (i) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Future Act 2001 and who holds shares in that capacity; or
- (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Central Provident Fund Act 1953, providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM by 11.00 a.m. on 17 June 2022.

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**Affix  
Postage  
Stamp here**

**REENOVA INVESTMENT HOLDING LIMITED**  
c/o Tricor Barbinder Share Registration Services  
80 Robinson Road, #11-02  
Singapore 068898

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4. The Chairman of the AGM, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
  - (i) if submitted electronically, be submitted via email to the Company's Share Registrar at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com); or
  - (ii) if submitted by post, be deposited with the Company's Share Registrar, Tricor Barbinder Share Registration Service, at 80 Robinson Road #11-02, Singapore 068898.

in either case, by no later than **26 June 2022, 11.00 a.m.**, being at least 48 hours before the time for holding the AGM. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

**In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.**

6. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.
7. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) if the instrument appointing the Chairman of the AGM as proxy is submitted by post, be lodged with the instrument of proxy, if the instrument appointing the Chairman of the AGM as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject an instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing Chairman of the AGM as proxy (including any related attachment). In addition, in the case of members whose shares entered against their names in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares against their names in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Members should take note that once this proxy form is submitted electronically via email to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com) or posted/deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Service, at 80 Robinson Road #11-02, Singapore 068898, they cannot change their vote as indicated in the box provided above.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHEN TONG

Executive Chairman and Executive Director

### LEE KA SHAO

Lead Independent Director

### LIN, CHEN HSIN

Independent Director

### EDDY LIM SEOK BOON

Independent Director

## AUDIT COMMITTEE

LEE KA SHAO *(Chairman)*

LIN, CHEN HSIN

EDDY LIM SEOK BOON

## NOMINATING COMMITTEE

EDDY LIM SEOK BOON *(Chairman)*

LEE KA SHAO

CHEN TONG

## REMUNERATION COMMITTEE

EDDY LIM SEOK BOON *(Chairman)*

LEE KA SHAO

LIN, CHEN HSIN

## COMPANY SECRETARY

KWOK KAI MING

JOANNA LIM LAN SIM

## REGISTERED OFFICE

60 Paya Lebar Road

#10-16 Paya Lebar Square

Singapore 409051

Tel: (65) 6817 8288

Email: [enquiry@reenovagroup.com](mailto:enquiry@reenovagroup.com) / [ir@reenovagroup.com](mailto:ir@reenovagroup.com)

Website: [www.reenovagroup.com](http://www.reenovagroup.com)

## SHARE REGISTRAR

Tricor Barbinder Share Registration Services

(A division of Tricor Singapore Pte. Ltd.)

80 Robinson Road #02-00

Singapore 068898

## AUDITORS

RT LLP

297 South Bridge Road

Singapore 058839

Partner-in-charge: Mr Ravinthran Arumugam

(Appointed in Financial Year 2018)

## INVESTOR RELATIONS

Octave FinComm Private Limited

富登财经通讯私人有限公司

Email: [enquiry@octavecomms.com](mailto:enquiry@octavecomms.com)

Website: [www.octavecomms.com](http://www.octavecomms.com)



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