



**REENOVA**  
**INVESTMENT**  
瑞星投资集团

# TOWARDS **A BRIGHTER FUTURE**

ANNUAL REPORT 2019



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# CORPORATE PROFILE

## VISION

The Group strives to be a partner of choice in the supply of rare earth, 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 benefits 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.

### INVESTORS

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. We 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.

**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 its stakeholders.

The Group has two strategic investments: (i) a 75% stake in a rare earth concession area located in Madagascar, Africa, and (ii) a minority stake in Straits Hi-Rel Pte. Ltd., a start-up focusing on speciality testing and back-end manufacturing for high reliability integrated chips and electronic modules for end-user application in the automotive, energy (oil and gas) and industrial sectors. 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. This licence enables the Group to embark on trial leaching, pilot production, conduct feasibility and engineering studies, and environmental impact assessments. The Group is targeting to apply for a full mining licence (*Permis de Exploitation*) before November 2021. The Group is committed to making good progress in the operation, management and production of rare earth oxides, to bring forth stable and sustainable earnings growth.

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



# CHAIRMAN'S LETTER TO SHAREHOLDERS

## DEAR FELLOW SHAREHOLDERS,

We are committed to realise our ambition to rebuild the Group in becoming one of the rare earth producers outside of China, with our key investment – a 75% stake in the 238km<sup>2</sup> rare earth concession located in north-western Madagascar, Africa that hosts rare earth oxides (the “**Rare Earth Project**”). We are deeply appreciative of your patience and support.

While our relentless pursuit in this Rare Earth Project met with challenges aplenty over the past few years, we are thankful that our perseverance and efforts have paid off with the successful completion of the acquisition of the Rare Earth Project and the satisfaction of all compliance requirements in the various jurisdictions. The Rare Earth Project is currently the key investment for the Group. Hence, we placed high importance on and had greater involvement in the project, to ensure that commercialisation of this Rare Earth Project will come to fruition. To strengthen our commitment, we have updated our company name during the financial year ended 31 December 2019 (“**FY2019**”) to reflect our vision, and broadened our scope of business activities to include (i) ownership of the rare earth mine in Madagascar, (ii) operation, management, and production of rare earth oxides, (iii) sale and distribution of rare earth oxides, and (iv) provision of technical support and services relating to rare earth oxides mining. We believe our active and direct involvement in the project expedites the progress in unlocking the potential value in this Rare Earth Project.

## IN THE YEAR UNDER REVIEW

The Group settled the renegotiated purchase consideration of S\$3 million with the issuance of approximately 747.3 million shares at an issue price of S\$0.004 per share in January 2019. This was made upon the legal completion of the acquisition of the Rare Earth Project through acquiring a 60% stake in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) (“**RHM**”) (the “**Acquisition**”), which in turn owns 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly known as Tantalum Rare Earth (Malagasy) S.A.R.L.U.) (“**RREM**”).

Subsequently, the Group increased its shareholding in RHM to 75% on 15 May 2019, with the enforcement of share pledges made by Tantalus Rare Earths AG which had defaulted on its obligations of repayment under the loan facility agreements as announced on 7 June 2019. The Group had also on 28 June 2019 received the approval from its shareholders at the extraordinary general meeting on the waiver of a condition precedent related to the acquisition of 60% stake in RHM to comply with the directive from the Singapore Exchange Regulation.

During FY2019, the Group engaged an external valuation consultant to carry out a Purchase Price Allocation (“**PPA**”) exercise in respect of the acquisition of RHM and RREM that occurred on 28 December 2018 (the “**Acquisition Date**”). Upon the finalisation of the PPA exercise in December 2019, the fair values of assets and liabilities of RHM and RREM were adjusted accordingly and consequently, the Group recognised a bargain purchase of approximately S\$10.0 million that arose from the Acquisition and restated its consolidated financial statements for FY2018. With the update of the fair value of the mining rights of RREM, net assets value of the Group was approximately S\$25.0 million and net assets value per share was 0.57 Singapore cents as at 31 December 2019.

Amidst satisfying required corporate activities and complying with the necessary rules and regulations, the Group had also endeavoured in exploring and negotiating potential collaboration and fundraising options, as well as making necessary preparations for the next phase of work to satisfy the requirements for the application of the mining licence for the Rare Earth Project. The ongoing Coronavirus Disease (“**COVID-19**”) pandemic, however, led to a delay in deploying a team to Madagascar, originally planned to be in February 2020, to commence work on the Rare Earth Project. Madagascar was in a state of emergency and lockdown measures had been imposed by the Madagascar government until 20 April 2020<sup>1</sup>.

## CHAIRMAN'S LETTER TO SHAREHOLDERS

The Group will continue to monitor the situation and will make further announcements to update shareholders on material developments regarding the Rare Earth Project as and when appropriate.

### GLOBAL DEMAND FOR RARE EARTH ELEMENTS

According to the "Rare Earth Elements Market Size, Share & Trends Analysis Report By Product (Cerium, Dysprosium, Erbium), By Application (Magnets, Catalyst), By Region, And Segment Forecasts, 2019 – 2025", the global rare earth elements market is anticipated to reach US\$5.62 billion by 2025<sup>2</sup>.

The initiatives by various governments to reduce carbon emission have been driving growth for electric vehicles. According to Allied Market Research, the global electric vehicle market was valued at US\$162.34 billion in 2019, and is projected to reach US\$802.81 billion by 2027, registering a compounded annual growth rate of 22.6%<sup>3</sup>. At the Singapore Budget 2020, the Finance Minister declared the nation's ambition to phase out internal combustion engine vehicles and have vehicles run on cleaner energy by 2040<sup>4</sup>. The impending growth trend for electric vehicles is expected to boost demand for permanent magnets and the growing use of permanent magnets in the production of batteries for electric vehicles, in turn, is expected to propel the demand for rare earth elements including neodymium, praseodymium, dysprosium, gadolinium, and terbium.

As these rare earth elements including neodymium, praseodymium, and dysprosium, can also be found in our Rare Earth Project, the Group is committed to expedite the required works for RREM to submit its

application for *Permis de Exploitation* (also known as full mining licence) before 5 November 2021. The Group is committed to bringing the Rare Earth Project to commercial production.

### ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to acknowledge our stakeholders – shareholders, business partners, and committed employees for your understanding, trust, and continuous support, in our ambition to become one of the global rare earth producers. We are appreciative of your faith in the management's expertise and efforts to develop this greenfield Rare Earth Project into a producing mine.

Amidst the pandemic, we remain committed to making progress in our Rare Earth Project in Madagascar, to deliver stable and sustainable values for our stakeholders in the long term. We look forward to your continued support as we strive to achieve the stipulated milestones towards a full mining licence and commercial production of rare earth oxides.

**CHEN TONG**

*Executive Chairman*

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#### Footnotes:

- <https://www.garda.com/crisis24/news-alerts/334481/madagascar-covid-19-lockdown-measures-begin-to-ease-inmajor-cities-april-20-update-6>
- <https://www.prnewswire.com/news-releases/global-5-6-billion-rare-earth-elements-market-forecast-study-2019-to-2025---neodymium-volume-anticipated-to-register-a-cagr-of-8-3-owing-to-growing-demand-for-permanent-magnets-300973317.html>
- <https://www.alliedmarketresearch.com/electric-vehicle-market>
- <https://www.straitstimes.com/singapore/transport/boost-for-electric-vehicles-in-move-to-reduce-pollution>

## OPERATIONS REVIEW

“Global electric vehicle market is projected to reach approximately US\$803 billion by 2027, registering a compounded annual growth rate of 22.6%. **The impending growth trend for electric vehicles is expected to boost demand for permanent magnets in the production of batteries for electric vehicles, in turn, is expected to propel the demand for rare earth elements.**”

**Reenova Investment Holding Limited** (“**Reenova**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) updated its name during the financial year ended 31 December 2019 (“**FY2019**”), to reflect the Group’s key investment, as well as its broader scope of business activities to include (i) the ownership of the rare earth mine in Madagascar, (ii) operation, management, and production of rare earth oxides, (iii) the sale and distribution of rare earth oxides, and (iv) provision of technical support and services relating to rare earth oxides mining.

The Group had on 3 January 2019 legally completed the acquisition of the 238km<sup>2</sup> concession area in north-western Madagascar, Africa that hosts rare earth oxides (the “**Rare Earth Project**”), through acquiring a 60% stake in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) (“**RHM**”) (the “**Acquisition**”), which in turn owns 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly known as Tantalum Rare Earth (Malagasy) S.A.R.L.U.) (“**RREM**”). The Group engaged an external valuation consultant to carry out a Purchase

Price Allocation (“**PPA**”) exercise in respect of the Acquisition and the fair values of assets and liabilities of RHM and RREM on 28 December 2018 (the “**Acquisition Date**”) have been adjusted upon the finalisation of the PPA exercise in December 2019. Consequently, the Group recognised a bargain purchase of S\$9,989,718 that arose from the Acquisition in the Group’s restated consolidated financial statements for FY2018.

During the year, the Group increased its shareholding in RHM to 75% on 15 May 2019, with the enforcement of share pledges made by Tantalus Rare Earths AG which had defaulted on its obligations of repayment under the loan facility agreements as announced on 7 June 2019. The Group had also on 28 June 2019 received the approval from its shareholders at the extraordinary general meeting on the waiver of a condition precedent related to the acquisition of 60% stake in RHM to comply with the directive from the Singapore Exchange Regulation (“**SGX RegCo**”).

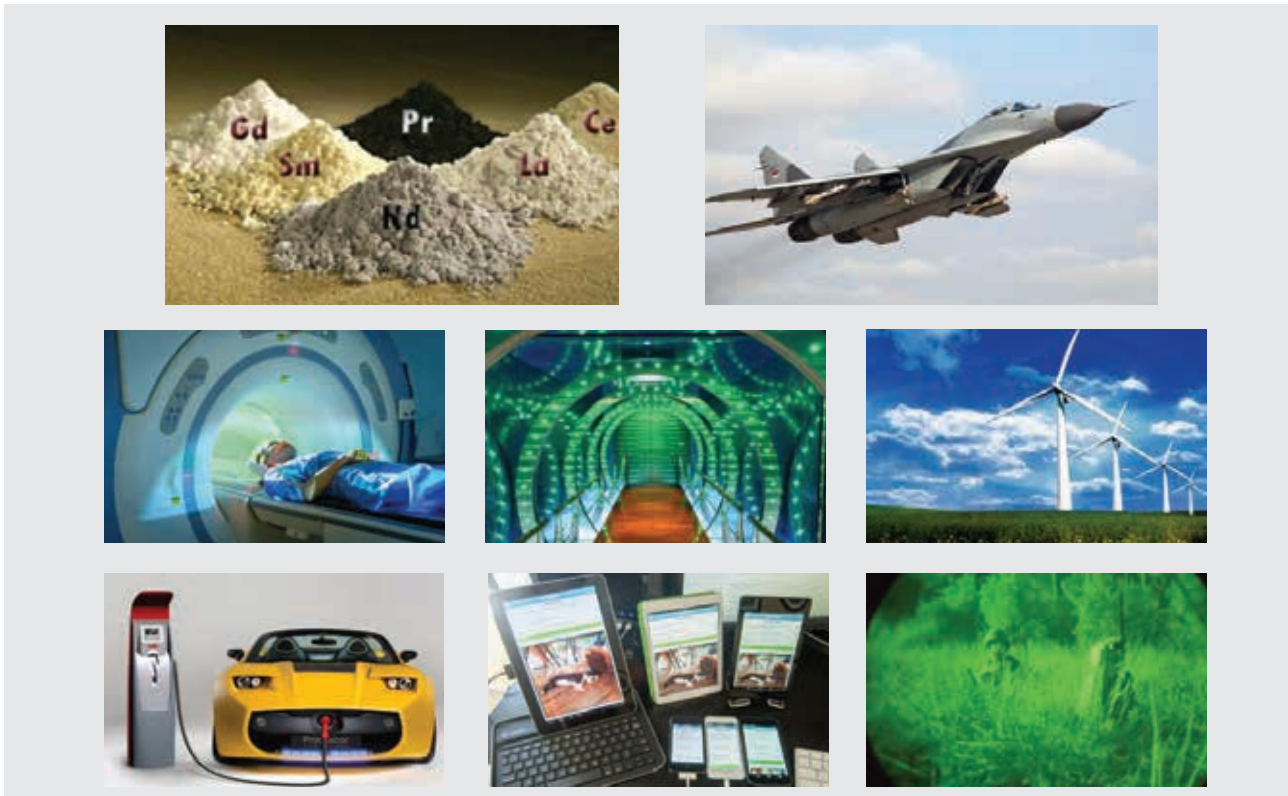
In the year under review, the Group continues to demonstrate its commitment to bringing the Rare Earth Project to commercial

production and deliver value for its shareholders through its efforts in (i) planning and preparation for the next phase of work to carry out trial leaching, pilot production, feasibility studies, engineering studies, and environmental impact assessments, (ii) actively seeking funding arrangements to commence work for the plans for the next phase of work, and (iii) signing a non-binding memorandum of understanding with China Nonferrous Metal Industry’s Foreign Engineering and Construction Co., Ltd. (中国有色金属建设股份有限公司) (“**NFC**”), a listed company on the Shenzhen Stock Exchange, on 24 June 2019 to discuss on possible collaboration.

In early 2020, the Group had planned to deploy a team to Madagascar to commence works for the Rare Earth Project. However, due to the outbreak of the Coronavirus Disease (“**COVID-19**”) pandemic, the initial arrangement of deployment was disrupted, and the Group expects a delay in the execution of the workplan. Nevertheless, the Group remains committed to apply for a full mining licence before November 2021 to bring the Rare Earth Project to commercial production.

## OPERATIONS REVIEW

### SELECTED APPLICATIONS OF RARE EARTH ELEMENTS



#### 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. Before the expiry of the Exploration Licence, the Group is committed to carry out all necessary works to apply for the *Permis de*

*Exploitation* (“**PE**”) licence or full mining licence. The Group will ensure that the operations abide by the laws and regulations of Madagascar, including environmental laws and standards.

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.

## OPERATIONS REVIEW

The mineral resources for the Rare Earth Project was updated by SGS Canada Inc as at 31 December 2019.

It is noted that the gross attributable numbers have not changed, but only the net attributable numbers have changed from 60% to 75% as a result of the increase in the Group's shareholding in RHM and accordingly, RREM. Reference for complete details is to be made to the 2016 Updated NI 43-101 Technical Report.

### SUMMARY OF MINERAL RESOURCES UPDATED BY SGS CANADA INC. AS AT 31 DECEMBER 2019:

Category	Mineral Type*	Gross Attributable to Licence (100%)					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	39% PED/61% 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	247	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:

- PED is Pedolite and SAP is Sapolite
- 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

TREO ► total rare earth oxides, arithmetic total abundance of all lanthanide rare earth oxides plus yttrium oxide

TREOnoCe ► Total Rare Earth Oxides excluding Cerium Oxide =  $TREO - Ce_2O_3$

CREO ► Critical Rare Earth Oxides ►  $Nd_2O_3 + Y_2O_3 + Eu_2O_3 + Tb_2O_3 + Dy_2O_3$

HREO ► Heavy Rare Earth Oxides ►  $Y_2O_3 + Eu_2O_3 + Gd_2O_3 + Tb_2O_3 + Dy_2O_3 + Ho_2O_3 + Er_2O_3 + Tm_2O_3 + Yb_2O_3 + Lu_2O_3$

- (a) 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".
- (b) 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".
- (c) 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.

## OPERATIONS REVIEW

### WHAT ARE RARE EARTH ELEMENTS

The global demand for rare earth continues to increase as more uses for rare earth are discovered.

The rare earth elements are all metals, and the group is often referred to as "rare earth metals". These metals have many similar properties, and that often causes them to be found together in mineral deposits. They are also referred to as "rare earth oxides" because many of them are typically sold as oxide compounds.

Global demand for rare earth metals is expected to grow as they are increasingly being incorporated in the designs of a wide variety of defence, aviation, industrial, and consumer electronics products.

The rare earth elements including neodymium, praseodymium, and dysprosium, can be found in the Group's Rare Earth Project in Madagascar, Africa.

### PURCHASE PRICE ALLOCATION ("PPA")

The Group engaged an external valuation consultant to carry out a Purchase Price Allocation ("PPA") exercise in respect of the Acquisition and the fair values of assets and liabilities of RHM and RREM on the Acquisition Date have been adjusted upon the finalisation of the PPA exercise in December 2019. Consequently, the Group recognised a bargain purchase of S\$9,989,718 that arose from the Acquisition in the Group's restated consolidated financial statements for FY2018.

The fair value of the mining right in RREM is computed as follows:

	Fair Value S\$
<b>Enterprise Value of the Rare Earth Project (approx. US\$27.17 million)</b>	<b>37,034,008</b>
Add: Equity value/Net liabilities of RREM as at 28 December 2018	25,080,304
Less: Net Debt of RREM	(26,086,680)
<b>Fair value of mining right in RREM</b>	<b>36,027,632</b>

The computation of Bargain Purchase is as follows:

	S\$
Purchase price (60%)	2,989,029
Non-controlling interest (40%)	8,652,498
Net liabilities of RHM group at acquisition (excluding mining right)	8,271,689
Fair value of mining right in RREM	(36,027,632)
Deferred income tax liability on mining right	6,124,698
<b>Bargain Purchase (net)</b>	<b>(9,989,718)</b>

The value of NCI is determined as follows:

	S\$
Net liabilities of RHM group at acquisition (excluding mining right)	(8,271,689)
Fair value of mining right in RREM	36,027,632
Deferred income tax liability on mining right	(6,124,698)
Total	<b>21,631,245</b>
NCI% (40%)	40%
<b>Fair value attributable to NCI</b>	<b>8,652,498</b>

## OPERATIONS REVIEW

### Notes:

- a. The Rare Earth Project has been identified as the only CGU for the purposes of the PPA exercise.
- b. The mining right in RREM has been identified as the intangible asset to be valued.
- c. The Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets ("**VALMIN Code**") was used as a guideline in terms of selecting the appropriate valuation approach.
- d. The key assumptions are as follows:
  - i. The development stage of the Rare Earth Project has been categorised as an advanced exploration stage project as SGS Canada Inc. has estimated measured, indicated and inferred mineral resources for the Rare Earth Project.
  - ii. Based on the advanced stage of exploration of the Rare Earth Project, the valuers have considered the market and cost approach in determining the fair value of the mining right. The comparable transactions methodology was used for the market approach while the cost approach was based on the Prospectivity Enhancement Multiplier methodology.
  - iii. The legal status of the mineral rights and statutory obligations were fairly stated.
  - iv. The corporate structures and on-going activities are fairly presented.
  - v. That RREM would continue as a going concern and would continue to be fully funded.
  - vi. Reliance can be placed on the NI 43-101 Technical Report updated by SGS Canada Inc. in June 2016.
  - vii. RREM would be able to secure funding to implement the proposed future operations and production increases.

### CORPORATE DEVELOPMENTS

With the acquisition legally completed in January 2019, the Group has been actively pursuing all possible avenues, taking into consideration all its stakeholders, to expedite its commitment to bring the greenfield Rare Earth Project towards commercialisation by applying for a full mining licence by November 2021.

In view of the financing required to bring the greenfield rare earth mine to commercial production, the Group has extended the maturity date of the convertible redeemable bond ("**CRB**") as one of its funding options, from three years to five years, to expire on 16 September 2020. The utilisation of the net proceeds raised from the issuance of CRB as at 31 December 2019 can be found on page 43 of the annual report.

Please refer to the Company's announcements on the SGX website for more information on the above corporate developments.

As the COVID-19 had escalated to a global pandemic, the Group is waiting for the appropriate time to deploy its team to Madagascar to commence required works for the application of the full mining licence for the Rare Earth Project in Madagascar, Africa. The Company will update shareholders on the progress of its investment portfolio as and when appropriate.

## BOARD OF DIRECTORS

### MR CHEN TONG

*Executive Chairman and Executive Director*

**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 June 2019.

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.

### MR KWOK WEI WOON, JOSEPH

*Lead Independent Non-Executive Director*

**Mr Kwok Wei Woon Joseph** is the Lead Independent Director of the Company, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He was appointed to the Board on 14 May 2012 and was re-elected on 26 April 2018.

Mr Kwok is currently a Director of Talentvine Pte. Ltd. He has more than 20 years of experience in the financial services industry and he previously held the following positions:

- Managing Director of Chiem Capital Pte. Limited.
- CEO/General Manager of SooChow Securities CSSD (Singapore) Pte. Ltd.
- Deputy General Manager and Head of Products and Research at Professional Investment Advisory Services Pte. Ltd.
- Head of Local Sales at Standard Life, Singapore.
- Executive Director, JP Morgan Singapore.

Mr Kwok is a Fellow of the Institute of Banking and Finance and SIM University. He also volunteers in non-profit organisations and is currently President of Australian Alumni Singapore, President of University of New South Wales Alumni Association Singapore and a member of Asian Advisory Board of Advance (an association supported by Australia Department of Foreign Affairs). He was previously President of Financial Planning Association of Singapore ("FPAS").

Mr Kwok graduated with a Bachelor of Commerce in Accounting and Finance and a Master of Commerce in Advance Finance from University of New South Wales. He is a certified accountant with CPA Australia and a Certified Financial Planner ("CFP").

## BOARD OF DIRECTORS

### MR LEE KA SHAO

*Independent Non-Executive Director*

**Mr Lee Ka Shao** is an Independent Director of the Company, Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee. He was appointed to the Board on 3 January 2017 and was re-elected on 28 June 2019.

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. 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 managed an internal absolute returns fund financed by 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.

### MR LIN, CHEN HSIN

*Independent Non-Executive Director*

**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 28 April 2017.

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 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 Lin graduated from the Shanghai Institute of Education in 1965.

# KEY MANAGEMENT

## MR VINCENT LEE CHUNG NGEE

*Group Financial Controller and Company Secretary*

**Mr Vincent Lee** is the Group Financial Controller and a Company Secretary of the Company since June 2012.

Mr Lee, who has more than 20 years of work experience, currently oversees the Group's accounting and finance functions. He started his career as an auditor and accumulated considerable work experience during his tenure at several Big Four public accounting firms.

Mr Lee 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. He was appointed as a co-Gérant (co-General Manager) of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly known as Tantalum Rare Earth (Malagasy) S.A.R.L.U) in October 2019.

Mr Lee holds a Bachelor of Business in Accounting and Finance from the University of Technology, Sydney. He is a member of the Institute of Singapore Chartered Accountants, the Chartered Accountants Australia and New Zealand, and the Singapore Institute of Directors.

## MR MONTAHARISON HALELOIA RAKOTOANDRIANA

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

**Mr Montaharison Haleloia Rakotoandriana** is a Co-Gérant (Co-General Manager) of Reenova Rare Earth (Malagasy) S.A.R.L.U. ("RREM"). He joined RREM in 2009.

His role is essentially focused on managing the administrative and financial aspects of RREM and dealing with various government ministries and authorities in Madagascar on matters such as mining, environmental, tax, and labour.

Prior to joining RREM, he was involved in the incorporation and management of various other resource/mining companies in Madagascar since 2003 such as Calibra Resources and Engineers Madagascar, Sinbad Resources, and Capricorn Enterprise, mostly with Australian investors and partners.

He graduated with a bachelor's degree in Science Option Mathematics from the University of Madagascar in 1982.

## KEY MANAGEMENT

### **MR EDOUARD DOMINIQUE RAKOTOMANANA**

*Senior Geologist, Reenova Rare Earth (Malagasy) S.A.R.L.U.*

**Mr Edouard Dominique Rakotomanana** is a Senior Geologist at RREM. He joined RREM in April 2011.

He leads and manages the scientific and technical programmes and supporting works on the exploration of rare earth elements.

He is an experienced geologist and has previously served as the Head of Geology and Geophysics Department at a project for mineral resources that is mainly funded by World Bank between March 2004 until April 2011.

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 is committed to managing our investment business in a responsible manner. The Group’s sustainability approach is focused on generating stable and sustainable value for our stakeholders by managing the economic, environmental, social and governance (“**EESG**”) impact, as well as risks and opportunities present in our business.

The Group takes a strategic and comprehensive approach towards sustainability as we acknowledge the importance of effective EESG strategy and management across the business operations. Any key issues relating to the sustainability framework will be raised by the management team during board meetings, where the Board will review and deliberate on the sustainability issues.

The Group had satisfied all requisite conditions to mark the successful completion of the acquisition of the Rare Earth Project in late June 2019. We had also enforced the share pledges made by Tantalus Rare Earths AG which had defaulted on its obligations of repayment of loans provided by the Group, which raised our stake in RHM from 60% to 75%. As we have a majority stake and we are directly involved in the business operations of RHM and RREM, our management team carried out reviews and implemented policies, processes, and procedures to align the standard practices of corporate governance with that of our corporate office in Singapore in the financial year ended 31 December 2019 (“**FY2019**”).

As the current management team continues to finetune and update policies and procedures to ensure the Group is up to date and able to meet relevant accounting and regulatory requirements at all times, the Board oversees the management and monitoring of the EESG factors, taking these factors into consideration in the determination of the Group’s strategic direction and policies.

This sustainability report highlights the EESG related initiatives carried out throughout the 12-month period, from 1 January 2019 to 31 December 2019, focusing on Reenova’s sustainability performance with regards to the investment management operations at the holding company level for FY2019. This was because the Group has yet to commence meaningful activities at the mine site of the Rare Earth Project in Madagascar in the year under review. Nevertheless, we intend to expand the scope of our sustainability report to include sustainability performance of the Rare Earth Project in the future, when more activities take place.

As we continue to strengthen our core capabilities, the Board will continue to oversee the management and monitoring of key factors in our sustainability practices, improving on our disclosures as well as progressively identifying and setting targets that are material to our business and sustainable development.

This sustainability report has been prepared with reference to the guidelines of Global Reporting Initiative (“**GRI**”) and in compliance to 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.

This report focuses on the sustainability strategy and practices of the Company, and excludes the entities that are controlled by the Group as subsidiaries and associated companies. It will be produced annually together with the annual report. This report is available on Reenova’s corporate website [www.reenovagroup.com](http://www.reenovagroup.com) and under the Company’s corporate announcements on [www.sgx.com](http://www.sgx.com).

# SUSTAINABILITY REPORT

No external assurance was sought for this report. The EESG data and information provided have not been verified by an independent third party. This sustainability report is done in good faith and to the best of our knowledge.

Amidst the global COVID-19 pandemic, we continue to strive to effectively manage social and environmental associated risks and opportunities together with our teams within the Group and our stakeholders. We also strive to improve our sustainability performance through regular review of our policy and operational processes to deliver positive values for our stakeholders.

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

For and on behalf of the Board

Chen Tong  
Executive Chairman

10 June 2020

# SUSTAINABILITY REPORT

## STAKEHOLDER ENGAGEMENT

Sustainable operations require constant interaction of both internal and external stakeholders. We acknowledge the importance to engage efficient communication with stakeholders, and remains committed to establish and strengthen mutually beneficial relationships with our stakeholders through a variety of channels and platforms to facilitate better understanding of their concerns. We also endeavour to engage the various stakeholder groups related to the material topics identified for our subsequent sustainability reports as we commence our operations in the majority owned subsidiary in the operations and production of the Rare Earth Project in Madagascar, Africa.

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</li> </ul>	<ul style="list-style-type: none"> <li>Assessment and due diligence</li> <li>Refer to risk management and internal controls on pages 34 to 35</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>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 40 to 42</li> </ul>
<b>Governments &amp; Regulators</b>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Electronic communications</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 on a regular basis to keep abreast of changes in regulations</li> <li>Closely monitor developments in laws and regulations in countries where we have invested</li> </ul>
<b>External Professionals/ Service Providers</b>	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Electronic communications</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 compliant 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>Management of ESG issues</li> </ul>	<ul style="list-style-type: none"> <li>Engage in environmental conservation initiatives</li> <li>Explore opportunity and business growth</li> </ul>

# SUSTAINABILITY REPORT

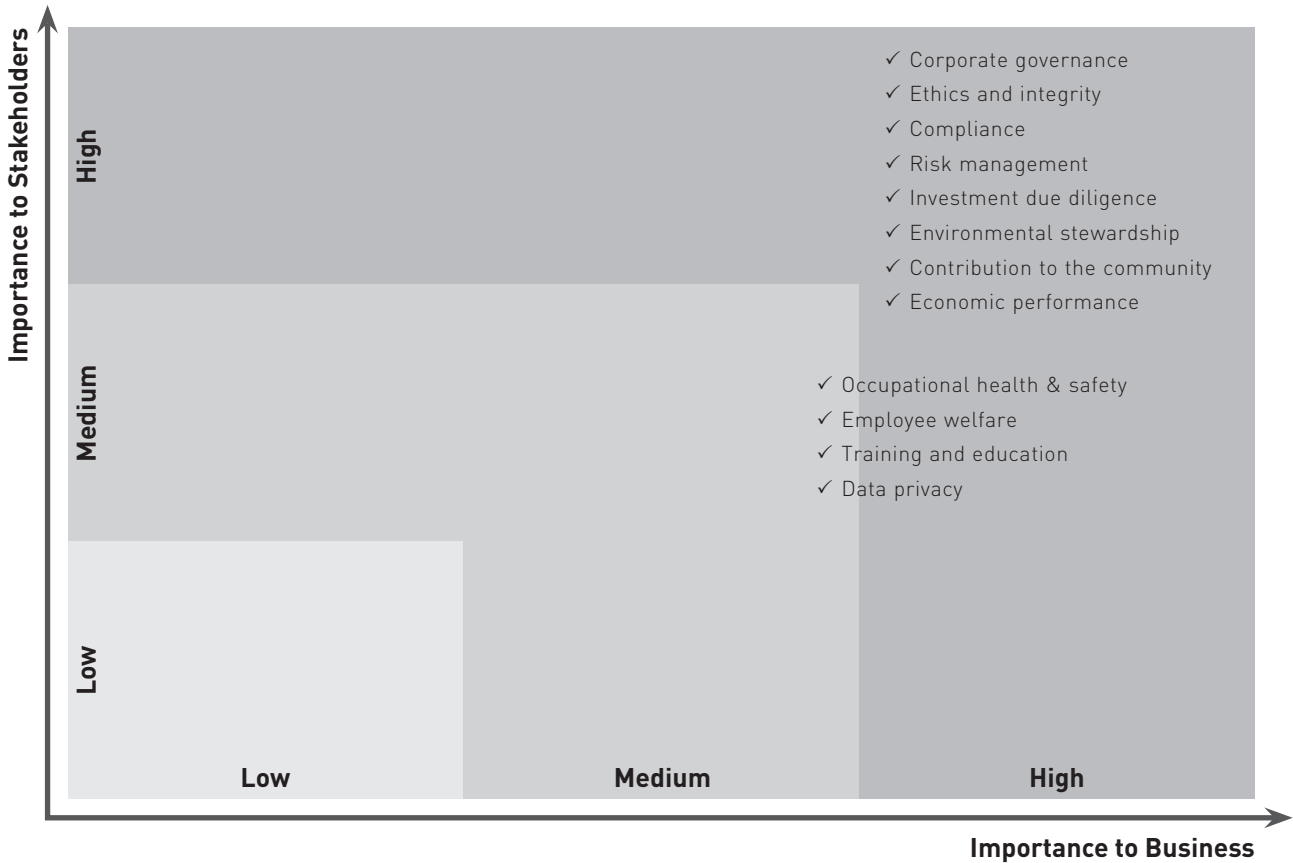
## MATERIALITY ASSESSMENT

The Board and the management conducted an evaluation of the Group's risk and investment strategies in accordance with the Materiality Determination Process Tools as listed in the Sustainability Reporting Guide, Practice Note 7.6 of the SGX-ST Mainboard Listing Rules. The assessment was to identify the economic, environmental, social and governance risks and opportunities that could have a positive and/or negative impact on the Group's businesses.

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 of 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
<b>Community</b>	<ul style="list-style-type: none"> <li>Environmental sustainability</li> <li>Contribution to the community</li> </ul>	<ul style="list-style-type: none"> <li>Climate change</li> </ul>	√ To conduct environmental impact assessments on the mining operations in Madagascar √ To address the ESG issues arising from the mining operations

# SUSTAINABILITY REPORT

The adoption of the matrix-based approach, which is based on the likelihood and impact of occurrences to address the Group's sustainability risk profile and priority issues, allows the Group to continue to use this method to monitor its risk profile on a regular basis.



As the Group diversified its business activities to include operations and production of rare earth elements in 2019, we will look into sharing more information after the commencement of mining activities at the Rare Earth Project in our subsequent reports. We will continue to conduct our materiality review on the identified material topics and incorporate inputs from our stakeholders.

# SUSTAINABILITY REPORT

## MATERIAL TOPICS

The material topics identified and categorised into four focused areas as discussed as follows:

### RESPONSIBLE OPERATIONS

#### Corporate Governance

The Group continues to emphasise the importance of observing high standards of corporate governance and transparency to ensure the sustainability of its businesses and safeguarding its 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

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.

#### Compliance

Compliance with legislative requirements is a minimum standard that should be achieved whilst also striving to perform beyond these requirements where possible. Our global footprint in countries outside Singapore has heightened our proactivity in identifying and addressing a broader range of social issues, risks and impacts. This is particularly relevant with our future operations in Madagascar.

#### Risk Management

The Board, through the Board Charter, delegates responsibility for identifying and managing risks to management. The management 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.

### Performance in FY2019

- Complied with the principles and guidelines set out in the Code of Corporate Governance 2018, where appropriate.
- Recorded no incident of non-compliance with the relevant laws and regulations that cover corruption, bribery, extortion, fraud, and money laundering.
- Recorded no incident of non-compliance with management controls and procedures.
- Please refer to our Corporate Governance Statement found on pages 23 to 46 of this annual report.

### Target for FY2020

- Continue to maintain no incident of non-compliance with the relevant laws and regulations involving corruption, bribery, extortion, fraud, and money laundering.
- Continue to maintain no incident of non-compliance with management controls and procedures.
- Continue to monitor and update the adequacy of the risk management framework.

# SUSTAINABILITY REPORT

## BUILDING SUCCESS

### Economic Performance

The Group aims to seek investment in businesses that have growth potential to generate stable and sustainable income for its stakeholders. We believe our growth in economic performance is an important component of the holistic system that is connected with the environmental, social, and governance factors.

### Investment Due Diligence

The Group has put in place internal investment guidelines and due diligence procedure to facilitate preliminary assessments of business opportunities, and outsource in-depth due diligence to external independent professional agencies to assist us in the evaluation and investing of viable business opportunities.

We believe the success of our investment business is inherently intertwined with the successes of our stakeholders, particularly our business partners and employees.

## HEALTH, SAFETY AND ENVIRONMENT

### Environmental Stewardship

The Group planned to embark on addressing the concerns on environmental impact for the Rare Earth Project prior to commencement of our operations, and we also plan to start our engagement with the local government and community to work towards the sustainability of the environment.

We believe in generating mutual benefits with the local community by safeguarding their homeland. More information on our efforts in environmental stewardship will be shared in our subsequent reports.

### Occupational health & safety

Our approach to safety focuses on creating a culture which requires all members of our workforce to be leaders in creating a safe work environment. The health and wellbeing of our people is equally important. We seek to identify and manage occupational exposure risks, minimise occurrences of occupational illness and promote healthy lifestyles.

The Group has put in place 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, to safeguard our employees, business partners, and the community.

### Performance in FY2019

- Please refer to Financial Statements and Notes to Financial Statements found on pages 54 to 122 of this annual report.
- Recorded no incident of non-compliance with management controls and procedures.

### Target for FY2020

- Continue to strive for sustainable economic performance.
- Continue to maintain no incident of non-compliance with management controls and procedures.

### Performance in FY2019

- Reviewed policies and procedures of the subsidiary companies, and made improvements.
- Recorded no incident of non-compliance with the relevant laws and regulations relating to occupational health and safety.

### Target for FY2020

- To commence work on addressing environmental impact of the Rare Earth Project, after the lockdowns due to the global COVID-19 pandemic are lifted.
- To record no incident of significant work-related injuries and fatalities.
- To record no incident 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

## PARTNERSHIPS & COLLABORATIONS

The Company is a public listed investment holding company that liaises with professional firms, companies, authorities, and agencies. We value the working relationships as these partners and collaborators assisted in strengthening our foundation when we began our reorganisation a few years ago.

### Employee Welfare

As the Group expands beyond its investment scope to be directly involved in the operation, management and production of rare earth oxides, we are looking to increase the number of employees. We view our employees as the lifeline of an organisation and we believe Human Capital management is essential to increase the value of our employees who contribute to the success of our businesses.

The Group will enhance its staff handbook and human resources manual, to adhere to the legislation and guidelines in the country of operations. In addition, we will look into two key areas: (i) health, safety and welfare of employee, and (ii) training and education, to allow our employees to grow with the organisation.

### Training and education

Employee development and investment in building capabilities and skills is one of our priorities this year. Learning and development opportunities enable our employees and contractors to build the appropriate skills, knowledge and behaviours to fulfil their positions safely and effectively. We plan to develop a framework to support the building of talent within our business so that it can support employees at all stages of their careers.

### Contribution to the community

The Group has financially supported educational institutions in the rural village of Madagascar as its gesture to the local communities. We hope our contribution would be able to improve the educational level of their next generations.

As our operations are located within or near local communities. We also plan to manage our activities that can potentially affect community health and where possible, seek opportunities to have a positive impact on community health.

### Performance in FY2019

- Reviewed and improved on policies and procedures of subsidiary companies.
- Internal audit was carried out on the payables and payments cycle of RREM.
- Supported the educational institution in the rural area in Madagascar as contributions to the local communities.

### Target for FY2020

- To commence recruitment and conduct training and education for new employees for the Rare Earth Project.
- Continue to contribute positively to the local communities.

# SUSTAINABILITY REPORT

## GRI STANDARDS CONTENT 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 2019 ("AR") – Corporate Profile, page 01
	102-3	Location of headquarters Singapore
	102-4	Location of operations Singapore and Africa
	102-5	Ownership and legal form Statistics of Shareholdings, pages 122 to 123
	102-7	Scale of the organisation Operations Review, pages 04 to 08
	102-8	Information on employees and other workers Health, Safety and Environment, and Partnerships & Collaborations, pages 19 to 20
	102-9	Supply chain Corporate Profile, page 01
	102-10	Significant changes to the organisation and its supply chain Letter to Shareholders, pages 02 to 03
	102-14	Statement from senior decision maker Letter to Shareholders, pages 02 to 03 Board Statement, page 13
	102-16	Values, principles, standards and norms of behaviour Core Values, page 01 Responsible Operations, page 18 Corporate Governance, pages 23 to 46
	102-18	Governance structure Corporate Governance, pages 23 to 46
	102-40	List of stakeholder groups Stakeholder Engagement, page 15
	102-42	Identifying and selecting stakeholders Stakeholder Engagement, page 15 Materiality Assessment, pages 16 to 17
	102-43	Approach to stakeholder engagement Stakeholder Engagement, page 15
	102-44	Key topics and expectations raised Materiality Assessment, pages 16 to 17
	102-45	Entities included in the consolidated financial statements Notes to Financial Statements, pages 93 to 100
	102-46	Defining report content and topic boundaries Board Statement, page 13
	102-47	List of material topics Material Topics, pages 18 to 20
	102-48	Restatement of information None
	102-49	Changes in reporting None
	102-50	Reporting period Board Statement, page 13
	102-51	Date of most recent previous report 06 June 2019
	102-52	Reporting cycle Annual

# SUSTAINABILITY REPORT

GRI Standards	Disclosure	Reference/Description	
	102-53	Contact point for questions about the report	Board Statement, page 13
	102-54	Claims if reporting in accordance with the GRI Standards	Board Statement, page 13
	102-55	GRI content index	GRI content index, pages 21 to 22
	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	SR – Materiality Assessment, pages 16 to 17
<b>Material Topics</b>			
<b>GRI 201: Economic Performance</b>	201-01	Direct economic value generated and distributed	Building Success, page 19
<b>GRI 205: Anti-corruption</b>	205-1	Operations assessed for risks related to corruption	Responsible Operations, page 18 Building Success, page 19
	205-02	Communication and training about anti-corruption	Responsible Operations, page 18
<b>GRI 307: Environmental Compliance</b>	307-1	Non-compliance with environmental laws and regulations	Health, Safety and Environment, page 19
<b>GRI 403: Occupational health and safety</b>	403-2	Types of injury and rates of injury, occupational diseases, lost	Health, Safety and Environment, page 19
<b>GRI 404: Training and education</b>	404-2	Programs for upgrading employee skills and transition assistance programs	Partnerships & Collaborations, page 20
<b>GRI 413: Local Communities</b>	413-1	Operations with local community engagement, impact assessments and development programs	Partnerships & Collaborations, page 20
<b>GRI 419: Socioeconomic Compliance</b>	419-1	Non-compliance with laws and regulations in the social and economic area	Responsible Operations, page 18

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “**Board**”) and Management of Reenova Investment Holding Limited (the “**Company**”) remain committed to uphold good corporate governance within the Company and its subsidiaries (the “**Group**”). Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company. This report outlines the Company’s corporate governance processes and practices that were in place throughout the financial year, with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the “**2018 Code**”) issued on 6 August 2018.

For the financial year ended 31 December 2019 (“**FY2019**”), the Company has complied with the core principles of corporate governance laid down by the 2018 Code. The Company has also largely complied with the provisions that reinforce the principles of the 2018 Code and in areas where there are variations from the provisions of the 2018 Code (namely, variations from Provisions 2.4, 3.1, 3.2, 5.1, 5.2, 6.4, 8.1, 11.4 and 11.5), appropriate explanation and the reasons for variations have been provided within this report. The Board considers that the alternative corporate governance practices adopted are consistent with the intent of the relevant principle of the 2018 Code.

## 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.***

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

- 1.1            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’s principal functions are:
- setting the strategic directions and long-term goals of the Group and ensuring that adequate resources are available 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 in the formulation of the Group’s strategies; and
  - ensuring accurate and timely reporting on material developments in communication with shareholders.

# 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 New directors, upon appointment, are briefed on the business and organisation structure of the Group. 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. No new director was appointed during the year under review.

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 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 Singapore Exchange Securities Trading Limited ("**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 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 FY2019 are also included within this report.
- 1.5 The full Board meets regularly and as 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 FY2019, as well as frequency of such meetings is disclosed in **Table 1** on page 44. 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 45.
- 1.6 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 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 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.
- A calendar of activities is scheduled for the Board a year in advance, with Board papers and agenda items dispatched to Directors prior to the meetings of the Board and Board Committees, with sufficient lead-time for 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.

# CORPORATE GOVERNANCE STATEMENT

## 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            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 44.

The NC, which reviews the independence of each Director on an annual basis, adopts the 2018 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 2018 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            The Chairman of the Board is part of the management team 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 2018 Code with the majority of the Board made up of Independent Directors.

2.3            The Company has complied with the 2018 Code's provision for the majority of the Board to make up of non-executive directors.

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

# CORPORATE GOVERNANCE STATEMENT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

- 3.1            The Company does not have the position of Chief Executive Officer (“CEO”) and no CEO is proposed to be appointed. 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            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.
- 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 Management;
  - (g) facilitates the effective contribution of Non-Executive Directors in particular; and
  - (h) promotes high standards of corporate governance.
- 3.3            For effective governance, the Board has appointed Mr. Kwok Wei Woon as the Lead Independent Director (“LID”) of the Company who provides leadership in situations where the Chairman is conflicted. As LID, Mr. Kwok Wei Woon 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.

# CORPORATE GOVERNANCE STATEMENT

## 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            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:

- (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 FY2019**

- 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            The NC comprises three directors, a majority of whom, including the 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 44.

4.3            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.

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

In accordance with the Company's Constitution, at each Annual General Meeting ("AGM"), one-third ( $\frac{1}{3}$ ) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third ( $\frac{1}{3}$ ) but not less than one-third ( $\frac{1}{3}$ ) 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.

At the forthcoming AGM, the retiring directors Mr. Kwok Wei Woon and Mr. Lin, Chen Hsin who are eligible, will be offering themselves for re-election pursuant to Article 89 of the Company's Constitution. Each Mr. Kwok Wei Woon and Mr. Lin, Chen Hsin 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        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. Kwok Wei Woon, Mr. Lee Ka Shao and Mr. Lin, Chen Hsin are independent and free from any relationship outlined in the Code 2018. Each of the Independent Directors has also confirmed his independence.

4.5        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 45.

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.

# CORPORATE GOVERNANCE STATEMENT

## 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            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 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 a whole.

5.2            The NC has adopted a formal system of evaluating the Board and Board Committees as a whole, annually. The NC reviewed the performance of the Board and Board Committees as a whole, the assessment parameters of which involves 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 as a whole as well as the efficiency and effectiveness of the Board Committees in assisting the Board.

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

The functions of the RC include as follows:

- (a) to 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;

# CORPORATE GOVERNANCE STATEMENT

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

- (b) to 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 (formerly known as the ISR 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 are 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 remuneration.

- 6.2 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 44.
- 6.3 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 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.

### **Summary of RC's activities in 2019**

- 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 (formerly known as the ISR Performance Share Plan).

# CORPORATE GOVERNANCE STATEMENT

## 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 POLICY IN RESPECT OF EXECUTIVE DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL**

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.

The Company has an employee share award plan known as the Reenova Performance Share Plan (formerly known as the ISR 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. There were no share awards granted by the Company in 2019.

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 a Directors’ fee. The Executive Chairman has an employment contract with the Company and his performance is incentivized by the Reenova Performance Share Plan.

#### 7.2    **POLICY IN RESPECT OF NON-EXECUTIVE DIRECTORS’ REMUNERATION**

In reviewing the recommendation for Independent Non-Executive Directors’ remuneration for FY2019, 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.

# CORPORATE GOVERNANCE STATEMENT

## 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    **LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (WHO ARE NOT DIRECTORS OR THE CEO) FOR THE YEAR ENDED 31 DECEMBER 2019.**

The Group currently has three key management personnel (who are not also directors or the CEO) for the financial year ended 31 December 2019. The remuneration of the Directors and key management personnel (who are not also directors or the CEO) for FY2019 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 2018 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 46 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 FY2019.

#### 8.2    **REMUNERATION OF EMPLOYEES WHO ARE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY, OR ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR, THE CEO OR A SUBSTANTIAL SHAREHOLDER OF THE COMPANY**

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 FY2019.

#### 8.3    The Company has a share award plan known as the Reenova Performance Share Plan (formerly known as the ISR 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.

# CORPORATE GOVERNANCE STATEMENT

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

***Principle 9: The Board is responsible for the governance of risk and ensures that 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            The Board is responsible for ensuring that 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.

In the absence of any evidence to the contrary, 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 FY2019 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.

# CORPORATE GOVERNANCE STATEMENT

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

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 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. 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. 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) 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 2019. 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.

- 9.2 The Board has received assurance from (a) the CEO 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 CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

# CORPORATE GOVERNANCE STATEMENT

## 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            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 Management's responses; and also 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 and 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 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.

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.

# CORPORATE GOVERNANCE STATEMENT

## Provisions Corporate Governance Practices of the Company

### Summary of AC's activities in FY2019

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 2019;
- (c) reviewed the nature and extent of non-audit services provided by the external auditor during the financial year ended 31 December 2019 and reviewed the external auditor's independence;
- (d) met with the external auditor without the presence of 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 2019;
- (g) reviewed the interested persons transactions (if any);
- (h) reviewed the Corporate Governance Statement for disclosure in the Company's 2019 Annual Report;
- (i) proposed and recommended the appointment of the external auditor for FY2019; and
- (j) reviewed and approved the external auditor's plan for the financial year ended 31 December 2019.

For FY2019, the aggregate amount of fees paid or payable to the external auditors of the Group amounted to S\$114,480 including audit fees of S\$106,912 and non-audit services fees of S\$7,568. 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.

The Company has in place a Whistle-Blowing Policy to enable persons employed by the Group a channel to report any suspicions of non-compliance with regulations, policies and fraud, etc., to the appropriate authority for resolution, without any prejudicial implications to these employees. The AC has been vested with the power and authority to receive, investigate and enforce appropriate actions when any such non-compliance matter is brought to its attention.

Rule 1207(6), In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Rules 712 and 715 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

and/or  
Rule 716  
of the  
SGX-ST  
Listing  
Manual

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 (formerly known as Tantalum Holding (Mauritius) Ltd) and Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly known as Tantalum 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.

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

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 2019 and the statement of financial position of the Company as at 31 December 2019.

The AC noted the following basis for Disclaimer of Opinion raised by the external auditor in its audit report for FY2019. Below are the AC's commentary on the auditor's report:

<b>Basis for Disclaimer of Opinion</b>	<b>Comments by the AC</b>
Going concern	The AC noted that the Company has raised a total of S\$1,900,000 (net of arranger's fees) through the issuance of Sub-Tranches 3 and 4 of Tranche 3 convertible redeemable bonds to Premier Equity Fund during FY2019. Subsequent to 31 December 2019, the Company further raised another S\$950,000 (net of arranger's fees) through the issuance of Sub-Tranche 5 of Tranche 3 convertible redeemable bonds. The AC noted that the Group will be commencing its next phase of work such as conducting a feasibility study (which includes pilot production and on-site geological topography), completing the environmental impact assessment and relevant engineering studies. The Group intends to apply for a full mining licence before the expiration of the exploration licence in November 2021. With a full mining licence, the Group will be able to commence commercial production. In view of the above, the AC is of the opinion that the Company and the Group will be able to continue to operate as a going concern for the next 12 months.

- 10.2 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 44. Mr. Kwok Wei Woon, Mr. Lee Ka Shao and Mr. Lin, Chen Hsin are all qualified professionals and they possess the requisite accounting and financial management expertise and experience.
- 10.3 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.

# CORPORATE GOVERNANCE STATEMENT

## Provisions    Corporate Governance Practices of the Company

10.4            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 plans the internal audit procedures in line with 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 assess 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 of the IA and scope of its responsibilities are as follows:

- (a)    Evaluates and provides reasonable assurance that risk management, control, and governance systems are functioning as intended to achieve the Group’s objectives and goals;
- (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 efficiency and effectiveness of 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 IA is staffed with relevant, qualified and experienced persons, the AC is responsible to select and approve the appointment of the internal auditors (IA), as well as evaluation and compensation of the internal audit function. The IA 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.

During the year, the Internal Auditor reviewed the payables and payments cycle of Reenova Rare Earth (Malagasy) S.A.R.L.U.

The Audit Committee will review 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.

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

# CORPORATE GOVERNANCE STATEMENT

## 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 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.

11.2 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 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 both the Company's AGM and Extraordinary General Meeting ("EGM") duly held on 28 June 2019. A record of the directors' attendance at AGM and EGM is set out in **Table 1** on page 44.

11.4 Under the Company's Constitution and pursuant to the Companies Act, Chapter 50 of Singapore (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.

# CORPORATE GOVERNANCE STATEMENT

## Provisions      Corporate Governance Practices of the Company

- 11.5            Questions, comments received from shareholders, and responses from the Board and Management were recorded in the minutes of general meetings. The Company does not publish minutes of general meetings of shareholders on its corporate website nor via SGXNET. The Company is of the view that minutes of a general meeting is an internal document and can only be made available to the shareholders of the Company but not to the public at large. Shareholders of the Company, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of the minutes of general meetings upon request in accordance with the statutory requirement under Section 189 of the Companies Act.
- 11.6            The Company does not have a dividend policy based on payout ratio. As the Company had accumulated losses as at 31 December 2019 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 FY2019.

## 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 Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At AGMs, shareholders are allowed to air their views and to ask the directors and Management questions regarding the Group.
- 12.2            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 STAKEHOLDERS 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     The Company has appropriate channels in place to identify and engage with its key stakeholder groups. The Company recognises the importance of understanding the Group's businesses and regular interactions with key stakeholders to determine material issues for the Group's businesses.
- 13.2     The Company embarked on a stakeholder engagement exercise with employees, investee companies/ business partners, shareholders, employees, government and regulators, external professionals/ service providers and community in FY2019 for its sustainability reporting. The objective was for the Company to identify the economic, environmental, social and governance risks and opportunities that could have a positive and/or negative impact on the Group's businesses. Feedback from all stakeholder groups was solicited through formal engagement method (such as meetings and electronic communications) to interact with various groups of stakeholders.
- 13.3     The strategy and key areas of focus in relation to the management of stakeholder relationships are disclosed under "Stakeholder Engagement" of the FY2019 Sustainability Report on page 15.
- The Company provides timely and informative updates relating to company announcements quarterly financial results announcements and news releases on its corporate website. Moving forward, the Company will include more details on its management of stakeholder relationships during the reporting period, including best practices for compliance.

#### **DEALING IN SECURITIES (CODE OF DEALINGS IN SECURITIES)**

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

## Provisions Corporate Governance Practices of the Company

### Rule 1207(8) **MATERIAL CONTRACTS**

of the  
SGX-ST  
Listing  
Rules

During the financial year ended 31 December 2019, the Company obtained a loan of S\$190,000 from the Executive Chairman. The loan is unsecured, interest-free and repayable on demand.

### Rule 1207(17) **INTERESTED PERSON TRANSACTION ("IPT")**

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.

### Rule 1207(20) **UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF CONVERTIBLE REDEEMABLE BONDS ("CRB") OF S\$14,000,000 AS AT 31 DECEMBER 2019**

of the  
SGX-ST  
Listing  
Manual

The Company refers to the net proceeds of approximately S\$12.96 million raised from the issuance of convertible redeemable bonds ("CRB") as at 31 December 2019.

As at 31 December 2019, the status on the use of the net proceeds raised from the issuance of CRB in S\$'000 is as follows:

	<b>Amount utilised S\$'000</b>
Investments and general corporate purposes	8,841*
General working capital*	4,121**
Total net proceeds raised from issuance of convertible redeemable bonds	<b>12,962</b>

\* Including loans provided to Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) and Tantalus Rare Earths AG of S\$2.90 million and S\$653,000 respectively.

\*\* 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 Central Provident Fund	1,902
Office and warehouse rental	370
Directors' fees	430
Professional fees (including legal, secretarial, investor relations)	374
Listing related expenses	201
Office expenses	103
Repair and maintenance	80
Insurance premiums	139
Others	522
Total	<b>4,121</b>

# CORPORATE GOVERNANCE STATEMENT

**TABLE 1 – ATTENDANCE AT BOARD, BOARD COMMITTEES, ANNUAL AND EXTRAORDINARY GENERAL MEETINGS FOR FY2019**

Type of meetings	Board	AC	NC	RC	AGM	EGM	Total	%
No. of meetings held in FY2019	4	4	2	3	1	1	15	100%
<b>Attendance</b>								
Mr Chen Tong	4/4	4/4	2/2	3/3	1/1	1/1	15/15	100%
Mr Kwok Wei Woon	4/4	4/4	2/2	3/3	1/1	1/1	15/15	100%
Mr Lee Ka Shao	4/4	4/4	2/2	3/3	1/1	1/1	15/15	100%
Mr Lin, Chen Hsin	3/4	3/4	2/2	2/3	1/1	1/1	12/15	80%

**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 Kwok Wei Woon (also Lead Independent Director)	Member	Member	Chairman	Member
Mr Lee Ka Shao	Member	Chairman	Member	Chairman
Mr Lin, Chen Hsin	Member	-	Member	Member

# CORPORATE GOVERNANCE STATEMENT

**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	55	27 October 2016	28 June 2019	<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
Mr Kwok Wei Woon Lead Independent Director	47	14 May 2012	26 April 2018	<ul style="list-style-type: none"> <li>• Master of Commerce (Advance Finance)</li> <li>• Bachelor of Commerce (Accounting and Finance)</li> <li>• CPA (CPA Australia)</li> <li>• Certified Financial Planner</li> </ul>	–	<ul style="list-style-type: none"> <li>• Asia Fashion Holdings Limited</li> <li>• CWG International Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Talenvine Pte. Ltd. (Director)</li> <li>• President of Australian Alumni Singapore</li> <li>• President of University of New South Wales Alumni Association Singapore</li> <li>• Member of Asian Advisory Advance</li> </ul>
Mr Lee Ka Shao Independent Non-Executive Director	50	3 January 2017	28 June 2019	<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 SP1 Pte. Ltd.</li> <li>• Edge Capital Fund SPC</li> <li>• Phimattell Pte. Ltd.</li> <li>• Kinetic Laboratory Pte. Ltd.</li> <li>• Kinetic Lab Pte. Ltd.</li> <li>• Skeel Advisors Pte. Ltd.</li> </ul>
Mr Lin, Chen Hsin Independent Non-Executive Director	77	8 March 2017	28 April 2017	Shanghai Institute of Education	–	–	Director of Coastal International Holding Ltd

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 FY2019 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 Kwok Wei Won	Lead Independent Director	–	–	–	–	100	100
Mr Lee Ka Shao	Independent Director	–	–	–	–	100	100
Mr Lin, Chen Hsin	Independent Director	–	–	–	–	100	100
<b>Key Management Personnel</b>							
<b>Below S\$250,000</b>							
Mr Vincent Lee	Group Financial Controller and Company Secretary	98	–	–	2	–	100
Mr Montaharison H. Rakotoandriana	Co-Gérant (Co-General Manager) of RREM	100	–	–	–	–	100
Mr Edouard Dominique Rakotamanana	Senior Geologist of RREM	100	–	–	–	–	100

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors present their statement to the members together with the audited consolidated financial statements of Reenova Investment Holding Limited (formerly known as ISR Capital Limited) (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

## 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 2019 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  
Kwok Wei Woon  
Lee Ka Shao  
Lin, Chen Hsin

## 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' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 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 1.1.2019 or date of appointment, if later	At 31.12.2019	At 21.01.2020	At 1.1.2019 or date of appointment, if later	At 31.12.2019	At 21.01.2020
	Chen Tong	314,785,912	314,785,912	314,785,912	-	-
Kwok Wei Woon	1,921,000	1,921,000	1,921,000	-	-	-

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 2020.

## 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 (formerly known as the ISR Performance Share Plan)

The shareholders of the Company approved the Reenova Performance Share Plan (formerly known as the ISR 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.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## SHARE AWARDS *(CONTINUED)*

### Performance Share Plan *(Continued)*

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.

There were no Awards granted by the Company during the financial year ended 31 December 2019.

### Audit committee

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

- (i) Kwok Wei Woon (Chairman)
- (ii) Lee Ka Shao
- (iii) Lin, Chen Hsin

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; and
- (d) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 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.

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.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## INDEPENDENT AUDITOR

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

On behalf of the board of directors

Chen Tong  
Executive Chairman and Executive Director

Kwok Wei Woon  
Lead Independent Non-Executive Director

10 June 2020

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REENOVA INVESTMENT HOLDING LIMITED (FORMERLY KNOWN AS ISR CAPITAL LIMITED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Disclaimer of Opinion

We were engaged to audit the financial statements of Reenova Investment Holding Limited (formerly known as ISR Capital 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 2019, 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 54 to 122.

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 2019, the Group incurred a net loss of S\$4.7 million (2018: net loss of S\$2.1 million excluding bargain purchase of S\$9.9 million), recorded net operating cash outflows of S\$2.2 million (2018: S\$ 3.0 million) and net current liabilities of S\$6.3 million (2018: S\$ 6.7 million). The cash and cash equivalents in the Group as at 31 December 2019 was S\$ 77,882 (2018: S\$ 151,555). 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.

The Group had acquired a 60% stake in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) ("**RHM**") in December 2018, which in turn owns 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly known as Tantalum Rare Earth (Malagasy) S.A.R.L.U.) ("**RREM**").

In May 2019, by virtue of enforcement of pledges (see Note 14), the Group increased its shareholding in RHM by 15% to 75%. Consequently, its effective holding in RREM increased to 75%. RREM continues to hold exploration licence of the greenfield rare earth mine, renewed in November 2018, which is valid for a three-year term from 6 November 2018 till 5 November 2021. Barring any delays caused by COVID-19, the Group expects to submit its application for a full mining licence before the expiration of the exploration licence.

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

- (a) to bring the greenfield rare earth mine to commercialisation and revenue generation upon the Group's successful application for a full mining licence by November 2021; and
- (b) to raise sufficient capital to support the above project.

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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REENOVA INVESTMENT HOLDING LIMITED (FORMERLY KNOWN AS ISR CAPITAL LIMITED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(Continued)*

### Basis for Disclaimer of Opinion *(Continued)*

#### (1) Going Concern *(Continued)*

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.

## 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REENOVA INVESTMENT HOLDING LIMITED (FORMERLY KNOWN AS ISR CAPITAL LIMITED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## **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  
10 June 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group	
		2019 S\$	2018 S\$ (Restated)
Revenue	4	-	745,572
Other gains, net	5	-	9,989,718
Other income	6	1,751	8,909
Employee benefits expense	7	(1,072,125)	(780,662)
Depreciation	18, 20	(149,733)	(51,456)
Other operating expenses	8(a)	(3,608,203)	(1,768,519)
Finance costs	8(b)	(33,515)	(26,534)
Share of loss of joint venture	17	(28,092)	(66,232)
(Loss)/Profit before tax		(4,889,917)	8,050,796
Income tax credit/(expense)	9	161,384	(161,384)
(Loss)/Profit for the year		(4,728,533)	7,889,412
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		763,818	(31,311)
Items that will not be reclassified to profit or loss:			
Net fair value losses on equity instruments at fair value through other comprehensive income		-	(1)
Other comprehensive income/(loss) for the year, net of tax		763,818	(31,312)
Total comprehensive (loss)/income for the year		(3,964,715)	7,858,100
(Loss)/Profit attributable to:			
Equity holders of the Company		(3,137,010)	7,889,412
Non-controlling interest		(1,591,523)	-
(Loss)/Profit for the year		(4,728,533)	7,889,412
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(2,606,209)	7,858,100
Non-controlling interest		(1,358,506)	-
Total comprehensive (loss)/income for the year		(3,964,715)	7,858,100
(Loss)/Profit per share for loss attributable to equity holders of the Company (Singapore cent per share):			
Basic (loss)/earnings per share	10(a)	(0.08)	0.27
Diluted (loss)/earnings per share	10(b)	(0.08)	0.25

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

Note	Group		Company		
	31 December 2019 S\$	31 December 2018 S\$ (Restated) Note 38	31 December 2019 S\$	31 December 2018 S\$	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	77,882	151,555	50,271	136,068
Trade receivables	12	-	-	-	-
Other receivables	13(a)	45,349	38,305	31,457	37,303
Amounts due from subsidiaries	13(b)	-	-	13,430,264	11,965,049
Financial assets at FVOCI		-	-	-	-
Debt securities	14	-	-	-	-
Other current assets	15	41,971	67,146	6,866	55,700
		<b>165,202</b>	<b>257,006</b>	<b>13,518,858</b>	<b>12,194,120</b>
<b>Non-current assets</b>					
Other receivables	13(a)	-	1,665,342	-	-
Investments in subsidiaries	16	-	-	7	7
Investment in a joint venture	17	1,245,676	1,273,768	-	-
Property, plant and equipment	18	203,692	247,802	132,257	145,134
Intangible assets	19	36,027,632	36,029,417	-	-
Right-of-use asset	20	87,849	-	87,849	-
		<b>37,564,849</b>	<b>39,216,329</b>	<b>220,113</b>	<b>145,141</b>
<b>Total assets</b>		<b>37,730,051</b>	<b>39,473,335</b>	<b>13,738,971</b>	<b>12,339,261</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Other payables	21	5,027,521	6,959,603	1,590,218	3,947,358
Finance lease liabilities		-	-	-	-
Convertible redeemable bonds	22	1,439,057	-	1,439,057	-
		<b>6,466,578</b>	<b>6,959,603</b>	<b>3,029,275</b>	<b>3,947,358</b>
<b>Non-current liabilities</b>					
Convertible redeemable bonds	22	-	961,122	-	961,122
Lease liability	24	90,259	-	90,259	-
Deferred income tax liabilities	23	6,138,610	6,138,610	2,954	2,954
		<b>6,228,869</b>	<b>7,099,732</b>	<b>93,213</b>	<b>964,076</b>
<b>Total liabilities</b>		<b>12,695,447</b>	<b>14,059,335</b>	<b>3,122,488</b>	<b>4,911,434</b>
<b>Net assets</b>		<b>25,034,604</b>	<b>25,414,000</b>	<b>10,616,483</b>	<b>7,427,827</b>
<b>EQUITY</b>					
Share capital	25	42,161,116	37,816,578	42,161,116	37,816,578
Capital reserve	26	130,524	139,124	130,524	139,124
Fair value reserve	27	(7,779,920)	(7,779,920)	-	-
Currency translation reserve	28	499,896	(30,905)	-	-
Accumulated losses	29	(14,313,606)	(13,383,375)	(31,675,157)	(30,527,875)
<b>Total equity attributable to owners of the Company</b>		<b>20,698,010</b>	<b>16,761,502</b>	<b>10,616,483</b>	<b>7,427,827</b>
Non-controlling interest		<b>4,336,594</b>	<b>8,652,498</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>25,034,604</b>	<b>25,414,000</b>	<b>10,616,483</b>	<b>7,427,827</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 2019

Group 2019	Share capital S\$	Capital reserve S\$	Fair value reserve S\$	Currency translation reserve		Accumulated losses S\$	Total S\$	Non- controlling interest S\$	Total equity S\$
				S\$	S\$				
At 1 January (Restated)	37,816,578	139,124	(7,779,920)	(30,905)	(30,905)	(13,383,375)	16,761,502	8,652,498	25,414,000
Loss for the year	-	-	-	-	-	(3,137,010)	(3,137,010)	(1,591,523)	(4,728,533)
Other comprehensive income for the year	-	-	-	530,801	530,801	-	530,801	233,017	763,818
Total comprehensive loss for the year	-	-	-	530,801	530,801	(3,137,010)	(2,606,209)	(1,358,506)	(3,964,715)
Transactions with owners, recognised directly in equity:									
Issuance of new ordinary shares	4,434,558	-	-	-	-	-	4,434,558	-	4,434,558
Share issue expense	(90,020)	-	-	-	-	-	(90,020)	-	(90,020)
Convertible redeemable bonds – equity component	-	(8,600)	-	-	-	-	(8,600)	-	(8,600)
Acquisition of additional shares in a subsidiary	-	-	-	-	-	2,206,779	2,206,779	(2,957,398)	(750,619)
Total transactions with owners, recognised directly in equity	4,344,538	(8,600)	-	-	-	2,206,779	6,542,717	(2,957,398)	3,585,319
<b>At 31 December</b>	<b>42,161,116</b>	<b>130,524</b>	<b>(7,779,920)</b>	<b>499,896</b>	<b>499,896</b>	<b>(14,313,606)</b>	<b>20,698,010</b>	<b>4,336,594</b>	<b>25,034,604</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 2019

Group 2018	Share capital S\$	Capital reserve S\$	Fair value reserve S\$	Currency translation reserve S\$	Accumulated losses (Restated) S\$	Total (Restated) S\$	Non-controlling interest S\$	Total equity S\$
At 1 January	35,868,655	161,773	-	406	(29,052,706)	6,978,128	-	6,978,128
Adoption of SFRS(I) 9 <sup>(1)</sup>	-	-	(7,779,919)	-	7,779,919	-	-	-
At 1 January, as restated	35,868,655	161,773	(7,779,919)	406	(21,272,787)	6,978,128	-	6,978,128
Profit for the year (Restated)	-	-	-	-	7,889,412	7,889,412	-	7,889,412
Other comprehensive loss for the year	-	-	(1)	(31,311)	-	(31,312)	-	(31,312)
Total comprehensive income for the year	-	-	(1)	(31,311)	7,889,412	7,858,100	-	7,858,100
Transactions with owners, recognised directly in equity:								
Issuance of new ordinary shares	1,977,955	-	-	-	-	1,977,955	-	1,977,955
Share issue expense	(30,032)	-	-	-	-	(30,032)	-	(30,032)
Convertible redeemable bonds – equity component	-	(22,649)	-	-	-	(22,649)	-	(22,649)
Acquisition of a subsidiary	-	-	-	-	-	-	8,652,498	8,652,498
Total transactions with owners, recognised directly in equity	1,947,923	(22,649)	-	-	-	1,925,274	8,652,498	10,577,772
<b>At 31 December (Restated)</b>	<b>37,816,578</b>	<b>139,124</b>	<b>(7,779,920)</b>	<b>(30,905)</b>	<b>(13,383,375)</b>	<b>16,761,502</b>	<b>8,652,498</b>	<b>25,414,000</b>

**Note:**

(1) SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income. Upon adoption of SFRS(I) 9 on 1 January 2018, the Group measured its available-for sale ("AFS") quoted and unquoted equity securities at FVOCI. Cumulative impairment charge of S\$7,779,919 previously recognised in profit or loss were reclassified from accumulated losses to fair value reserve as at 1 January 2018.

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group	
		2019 S\$	2018 S\$ (Restated)
<b>Cash flows from operating activities</b>			
Net (loss)/profit before tax		(4,889,917)	8,050,796
Adjustments for:			
Depreciation	18, 20	149,733	51,456
Convertible redeemable bond interest	8(b)	25,984	26,445
Lease liability interest	8(b)	7,531	-
Hire purchase interest	8(b)	-	89
Interest income		(77)	(745,797)
Impairment loss on trade receivables	8(a)	-	71,484
Impairment loss on VAT and other receivables	8(a)	1,662,265	7,595
Impairment loss on debt securities	8(a)	-	679,135
Reversal of impairment loss on trade receivables and debt securities	8(a)	(750,619)	-
(Write-back of)/Allowance for unutilised leave		(2,540)	10,500
Allowance for bonus		-	122,000
Bargain purchase from acquisition of a subsidiary		-	(9,989,718)
Share of loss of joint venture	17	28,092	66,232
Unrealised currency translation losses		768,205	-
<b>Operating cash flows before changes in working capital</b>		<b>(3,001,343)</b>	<b>(1,649,783)</b>
Changes in working capital:			
Trade receivables, other receivables and other current assets		21,207	6,147,093
Other payables		660,153	(7,312,398)
<b>Cash flows used in operating activities</b>		<b>(2,319,983)</b>	<b>(2,815,088)</b>
Interest received		77	225
Income tax refunded/(paid), net		161,384	(161,384)
<b>Net cash used in operating activities</b>		<b>(2,158,522)</b>	<b>(2,976,247)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	18	(22,161)	(12,275)
Debt securities extended to non-controlling interest		-	(257,925)
Acquisition of subsidiary, net of cash acquired		-	10,956
Investment in a joint venture	17	-	(670,000)
<b>Net cash used in investing activities</b>		<b>(22,161)</b>	<b>(929,244)</b>
<b>Cash flows from financing activities</b>			
Hire purchase interest paid		(7,531)	(89)
Proceeds from issuance of convertible redeemable bonds		1,900,000	2,850,000
Advances from bond subscriber		200,000	600,000
Advances from director		190,000	-
Share issue expense		(90,020)	(30,032)
Repayment of finance lease liabilities		(85,439)	(9,255)
<b>Net cash provided by financing activities</b>		<b>2,107,010</b>	<b>3,410,624</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(73,673)</b>	<b>(494,867)</b>
Cash and cash equivalents at 1 January		151,555	646,422
<b>Cash and cash equivalents at 31 December</b>		<b>77,882</b>	<b>151,555</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group	
		2019 S\$	2018 S\$ (Restated)
<b>List of significant non-cash transactions:</b>			
Conversion of convertible redeemable bonds to ordinary shares (Note A)		1,445,529	1,977,955
Issuance and allotment of ordinary shares as payment for the acquisition of 60% of Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd)		2,989,029	-

**Note A**
**Issuance of share capital**

During the year, the convertible redeemable bonds issued by the Company were converted into 500,000,000 ordinary shares at a present value of \$1,445,529 (face value totaling \$1,500,000).

**Reconciliation of liabilities arising from financing activities**

	1 January 2019	Principal and Interest payments	Non-cash changes				31 December 2019
			Capital Reserve	Adoption of SFRS(I) 16	Equity conversion	Interest Expense	
			S\$	S\$	S\$	S\$	
Convertible bonds	961,122	1,900,000	8,600	-	(1,445,529)	14,864	1,439,057
Finance lease liabilities	-	-	-	97,790	-	(7,531)	90,259
Advances from bond subscriber	600,000	200,000	-	-	-	-	800,000
Advances from director	-	190,000	-	-	-	-	190,000

	1 January 2018	Principal and Interest payments	Non-cash changes				31 December 2018
			Capital Reserve	Adoption of SFRS(I) 16	Equity conversion	Interest Expense	
			S\$	S\$	S\$	S\$	
Convertible bonds	50,148	2,850,000	22,649	-	(1,977,955)	16,280	961,122
Finance lease liabilities	9,255	(9,344)	-	-	-	89	-
Advances from bond subscriber	-	600,000	-	-	-	-	600,000

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

## 1. CORPORATE INFORMATION

With effect from 2 July 2019, the name of the Company was changed from ISR Capital Limited to Reenova Investment Holding Limited.

Reenova Investment Holding Limited (formerly known as ISR Capital 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 83, Clemenceau Avenue, #10-03 UE Square, Singapore 239920.

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 16.

## 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

During the financial year ended 31 December 2019, the Group incurred a net loss of S\$4.7 million (2018: net loss of S\$2.1 million excluding bargain purchase of S\$9.9 million), recorded net operating cash outflows of S\$2.2 million (2018: S\$3.0 million) and net current liabilities of S\$6.3 million (2018: S\$6.7 million). The cash and cash equivalents in the Group as at 31 December 2019 was S\$77,882 (2018: S\$151,555). 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.

The Group had acquired a 60% stake in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) (“**RHM**”) in December 2018, which in turn owns 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly known as Tantalum Rare Earth (Malagasy) S.A.R.L.U.) (“**RREM**”).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.1 Basis of preparation *(Continued)*

#### Going concern assumption *(Continued)*

In May 2019, by virtue of enforcement of pledges (see Note 14), the Group increased its shareholding in RHM by 15% to 75%. Consequently, its effective holding in RREM increased to 75%. RREM continues to hold exploration licence of the greenfield rare earth mine, renewed in November 2018, which is valid for a three-year term from 6 November 2018 till 5 November 2021. Barring any delays caused by COVID-19, the Group expects to submit its application for a full mining licence before the expiration of the exploration licence.

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

- (a) to bring the greenfield rare earth mine to commercialisation and revenue generation upon the Group's successful application for a full mining licence by November 2021; and
- (b) to raise sufficient capital to support the above project.

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 2019

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

#### SFRS(I) 16 Leases

The Group applied SFRS(I) 16 *Leases* using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated losses at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e., it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.2 New accounting standards effective on 1 January 2019 *(Continued)*

#### *SFRS(I) 16 Leases (Continued)*

##### *Definition of a lease*

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

##### *As a lessee*

As a lessee, the Group leases office. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of the leases – i.e., the lease is recognised on statement of financial position.

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 price. However, for leases of property, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

##### *Leases classified as operating leases under SFRS(I) 1-17*

Previously, the Group classified office lease as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019.

Right-of-use assets are measured at their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application: the Group applied this approach to all of its leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use asset are impaired.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.2 New accounting standards effective on 1 January 2019 *(Continued)*

#### SFRS(I) 16 Leases *(Continued)*

#### *Leases classified as operating leases under SFRS(I) 1-17* *(Continued)*

The Group used a number of practical expedients when applying SFRS(I) 16 to leases, previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

#### *Impact on financial statements*

	<u>S\$</u>
Operating lease commitments as at 31 December 2018	185,940
Less: Committed non-cancellable leases with lease terms commencing after 1 January 2019	<u>(185,940)</u>
Lease liabilities as at 1 January 2019	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3: <i>Definition of a Business</i>	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: <i>Definition of Material</i>	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.4 Group accounting *(Continued)*

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

##### *(ii) Acquisitions*

The acquisition method of accounting is used to account for business combinations 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.

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.

##### *(ii) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.4 Group accounting *(Continued)*

#### *(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.

#### *(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' postacquisition 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.4 Group accounting *(Continued)*

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

##### *(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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.5 Currency translation *(Continued)*

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

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.

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 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.7 Intangible assets

#### *(a) Goodwill*

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.7 Intangible assets *(Continued)*

#### *(b) Other 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.

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.

#### Computer software

Costs relating to computer software are capitalised and amortised on a straight-line basis over its estimated finite useful life of 4 years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.10 Financial assets *(Continued)*

#### 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 and amount due from subsidiaries.

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.

##### (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".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 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 include cash at banks and deposits with financial institutions which are subject to an insignificant risk of changes in value.

### 2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increases in the provisions due to the passage of time are recognised as a finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 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.

#### *(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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 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 CPF are recognised as an expense in the period in which it is incurred.

#### *(b) Employee leave entitlement*

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.

### 2.18 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

#### *(a) Policy applicable from 1 January 2019*

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.18 Leases *(Continued)*

#### *(a) Policy applicable from 1 January 2019 (continued)*

This policy is applied to contracts entered into, on or after 1 January 2019.

##### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.18 Leases *(Continued)*

#### **(a) Policy applicable from 1 January 2019 *(Continued)***

##### As a lessee *(Continued)*

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.

#### **(b) Policy applicable before 1 January 2019**

The Group leased a motor vehicle under finance leases and office space under operating leases.

##### **(a) Lessee – Finance leases**

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and finance lease liabilities respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.18 Leases *(Continued)*

#### *(b) Policy applicable before 1 January 2019 (Continued)*

##### **(b) Lessee – Operating leases**

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

### 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 cost 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 2019

## 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.21 Taxes *(Continued)*

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

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 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at the end of the reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

### 2.24 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.25 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
  
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.
  
- (c) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:
  - (i) that person's children and spouse or domestic partner;
  - (ii) children of that person's spouse or domestic partner; and
  - (iii) dependents of that person or that person's spouse or domestic partner.

### 2.26 Government grant

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

### 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 solely comprised subsidiary and related party.

There is critical judgement 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 12.

The carrying amounts of trade receivables at the end of the reporting period was Nil (2018: Nil).

#### *(b) Accounting for business combination*

The Group has completed its acquisition of a 60% shareholding interest in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) ("**RHM**") from REO Magnetic Pte. Ltd. (the "**Vendor**") (the "**Acquisition**"). The Vendor had on 28 December 2018, transferred its shares representing a 60% stake to Reenova Global Pte. Ltd. (formerly known as ISR Global Pte Ltd), a wholly-owned subsidiary of the Company (the "**Transfer**"). The consideration for the Acquisition, being 747,257,307 ordinary shares in the Company (the "**Consideration Shares**"), was also satisfied by the Company on the allotment and issue of the Consideration Shares to the Vendor on 3 January 2019.

Notwithstanding that the Consideration Shares were allotted and issued to the Vendor subsequent to 31 December 2018, the Group was deemed to have acquired control over RHM and its wholly owned subsidiary, Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly known as Tantalum Rare Earth (Malagasy) S.A.R.L.U.) ("**RREM**") upon the transfer of RHM shares by the Vendor to the Group on 28 December 2018 (the "**Acquisition Date**"). RREM holds an exploration licence (PR6698) for a 238km<sup>2</sup> concession area in north-western Madagascar, Africa that hosts rare earth oxides (the "**Rare Earth Project**").

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

#### *(b) Accounting for business combination (Continued)*

The Group engaged an external valuation consultant to carry out a Purchase Price Allocation (“PPA”) exercise in respect of the Acquisition and the fair values of assets and liabilities of RHM and RREM on Acquisition Date have been adjusted upon the finalisation of the PPA exercise in December 2019. Consequently, the Group recognised a bargain purchase of S\$9,989,718 that arose from the Acquisition in the Group’s restated consolidated financial statements for FY2018.

Significant judgement and estimation are required in determining the identification of the acquired assets and liabilities and allocating the purchase price into the various identifiable assets and liabilities acquired from the new business. Fair value is the estimated amount for which these assets and liabilities could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction and involved appropriate valuation techniques where fair value is not readily observable from market data. In making this judgement and estimates, the Group evaluates, among other factors, the amount and timing of future cash flows expected from the assets and liabilities.

The Rare Earth Project has been identified as the only CGU for the purposes of the PPA exercise and the mining right in RREM has been identified as the intangible asset to be valued. The development stage of the Rare Earth Project has been categorised as an advanced exploration stage project as SGS Canada Inc. had, in the NI 43-101 Technical Report updated by them in June 2016, estimated the measured, indicated and inferred mineral resources for the Rare Earth Project, which served as a key input to the valuation carried out under the market approach when determining the valuation of the mining right in RREM. Based on the advanced stage of exploration of the Rare Earth Project, the valuers have considered the market and cost approach in determining the fair value of the mining right. The comparable transactions methodology was used for the market approach while the cost approach was based on the Prospectivity Enhancement Multiplier methodology. In addition, the valuation was performed on the basis that RREM would continue as a going concern, be fully funded and be able to secure funding to implement the proposed future operations and production increases.

Details of the fair values of the identifiable assets acquired and liabilities assumed at the Acquisition Date are disclosed in Note 16 to the financial statements.

#### *(c) Investment in joint ventures*

The Group through its investment in Infiniti Advantage Pte Ltd (“Infiniti”) holds 14.29% of the issued shares in its joint arrangement, Straits Hi-Rel Pte Ltd (“SHR”) (Note 17). 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

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

The Group will determine the useful life of the intangible asset, in particular, mining rights (see Note 19) when it has successfully obtained the full mining licence. The 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 expects to submit the application for a full mining licence before the expiry of its current exploration licence in November 2021.

## 4. REVENUE

	Group	
	2019	2018
	S\$	S\$
Interest income on debt securities	-	745,572

## 5. OTHER GAINS, NET

	Group	
	2019	2018
	S\$	S\$
		(Restated)
Bargain purchase from acquisition of a subsidiary	-	9,989,718

## 6. OTHER INCOME

	Group	
	2019	2018
	S\$	S\$
Interest income on bank deposits and trading account	77	225
Productivity and Innovation Credit cash payout	-	7,113
Sundry income	1,674	1,571
	<b>1,751</b>	<b>8,909</b>

## 7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2019	2018
	S\$	S\$
Wages, salaries, bonuses and other short-term employee benefits	1,012,917	740,813
Employer's contributions to Central Provident Fund	59,208	39,849
	<b>1,072,125</b>	<b>780,662</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 8. OTHER OPERATING EXPENSES AND FINANCE COSTS

### (a) Other operating expenses

	Group	
	2019	2018
	S\$	S\$
Directors' fee	156,000	156,000
Insurance expense	47,847	52,389
(Reversal)/Impairment loss on trade receivables (Note 12)	(71,484)	71,484
Impairment loss on other receivables (Note 13a)	2,696	7,595
(Reversal)/Impairment loss on debt securities (Note 15)	(679,135)	679,135
Impairment loss on VAT receivables	1,659,569	-
Loss on foreign exchange	793,091	-
Consultancy services	926,087	-
Professional fees	304,145	471,308
Rental expense	166,918	90,265
Travel and entertainment expenses	136,188	95,260
Listing related expenses	67,400	79,859
Office utilities and expenses	21,726	14,809
Repair and maintenance	10,853	12,598
Others	66,302	37,817
	<b>3,608,203</b>	<b>1,768,519</b>

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

	Group	
	2019	2018
	S\$	S\$
The following items have been included in arriving at loss before tax:		
Audit fees:		
- Auditors of the Company and Singapore-incorporated subsidiaries	71,000	71,000
- Auditors of overseas subsidiaries	35,912	-
Non-audit fees:		
- Auditors of the Company and Singapore-incorporated subsidiaries	4,400	6,300
- Auditors of overseas subsidiaries	3,168	-
- Other auditors	7,000	4,000
Total audit and non-audit fees	<b>121,480</b>	<b>81,300</b>

### (b) Finance costs

	Group	
	2019	2018
	S\$	S\$
Hire purchase interest	-	89
Convertible redeemable bond interest	25,984	26,445
Interest expense on lease liability	7,531	-
	<b>33,515</b>	<b>26,534</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 9. INCOME TAXES

### Income tax expenses

	Group	
	2019	2018
	S\$	S\$
Income tax expenses attributable to loss is made up of:		
(Over)/Under provision of income tax in respect of prior years:	<u>(161,384)</u>	<u>161,384</u>

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

	Group	
	2019	2018
	S\$	S\$
Loss/(Profit) before tax	<u>(4,889,917)</u>	<u>8,050,796</u>
Tax at statutory tax rate of 17% (2018: 17%)	<u>(831,286)</u>	1,368,635
Adjustments:		
Non-deductible expenses	185,796	19,206
Income not subject to taxation	-	(1,698,252)
Deferred income tax asset not recognised	645,490	223,812
Tax losses not allowed to be carried forward	-	86,599
(Over)/Under provision in respect of prior years:	<u>(161,384)</u>	<u>161,384</u>
Income tax (credit)/expense recognised in profit or loss	<u>(161,384)</u>	<u>161,384</u>

## 10. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

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

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

	Total	
	2019	2018
Net (loss)/profit attributable to owners of the Company (S\$)	<u>(3,137,010)</u>	7,889,412
Weighted average number of ordinary shares outstanding for basic (loss)/earnings per share	<u>4,181,198,135</u>	2,963,199,108
Basic (loss)/earnings per share (Singapore cent per share)	<u>(0.08)</u>	<u>0.27</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 10. (LOSS)/EARNINGS PER SHARE (CONTINUED)

### (b) Diluted (loss)/earnings per share

For the purpose of calculating diluted (loss)/earnings per share, (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are the convertible redeemable bonds.

The convertible redeemable bonds are assumed to have been converted into ordinary shares at issuance and the net (loss)/profit is adjusted to eliminate the interest expense less the tax effect.

Diluted (loss)/earnings per share attributable to equity holders of the Company is calculated as follows:

	<b>Total</b>	
	<u>2019</u>	<u>2018</u>
Net (loss)/profit attributable to equity holders of the Company used to determine diluted (loss)/earnings per share (S\$)	<b>(3,137,010)</b>	7,889,412
Weighted average number of ordinary shares outstanding	<b>4,181,198,135</b>	3,132,148,879
Diluted (loss)/earnings per share (Singapore cent per share)	<b><u>(0.08)</u></b>	<u>0.25</u>

The basic and diluted loss per share for the financial year ended 31 December 2019 were the same as the effects of outstanding convertible bonds were anti-dilutive.

## 11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	<b>Group</b>		<b>Company</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Cash at bank	<b><u>77,882</u></b>	<u>151,555</u>	<b><u>50,271</u></b>	<u>136,068</u>

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

	<b>Group</b>	
	<u>2019</u>	<u>2018</u>
	<u>S\$</u>	<u>S\$</u>
Chinese Renminbi	-	11
Euro	<b>3,415</b>	3,646
Malagasy Ariary	<b>14,679</b>	7,310
United States Dollars	<b><u>7,701</u></b>	<u>-</u>
	<b><u>25,795</u></b>	<u>10,967</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 12. TRADE RECEIVABLES

	Group	
	2019 S\$	2018 S\$
Trade receivables – gross	2,668,095	2,739,579
Less: Allowance for impairment of trade receivables	<b>(2,668,095)</b>	<b>(2,739,579)</b>
Trade receivables – net	<u>–</u>	<u>–</u>

Trade receivables are recognised at their original invoiced amounts which represent their fair value on initial recognition. The carrying value approximates its fair value.

The Group has trade receivables amounting to Nil (2018: Nil) that are not past due and are not impaired.

### Expected credit losses

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

	Group	
	2019 S\$	2018 S\$
At 1 January 2019/2018 under SFRS(I) 9	2,739,579	2,668,095
Charge for the year (Note 8(a))	–	71,484
At 31 December 2019/2018	2,739,579	2,739,579
Reversal for the year (Note 8(a))	<b>(71,484)</b>	–
At 31 December 2019/2018	<u>2,668,095</u>	<u>2,739,579</u>

Trade receivables that are individually determined to be impaired at the end of the financial years ended 31 December 2019 and 2018 relate to debtors that have defaulted on payments. These receivables were not secured by any collateral or credit enhancements. The accrued interest of S\$71,484 due from Tantalus Rare Earths AG (“**TRE AG**”) was impaired as at 31 December 2018. It was secured by share pledges provided by TRE AG over its shareholding interest of 15% in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) in favour of the Group. 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 now holds 75% shareholding interest in RHM.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 13. OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES

### (a) Other receivables

	Group		Company	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Amounts due from related parties (non-trade)*	32,628	29,932	-	-
Less: Allowance for impairment	(32,628)	(29,932)	-	-
	-	-	-	-
Local sales tax (VAT)	1,659,569	1,661,457	-	-
Less: Allowance for impairment	(1,659,569)	-	-	-
	-	1,661,457	-	-
Refundable deposits	38,515	36,507	24,623	32,622
Goods and Services Tax receivables	6,834	4,681	6,834	4,681
Sundry receivables	-	1,002	-	-
	<b>45,349</b>	<b>1,703,647</b>	<b>31,457</b>	<b>37,303</b>
Presented in Statement of Financial Position:				
Current	45,349	38,305	31,457	37,303
Non-current	-	1,665,342	-	-
	<b>45,349</b>	<b>1,703,647</b>	<b>31,457</b>	<b>37,303</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 an Executive Director.

Movements in the allowance for impairment of other receivables are as follows:

	Group		Company	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
<b><u>Amounts due related parties (non-trade)</u></b>				
Movements in allowance accounts:				
At 1 January	29,932	22,337	-	-
Charge for the year (Note 8(a))	2,696	7,595	-	-
At 31 December	<b>32,628</b>	<b>29,932</b>	<b>-</b>	<b>-</b>
<b><u>Local sales tax (VAT)</u></b>				
Movements in allowance accounts:				
At 1 January	-	-	-	-
Charge for the year (Note 8(a))	1,659,569	-	-	-
At 31 December	<b>1,659,569</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

### (b) Amounts due from subsidiaries

	Company	
	2019 S\$	2018 S\$
Amounts due from subsidiaries (non-trade)	44,963,276	43,635,037
Less: Allowance for impairment	(31,533,012)	(31,669,988)
	<b>13,430,264</b>	<b>11,965,049</b>

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 are as follows:

	Company	
	2019 S\$	2018 S\$
Movement in allowance accounts:-		
At 1 January	31,669,988	31,475,339
Charge for the year	24,052	194,649
Write back for the year	(161,028)	-
At 31 December	<b>31,533,012</b>	<b>31,669,988</b>

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

## 14. DEBT SECURITIES

	Group	
	2019 S\$	2018 S\$
Debt securities (gross)	3,665,790	4,344,925
Less: Allowance for impairment	(3,665,790)	(4,344,925)
	<b>-</b>	<b>-</b>

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

	Group	
	2019 S\$	2018 S\$
Movement in allowance accounts:		
At 1 January	4,344,925	3,665,790
Charge for the year (Note 8(a))	-	679,135
Reversal for the year (Note 8(a))	(679,135)	-
At the end of year	<b>3,665,790</b>	<b>4,344,925</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 14. DEBT SECURITIES (CONTINUED)

### Debt facility 1

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, has 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 has 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 has 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.

### Debt facility 2

In FY2017, the Group, through ISR Global Pte Ltd (now known as Reenova Global Pte. Ltd.) entered into a secured facility agreement with Tantalus Rare Earths AG (“**TRE AG**”) in August 2017 under which it granted a secured term loan facility of up to the Singapore dollar equivalent of Euro (“€”) 320,000 with the purpose of utilising the loan for TRE AG’s general corporate and working capital purposes. TRE AG, which then owned 40% shareholding interest in RHM, provided a share pledge over its shareholding interest of 8% in RHM in favour of ISR Global Pte Ltd. A principal amount totaling S\$518,560 (which is equivalent to €320,000) was extended to TRE AG in 2017 and 2018.

ISR Global Pte Ltd subsequently entered into a second secured facility agreement with TRE AG in June 2018 under which it granted a secured term loan facility of up to the Singapore dollar equivalent of €100,000. TRE AG provided a share pledge over its shareholding interest of 7% in RHM in favour of ISR Global Pte Ltd. A principal amount totaling S\$160,575 (which is equivalent to €100,000) was extended to TRE AG in 2018. The termination date and repayment terms were the same as the first facility agreement entered into in FY2017. The rate of interest payable on the first and second secured facility agreements were 10% per annum, calculated on the basis of the number of actual days elapsed based on a 365-day year.

Both secured facility agreements terminated on 31 December 2018 where TRE AG, as the borrower, was required to repay the outstanding loans and accrued interests in full on 31 December 2018. TRE AG defaulted on the outstanding loans and accrued interests and accordingly, the Group made an allowance for impairment on the total principal outstanding of S\$679,135 and the total accrued interests of S\$71,484 (Note 12) for FY2018. 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 now holds 75% shareholding interest in RHM.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 15. OTHER CURRENT ASSETS

	Group		Company	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Prepayments	<u>41,971</u>	<u>67,146</u>	<u>6,866</u>	<u>55,700</u>

## 16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 S\$	2018 S\$
Equity investments – gross	<u>349,167</u>	<u>349,167</u>
Less: Allowance for impairment of investments in subsidiaries	<u>(349,160)</u>	<u>(349,160)</u>
Equity investments – net	<u>7</u>	<u>7</u>

The allowance for impairment of investments in subsidiaries are as follows:

	Company	
	2019 S\$	2018 S\$
At 1 January and 31 December	<u>349,160</u>	<u>349,160</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

During the year, management carried out an impairment review of the Company's investments in subsidiaries based on their value-in-use. There was no change in the impairment previously recognised. No discount rate was used as there were no positive cash flows expected.

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2019 %	2018 %
<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
ISR China Limited <sup>(4)</sup>	British Virgin Islands	Investment holding	100	100
Reenova Global Pte Ltd <sup>(1)</sup> (formerly known as ISR Global Pte Ltd)	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 ISR China Limited:</u></b>				
ISR Shanghai Investment Advisory Co. Ltd <sup>(4)</sup>	People's Republic of China	Provision of consultancy services	100	100
<b><u>Held through Reenova Global Pte Ltd:</u></b>				
Reenova Holding (Mauritius) Limited <sup>(2)</sup> (formerly known as Tantalum Holding (Mauritius) Ltd)	Republic of Mauritius	Investment holding	75	60
<b><u>Held through Reenova Holding (Mauritius) Limited:</u></b>				
Reenova Rare Earth (Malagasy) S.A.R.L.U <sup>(3)</sup> (formerly known as Tantalum Rare Earth (Malagasy) S.A.R.L.U)	Republic of Madagascar	Prospection, research and mining exploration of rare earth minerals in Madagascar	75	60

(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 2019

## 16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### Acquisition of subsidiaries

The Group had completed its acquisition of a 60% shareholding interest in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) ("**RHM**") from REO Magnetic Pte. Ltd. (the "**Vendor**") (the "**Acquisition**"). The Vendor had on 28 December 2018, transferred its shares representing a 60% stake to Reenova Global Pte. Ltd. (formerly known as ISR Global Pte Ltd), a wholly-owned subsidiary of the Company (the "**Transfer**"). The consideration for the Acquisition, being 747,257,307 ordinary shares in the Company (the "**Consideration Shares**"), was also satisfied by the Company on the allotment and issue of the Consideration Shares to the Vendor on 3 January 2019.

Notwithstanding that the Consideration Shares were allotted and issued to the Vendor subsequent to 31 December 2018, the Group was deemed to have acquired control over RHM and its wholly owned subsidiary, Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly known as Tantalum Rare Earth (Malagasy) S.A.R.L.U.) ("**RREM**") upon the transfer of RHM shares by the Vendor to the Group on 28 December 2018 (the "**Acquisition Date**"). The Group has completed the Purchase Price Allocation ("**PPA**") exercise in respect of the Acquisition and the fair values of assets and liabilities of RHM and RREM on Acquisition Date have been adjusted upon the finalisation of the PPA exercise in December 2019. Consequently, the Group recognised a bargain purchase of S\$9,989,718 that arose from the Acquisition in the Group's restated consolidated financial statements for FY2018. Kindly refer to Note 38 for the prior year restatement.

The fair values of the identifiable assets acquired and liabilities of RHM and RREM as at the Acquisition Date were:

	<b>2018</b> <b>S\$</b> <b>(Restated)</b>
Property, plant and equipment (Note 18)	97,168
Intangible assets (Note 19)	36,029,417
Other receivables	1,666,345
Other current assets	11,444
Cash and cash equivalents	10,956
<b>Total assets</b>	<b>37,815,330</b>
Other payables	2,840,491
Amount owing to holding company	7,218,897
Deferred income tax liability	6,124,697
<b>Total liabilities</b>	<b>16,184,085</b>
<b>Total identifiable net assets acquired at fair value</b>	<b>21,631,245</b>
Less: Bargain purchase arising on acquisition (Note 5)	(9,989,718)
Less: Non-controlling interests measured at the NCI's proportionate value of RHM's identifiable net assets	(8,652,498)
<b>Purchase consideration</b>	<b>2,989,029</b>
Less: Cash and cash equivalents in subsidiaries acquired	(10,956)
<b>Net consideration payable on acquisition</b>	<b>2,978,073</b>
<b>Effect on cash flows of the Group arising from the Acquisition:</b>	
Cash paid	-
Less: Cash and cash equivalents in subsidiaries acquired	10,956
<b>Cash inflow on acquisition</b>	<b>10,956</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### Acquisition of additional interest in a subsidiary

In May 2019, by virtue of enforcement of pledges (see Note 14), the Group increased its shareholding in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) ("RHM") by 15%. The Group now holds 75% of equity shares capital of RHM. The carrying amount of the non-controlling interests in RHM on the date of acquisition was \$2,957,398. The Group derecognised non-controlling interests of \$2,957,398 and recorded a decrease in equity attributable to owners of the parent of \$ 2,206,779. The effect of changes in the ownership interest of RHM on the equity attributable to owners of the Company during the year is summarised as follows:

	<b>2019</b>
	<b>S\$</b>
Carrying amount of non-controlling interest acquired	<b>2,957,398</b>
Enforcement of pledges provided by TRE AG over its shareholding interest of 15% in RHM (Note 14)	<b>(750,619)</b>
Excess of consideration paid recognised in parent's equity	<b>2,206,779</b>

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiaries	Principal place of business	Proportion of ownership interest held by non-controlling interest of the Group	Loss allocated to NCI during the reporting period S\$	Accumulated NCI at the end of reporting period S\$
31 December 2019				
Reenova Holding (Mauritius) Limited and its 100% owned subsidiary, Reenova Rare Earth (Malagasy) S.A.R.L.U.	RHM: Mauritius; RREM: Madagascar	25%	(1,591,523)	4,336,594

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

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

### Summarised statement of financial position:

	RHM		RREM	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
<b>Current</b>				
Assets	<b>25,824,532</b>	26,362,740	<b>48,749</b>	13,664
Liabilities	<b>(11,992,721)</b>	(8,983,848)	<b>(25,446,094)</b>	(27,169,530)
Total current net assets/(liabilities)	<b>13,831,811</b>	17,378,892	<b>(25,397,345)</b>	(27,155,866)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Summarised statement of financial position: (continued)

	RHM		RREM	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
<b>Non-current</b>				
Assets	5,346	5,346	71,435	1,763,981
Liabilities	-	-	-	-
Total non-current net assets/(liabilities)	5,346	5,346	71,435	1,763,981
<b>Net assets/(liabilities)</b>	<b>13,837,157</b>	<b>17,384,238</b>	<b>(25,325,910)</b>	<b>(25,391,885)</b>

Summarised income statement:

	RHM 2019 S\$	RREM 2019 S\$
Revenue	-	-
Loss before income tax	3,553,572	3,154,296
Income tax expense	-	-
Loss for the year	<b>3,553,572</b>	<b>3,154,296</b>

Summarised cash flows:

	RHM 2019 S\$	RREM 2019 S\$
Net cash used in operating activities	(256,088)	(895,018)
Net cash used in investing activities	(902,390)	-
Net cash provided by financing activities	<b>1,165,944</b>	<b>902,390</b>

As the subsidiary was acquired on 28 December 2018, the summarised income statements and summarised cash flows for the financial year ended 31 December 2018 are not material to the Group.

## 17. INVESTMENT IN A JOINT VENTURE

	Group	
	2019 S\$	2018 S\$
Unquoted equity investment, at cost	1,340,000	670,000
Increase during the year	-	670,000
Group's share of post-acquisition losses	(94,324)	(66,232)
	<b>1,245,676</b>	<b>1,273,768</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

Name of entity	Country of incorporation/ Principal place of business	Proportion of ownership interest	
		2019 %	2018 %
Straits Hi-Rel Pte Ltd	Singapore	14.29	14.29

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 16,667 shares in SHR (the “**Subscription Shares**”), representing an equity stake of 25% in SHR on an enlarged basis (the “**Investment**”).

Stage 1 and Stage 2 of the Investment have been completed in FY 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 are dependent on SHR’s meeting the milestones stipulated in the Agreement and upon completion, the Group will 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% will 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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 is 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.

### Summarised financial information for joint venture

Set out below is the summarised financial information for Straits Hi-Rel Pte Ltd. prepared in accordance with SFRS(I) 12 *Disclosures of Interest in Other Entities*.

#### Summarised statement of financial position:

	2019 S\$	2018 S\$
Current assets	<b>624,149</b>	669,537
Includes:		
– Cash and cash equivalents	<b>131,559</b>	610,271
Non-current assets	<b>86,197</b>	180,356
Total assets	<b>710,346</b>	849,893
Current liabilities	<b>(84,308)</b>	(27,408)
Net assets	<b>626,038</b>	822,485

#### Summarised statement of profit or loss and other comprehensive income:

	2019 S\$	2018 S\$
Revenue	<b>447,019</b>	48,856
Expenses		
Includes: Depreciation	<b>(33,410)</b>	(34,610)
Loss before tax	<b>(196,583)</b>	(529,855)
Income tax expense	–	–
Net loss for the year	<b>(196,583)</b>	(529,855)
Other comprehensive income	–	–
Total comprehensive loss for the year	<b>(196,583)</b>	(529,855)

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 17. INVESTMENT IN A JOINT VENTURE *(CONTINUED)*

### 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

	2019 S\$
Net assets	<u>626,038</u>
Group's equity interest	14.29%
Group's share of net assets	89,461
Goodwill	<u>1,156,215</u>
Carrying value	<u>1,245,676</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 18. 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 2018	40,743	11,548	67,463	-	156,575	250,000	-	-	526,329
Additions	-	-	-	-	12,275	-	-	-	12,275
Acquisition of subsidiaries (Note 16)	-	9,116	2,724	57,286	1,306	-	11,760	14,976	97,168
At 31 December 2018 and 1 January 2019	40,743	20,664	70,187	57,286	170,156	250,000	11,760	14,976	635,772
Currency translation differences	-	(626)	(187)	(3,932)	(211)	-	(808)	(1,026)	(6,790)
Additions	-	-	-	-	22,160	-	-	-	22,160
Reclassified from intangible assets	-	-	-	-	1,785	-	-	-	1,785
<b>At 31 December 2019</b>	<b>40,743</b>	<b>20,038</b>	<b>70,000</b>	<b>53,354</b>	<b>193,890</b>	<b>250,000</b>	<b>10,952</b>	<b>13,950</b>	<b>652,927</b>
<b>Accumulated depreciation</b>									
At 1 January 2018	20,371	11,548	55,779	-	150,132	98,684	-	-	336,514
Depreciation charge for the year	20,372	-	6,184	-	3,563	21,337	-	-	51,456
At 31 December 2018 and 1 January 2019	40,743	11,548	61,963	-	153,695	120,021	-	-	387,970
Depreciation charge for the year	-	1,373	5,897	10,402	16,231	21,338	2,600	4,043	61,884
Currency translation differences	-	(40)	(12)	(303)	(73)	-	(75)	(116)	(619)
<b>At 31 December 2019</b>	<b>40,743</b>	<b>12,881</b>	<b>67,848</b>	<b>10,099</b>	<b>169,853</b>	<b>141,359</b>	<b>2,525</b>	<b>3,927</b>	<b>449,235</b>
<b>Carrying amount</b>									
<b>At 31 December 2019</b>	<b>-</b>	<b>7,157</b>	<b>2,152</b>	<b>43,255</b>	<b>24,037</b>	<b>108,641</b>	<b>8,427</b>	<b>10,023</b>	<b>203,692</b>
At 31 December 2018	-	9,116	8,224	57,286	16,461	129,979	11,760	14,976	247,802

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 18. 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 2018	40,743	11,548	37,464	156,575	250,000	496,330
Additions	-	-	-	12,275	-	12,275
At 31 December 2018 and 1 January 2019	40,743	11,548	37,464	168,850	250,000	508,605
Additions	-	-	-	22,161	-	22,161
<b>At 31 December 2019</b>	<b>40,743</b>	<b>11,548</b>	<b>37,464</b>	<b>191,011</b>	<b>250,000</b>	<b>530,766</b>
<b>Accumulated depreciation</b>						
At 1 January 2018	20,371	11,548	37,280	150,132	98,684	318,015
Depreciation charge for the year	20,372	-	184	3,563	21,337	45,456
At 31 December 2018 and 1 January 2019	40,743	11,548	37,464	153,695	120,021	363,471
Depreciation charge for the year	-	-	-	13,700	21,338	35,038
<b>At 31 December 2019</b>	<b>40,743</b>	<b>11,548</b>	<b>37,464</b>	<b>167,395</b>	<b>141,359</b>	<b>398,509</b>
<b>Carrying amount</b>						
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,616</b>	<b>108,641</b>	<b>132,257</b>
At 31 December 2018	-	-	-	15,155	129,979	145,134

## 19. INTANGIBLE ASSETS

	Mining rights S\$ (Restated)	Computer software S\$ (Restated)	Total S\$ (Restated)
<b>Group</b>			
<b>Cost</b>			
Acquisition of subsidiaries (Note 16)	36,027,632	1,785	36,029,417
At 31 December 2018 and 1 January 2019	36,027,632	1,785	36,029,417
Reclassification to property, plant and equipment	-	(1,785)	(1,785)
As at 31 December 2019	36,027,632	-	36,027,632
<b>Accumulated impairment</b>			
At 31 December 2018, 1 January 2019 and 31 December 2019	-	-	-
<b>Carrying amount</b>			
At 31 December 2018	36,027,632	1,785	36,029,417
At 31 December 2019	36,027,632	-	36,027,632

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 20. RIGHT-OF-USE ASSET

	Office Lease S\$
<b>The Group and Company</b>	
<b>Cost:</b>	
Balance as at 31 December 2018 and 1 January 2019	-
Additions	175,698
Balance as at 31 December 2019	<u>175,698</u>
<b>Accumulated depreciation:</b>	
Balance as at 31 December 2018 and 1 January 2019	-
Depreciation for the year	87,849
Balance as at 31 December 2019	<u>87,849</u>
<b>Carrying amount:</b>	
Balance as at 31 December 2018	-
Balance as at 31 December 2019	<u><u>87,849</u></u>

## 21. OTHER PAYABLES

	Group		Company	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Accrued operating expenses	2,304,016	1,749,454	359,444	146,075
Advances from bond subscriber*	800,000	600,000	800,000	600,000
Advances from executive director*	190,000	-	190,000	-
Bond interest payable	21,587	10,467	21,587	10,467
Consideration payable to Vendor**	-	2,989,029	-	2,989,029
Other payables	1,711,918	1,610,653	219,187	201,787
	<u>5,027,521</u>	<u>6,959,603</u>	<u>1,590,218</u>	<u>3,947,358</u>

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

\*\* The consideration payable to Vendor refers to the consideration of S\$2,989,029 payable to REO Magnetic Pte. Ltd. for the Group's acquisition of 60% shareholding interest in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd. The consideration was subsequently satisfied through the issuance and allotment of 747,257,307 new ordinary shares of the Company on 3 January 2019 at an issue price of S\$0.004 per share.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 22. 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 comprises 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. As at 31 December 2019, Bonds with a face value of S\$12,500,000 have been converted into 2,487,500,000 ordinary shares (at a conversion price of S\$0.004 per share) and 833,333,333 ordinary shares (at a conversion price of S\$0.003 per share). The present value of the remaining outstanding Bonds amounted to S\$1,439,057, which was arrived at using 5.5% per annum, an average rate compiled from interest rate quotations of 10 leading banks and financial institutions. The Bonds outstanding as at 31 December 2019 were subjected to an interest rate of 2% per annum, payable in arrears on 31 December in 2019. Please refer to Note 21 for the amount of bond interest payable as at 31 December 2019.

The Company had, on 20 August 2018, entered into a supplemental agreement with Premier Equity Fund (the “**Bond Subscriber**”) and Value Capital Asset Management Private Limited (the “**Manager**”) to extend the Maturity Date (which was originally in September 2018), from three (3) years to five (5) years from the Closing Date of the first sub-tranche of Tranche 1 Bonds (i.e., the new Maturity Date of the Bonds will now be 16 September 2020).

## 23. 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	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
Deferred income tax liabilities				
- To be settled	<u>6,138,610</u>	<u>6,138,610</u>	<u>2,954</u>	<u>2,954</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 23. DEFERRED INCOME TAX LIABILITIES (CONTINUED)

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

Group	Accelerated tax depreciation	Fair value gains – net	Others	Total
	S\$	S\$	S\$	S\$
<i>Deferred income tax liabilities</i>				
At 1 January 2018	2,770	–	11,142	13,912
Acquisition of subsidiary	–	6,124,698	–	6,124,698
At 31 December 2018 (restated) and at 31 December 2019	2,770	6,124,698	11,142	6,138,610
<b>Accelerated tax depreciation</b>				
<b>2019</b>				
<b>2018</b>				
<b>Company</b>				
<b>S\$</b>				
<b>S\$</b>				
<i>Deferred income tax liabilities</i>				
At 1 January and 31 December				
<b>2,954</b>				
<b>2,954</b>				

### Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S\$9,177,000 (2018: S\$5,380,000) 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.

## 24. LEASE LIABILITY

	The Group		The Company	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
Maturity analysis:				
Less than 1 year	93,418	–	93,418	–
	93,418	–	93,418	–
Less: Unearned interest	(3,159)	–	(3,159)	–
	90,259	–	90,259	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 25. SHARE CAPITAL

	Issued share capital	
	No. of ordinary shares	Amount S\$
<b>Group and Company</b>		
2019		
Beginning of financial year	3,160,082,669	37,816,578
Shares issued	1,247,257,307	4,344,538
End of financial year	<u>4,407,339,976</u>	<u>42,161,116</u>
2018		
Beginning of financial year	2,564,249,336	35,868,655
Shares issued	595,833,333	1,947,923
End of financial year	<u>3,160,082,669</u>	<u>37,816,578</u>

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.

Share capital increased in 2019 as the holder of the convertible redeemable bonds due 2020 (the "Bonds") issued by the Company has converted the Bonds with a present value of S\$1,445,529 (face value totaling S\$1,500,000) into 500,000,000 ordinary shares of the Company. Share issue expense of S\$90,020 that was attributable to the issuance of new ordinary shares was deducted against share capital. The newly issued shares ranked pari passu in all respects with the previously issued shares.

For the financial year ended 31 December 2018, the share capital increased as the holder of the Bonds issued by the Company had converted the Bonds with a present value of S\$1,977,955 (face value totaling S\$2,050,000) into 595,833,333 ordinary shares of the Company. The newly issued shares ranked pari passu in all respects with the previously issued shares.

## 26. CAPITAL RESERVE

Capital reserve represents the equity component of the convertible redeemable bonds due 2020 issued by the Company where the Bonds carry an equity element as the Bond Subscriber has an option to convert the Bonds into ordinary shares of the Company.

## 27. FAIR VALUE RESERVE

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets at FVOCI until they are disposed or impaired.

## 28. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 29. ACCUMULATED LOSSES OF THE COMPANY

	The Company	
	2019	2018
	S\$	S\$
Balance at beginning of the year	(30,527,875)	(28,969,939)
Loss for the year, representing total comprehensive loss for the financial year	(1,147,282)	(1,557,936)
Balance at end of the year	(31,675,157)	(30,527,875)

## 30. COMMITMENTS

### Operating lease commitment – lessee

At the end of the reporting period, the Group leases office from a third party landlord under a non-cancellable operating lease agreement. The lease has varying terms and renewal rights.

As at 31 December 2018, the future minimum lease payable under non-cancellable operating lease at the end of the reporting period are as follows:

	Group 2018 S\$	Company 2018 S\$
Not later than one year	92,970	92,970
Later than one year but not later than five years	92,970	92,970
	185,940	185,940

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to S\$90,265.

As disclosed in Notes 20 and 24, the Company has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term and low-value leases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 31. RELATED PARTY TRANSACTIONS

### (a) Key management personnel compensation

	Group	
	2019	2018
	S\$	S\$
Key management personnel compensation is as follows:		
Salaries, fees, bonuses and other short-term employee benefits	710,079	752,521
Employer's contributions to defined contribution plans	27,134	34,680
	<b>737,213</b>	<b>787,201</b>

### (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 is 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	
	2019	2018
	S\$	S\$
Payment of expenses on behalf of related parties*	<b>2,696</b>	7,595

\* The non-trade amounts outstanding are unsecured, interest-free and repayable on demand. No guarantees have been given or received. The amounts owed by related parties totaling S\$32,628 (2018: S\$29,932) have been fully impaired as at 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 32. FAIR VALUE OF FINANCIAL INSTRUMENTS

### Financial instruments by category

Set out below is a comparison by category of the carrying amounts of the Group's financial instruments that are carried in the financial statements:

	Group		Company	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
<b>Financial assets</b>				
<b>Financial asset at amortised cost:</b>				
- cash and cash equivalents	77,882	151,555	50,271	136,068
- trade receivables	-	-	-	-
- other receivables	38,515	33,624	24,623	32,622
- amounts due from subsidiaries	-	-	13,430,264	11,965,049
- debt securities	-	-	-	-
Total financial assets	<b>116,397</b>	185,179	<b>13,505,158</b>	12,133,739
<b>Financial liabilities</b>				
<b>Amortised cost:</b>				
- other payables	3,970,737	6,287,369	1,590,218	3,947,358
- lease liability	90,259	-	90,259	-
- convertible redeemable bonds	1,439,057	961,122	1,439,057	961,122
Total financial liabilities	<b>5,500,053</b>	7,248,491	<b>3,119,534</b>	4,908,480

## 33. 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, interest rate risk and price 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 2019 and 31 December 2018.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

### (a) Credit risk (Continued)

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.

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 reorganization
- 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

### (a) Credit risk (continued)

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

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 2019</b>						
Trade receivables	12	Note 1	Lifetime ECL (simplified)	2,668,095	(2,668,095)	-
Refundable deposits	13(a)	I	12-month ECL	38,515	-	38,515
Sundry receivables	13(a)	I	12-month ECL	-	-	-
Debt securities	15	III	Lifetime ECL	3,665,790	<u>(3,665,790)</u>	-
					<u>(6,333,885)</u>	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

### (a) Credit risk (Continued)

	Note	Category	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
<b>31 December 2018</b>						
			Lifetime ECL			
Trade receivables	12	Note 1	(simplified)	2,739,579	(2,739,579)	-
Refundable deposits	13(a)	I	12-month ECL	36,507	-	36,507
Sundry receivables	13(a)	I	12-month ECL	1,002	-	1,002
Debt securities	15	III	Lifetime ECL	4,344,925	(4,344,925)	-
					<u>(7,084,504)</u>	

### The Company

	Note	Category	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
<b>31 December 2019</b>						
Refundable deposits	13(a)	I	12-month ECL	24,623	-	24,623
Amount due from subsidiaries	13(b)	I	12-month ECL	44,963,276	(31,533,012)	13,430,264
					<u>(31,533,012)</u>	
<b>31 December 2018</b>						
Refundable deposits	13(a)	I	12-month ECL	32,622	-	32,622
Amount due from subsidiaries	13(b)	I	12-month ECL	43,635,037	(31,669,988)	11,965,049
					<u>(31,669,988)</u>	

### Trade receivables (Note 1)

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 33. 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.

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:

	Effective interest rate	Undiscounted cash flows	
		Less than 1 year S\$	More than 1 year S\$
<b>Group 2019</b>			
<b>Financial assets</b>			
Other receivables	-	38,515	-
Cash and cash equivalents	-	77,882	-
Total undiscounted financial assets		<u>116,397</u>	<u>-</u>
<b>Financial liabilities</b>			
Other payables	-	3,970,737	-
Convertible redeemable bonds	5.50%	-	1,500,000
Lease liability	5% - 6%	92,970	-
Total undiscounted financial liabilities		<u>4,063,707</u>	<u>1,500,000</u>
<b>Total net undiscounted financial liabilities</b>		<u><b>(3,947,310)</b></u>	<u><b>(1,500,000)</b></u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

### (b) Liquidity risk (Continued)

Group	Effective interest rate	Undiscounted cash flows	
		Less than 1 year S\$	More than 1 year S\$
<b>2018</b>			
<b>Financial assets</b>			
Other receivables	-	33,624	3,885
Cash and cash equivalents	-	151,555	-
Total undiscounted financial assets		185,179	3,885
<b>Financial liabilities</b>			
Other payables	-	6,287,369	-
Convertible redeemable bonds	5.50%	-	1,000,000
Total undiscounted financial liabilities		6,287,369	1,000,000
Total net undiscounted financial liabilities		(6,102,190)	(996,115)
<b>Company</b>			
<b>2019</b>			
<b>Financial assets</b>			
Other receivables	-	24,623	-
Amounts due from subsidiaries	-	13,430,264	-
Cash and cash equivalents	-	50,271	-
Total undiscounted financial assets		13,505,158	-
<b>Financial liabilities</b>			
Other payables	-	573,435	-
Convertible redeemable bonds	5.50%	-	1,500,000
Lease liability	5%	92,970	-
Total undiscounted financial liabilities		666,405	1,500,000
<b>Total net undiscounted financial assets/(liabilities)</b>		<b>12,838,753</b>	<b>1,500,000</b>
<b>2018</b>			
<b>Financial assets</b>			
Other receivables	-	32,622	-
Amounts due from subsidiaries	-	11,965,049	-
Cash and cash equivalents	-	136,068	-
Total undiscounted financial assets		12,133,739	-
<b>Financial liabilities</b>			
Other payables	-	3,320,575	-
Convertible redeemable bonds	5.50%	-	1,000,000
Total undiscounted financial liabilities		3,320,575	1,000,000
<b>Total net undiscounted financial assets/(liabilities)</b>		<b>8,813,164</b>	<b>(1,000,000)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 33. 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 (“EURO”) 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 2019	SGD S\$	Euro S\$	MGA S\$	USD S\$	Total S\$
<b>Financial assets</b>					
Cash and cash equivalents	52,087	3,415	14,679	7,701	77,882
Other receivables	34,623	-	3,892	-	38,515
	<u>86,710</u>	<u>3,415</u>	<u>18,571</u>	<u>7,701</u>	<u>116,397</u>
<b>Financial liabilities</b>					
Other payables	643,292	-	842,394	2,485,051	3,970,737
Convertible redeemable bonds	1,439,057	-	-	-	1,439,057
	<u>2,082,349</u>	<u>-</u>	<u>842,394</u>	<u>2,485,051</u>	<u>5,409,794</u>
Net financial (liabilities)/assets	(1,995,639)	3,415	(823,823)	(2,477,350)	(5,293,397)
Less:					
Net financial liabilities denominated in the respective entities functional currencies	<u>1,995,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,995,639</u>
<b>Foreign currency exposure</b>	<u>-</u>	<u>3,415</u>	<u>(823,823)</u>	<u>(2,477,350)</u>	<u>(3,297,758)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

Group 2018	SGD S\$	Euro S\$	MGA S\$	RMB S\$	Total S\$
<b>Financial assets</b>					
Cash and cash equivalents	140,588	3,646	7,310	11	151,555
Other receivables	32,622	1,002	-	-	33,624
	<u>173,210</u>	<u>4,648</u>	<u>7,310</u>	<u>11</u>	<u>185,179</u>
<b>Financial liabilities</b>					
Other payables	3,492,330	1,764,949	1,030,090	-	6,287,369
Convertible redeemable bonds	961,222	-	-	-	961,222
	<u>4,453,552</u>	<u>1,764,949</u>	<u>1,030,090</u>	<u>-</u>	<u>7,248,591</u>
Net financial (liabilities)/assets	(4,280,342)	(1,760,301)	(1,022,780)	11	(7,063,412)
Less:					
Net financial liabilities denominated in the respective entities functional currencies	<u>4,280,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,280,342</u>
<b>Foreign currency exposure</b>	<u>-</u>	<u>(1,760,301)</u>	<u>(1,022,780)</u>	<u>11</u>	<u>(2,783,070)</u>

If the USD, Euro, MGA and RMB change against the SGD by 10% (2018: 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/profit Increase/(Decrease)	
		2019 S\$	2018 S\$
USD/SGD	- strengthened 10% (2018: Nil)	(247,725)	-
	- weakened 10% (2018: Nil)	247,725	-
MGA/SGD	- strengthened 10% (2018: 10%)	(82,382)	102,278
	- weakened 10% (2018: 10%)	82,382	(102,278)
EURO/SGD	- strengthened 10% (2018: 10%)	(342)	176,030
	- weakened 10% (2018: 10%)	342	(176,030)
RMB/SGD	- strengthened 10% (2018: 10%)	-	(1)
	- weakened 10% (2018: 10%)	-	1

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 2019 and 31 December 2018.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 33. 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 are issued at fixed rates. 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.

### (e) Price risk

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

## 34. 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 2019 and 2018. The Group's overall strategy remains unchanged for the financial years ended 31 December 2019 and 2018.

The Group deems its capital as follows:

	Group	
	2019	2018
	S\$	S\$
Equity attributable to the owners of the Company	20,698,010	16,761,502
Less: Currency translation reserve	(499,896)	30,905
Total capital	<u>21,197,906</u>	<u>16,730,597</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 35. 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 is deemed to have completed its acquisition of a 60% shareholding interest in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) ("**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 now holds 75% shareholding interest in RHM. RHM in turn owns 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly known as Tantalum 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.

(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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**35. SEGMENT INFORMATION (CONTINUED)**

2019	Minerals and Resources S\$	Investment Management S\$	Adjustments and Eliminations S\$	Group S\$
<b>Revenue</b>				
- External revenue	-	-	-	-
<b>Results</b>				
Interest income	-	-	-	-
Unallocated interest income	-	-	-	77
Depreciation	(21,348)	(5,500)	-	(26,848)
Unallocated depreciation	-	-	-	(122,885)
Finance cost	-	-	-	(33,515)
Share of loss of joint venture	-	(28,092)	-	(28,092)
Income tax credit	-	161,384	-	161,384
Segment results	<u>(5,216,936)</u>	<u>1,792,307</u>	<u>(1,303,904)</u>	<u>(4,728,533)</u>
<b>Assets</b>				
Segment assets	36,163,858	14,599,132	(13,032,939)	37,730,051
Segment liabilities	<u>18,999,810</u>	<u>47,791,057</u>	<u>(54,095,420)</u>	<u>12,695,447</u>
2018	Minerals and Resources S\$	Investment Management S\$	Adjustments and Eliminations S\$	Group S\$
<b>Revenue</b>				
- External revenue	-	745,572	-	745,572
<b>Results</b>				
Interest income	-	745,572	-	745,572
Unallocated interest income	-	-	-	225
Other gains	9,989,718	-	-	9,989,718
Depreciation	-	(6,000)	-	(6,000)
Unallocated depreciation	-	-	-	(45,456)
Finance cost	-	-	-	(26,298)
Share of loss of joint venture	-	(66,232)	-	(66,232)
Income tax expense	-	(161,384)	-	(161,384)
Segment results	-	<u>(666,662)</u>	8,556,074	<u>7,889,412</u>
<b>Assets</b>				
Segment assets	37,815,331	12,339,877	(10,681,873)	39,473,335
Segment liabilities	<u>16,184,085</u>	<u>46,573,490</u>	<u>(48,698,240)</u>	<u>14,059,335</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 35. SEGMENT INFORMATION (CONTINUED)

### Geographical market of clients

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

	Group			
	Revenues		Non-current assets	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
Singapore	-	-	220,106	150,634
Mauritius	-	686,486	37,344,743	9,716,337
Germany	-	59,086	-	-
	-	745,572	37,564,849	9,866,971

There was no revenue recorded by the Group for the financial year ended 31 December 2019. With the exception of Mauritius, no other geographical segments contributed more than 10% of the Group's consolidated revenue for the financial year ended 31 December 2018. Revenue is based on the geographical segment in which the debtor is located.

## 36. EVENTS AFTER THE REPORTING PERIOD

- (i) During December 2019, a new Corona Virus Disease ("COVID-19") emerged in China and infections started to occur across Asia and then to the rest of the world. On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a pandemic and national governments have acted to implement a range of policies and actions to combat the virus and its economic impact to national markets and the global economy.

The full extent of the economic impact due to COVID-19 is currently uncertain and the Board of Directors continues to closely monitor developments and their impact on the Group to ensure the continuity of the Group's ongoing operations, assess liquidity, tenant obligations, lending arrangements and the basis for the values and estimates reported in the financial statements and accompanying notes.

The Board of Directors have assessed the impact on the financial statements as of 31 December 2019 and have concluded COVID-19 to be a non-adjusting event.

- (ii) Subsequent to 31 December 2019, the Bond Subscriber subscribed for the fifth sub-tranche of Tranche 3 Bonds amounting to S\$1,000,000 and converted the remaining third sub-tranche and part of the fourth sub-tranche of Tranche 3 Bonds into 300,000,000 conversion shares at the Floor Conversion Price of S\$0.003 per share, increasing the Company's issued share capital base from 4,407,339,976 shares to 4,707,339,976 shares.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 37. 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 confirmed to the auditors that their investigation is still ongoing but has not provided the Company with any further details or updates of its investigation, apart from certain key personnel being requested to attend further interviews by CAD in 2015.

(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 disclosed to the Company any further details on their investigation. The Company has been cooperating fully with the Authorities in their investigation.

## 38. PRIOR YEAR ADJUSTMENT/RESTATEMENT

The Group had acquired a 60% stake in Reenova Holding (Mauritius) Limited (formerly known as Tantalum Holding (Mauritius) Ltd) (“RHM”), which in turn owns 100% of Reenova Rare Earth (Malagasy) S.A.R.L.U. (formerly known as Tantalum Rare Earth Malagasy S.A.R.L.U.) (“RREM”) on 28 December 2018 (the “Acquisition Date”).

A Purchase Price Allocation (“PPA”) exercise was formally performed by an external expert after the Acquisition Date and a report was issued on 27 December 2019. This is in compliance with SFRS(I) 3 *Business Combinations*, which allows the Group to complete the formal assessment of PPA within a year of acquisition.

Prior to the completion of the formal PPA exercise, the Group had performed a provisional PPA exercise in 2018. The provisional PPA exercise resulted in an element of goodwill amounting to S\$7,952,042, which was accounted for in 2018. The formal PPA exercise, which attributed fair value to the respective assets acquired and liabilities assumed, resulted in bargain purchase being derived at \$9,989,718.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 38. PRIOR YEAR ADJUSTMENT/RESTATEMENT (CONTINUED)

Accordingly, restatement of the relevant matters reported in FY2018 is necessary to reflect the formal PPA based on an expert assessment, which are reflected below:

	As previously stated S\$	Adjustments S\$	As Restated S\$
<b>For the Financial Year ended 31 December 2018:</b>			
<u>Consolidated Statement of Profit or Loss and Other</u>			
<u>Comprehensive Income</u>			
<b>Group</b>			
Other gains, net	-	9,989,718	9,989,718
(Loss)/Profit before tax	(1,938,922)	9,989,718	8,050,796
(Loss)/Profit for the year	(2,100,306)	9,989,718	7,889,412
Total comprehensive (loss)/income for the year	(2,131,618)	9,989,718	7,858,100
Basic (loss)/earnings per share	0.07	0.20	0.27
Diluted (loss)/earnings per share	0.07	0.18	0.25
<b>As at 31 December 2018</b>			
<u>Statement of Financial Position</u>			
<b>Group</b>			
Intangible assets	7,953,827	28,075,590	36,029,417
Deferred income tax liabilities	13,912	6,124,698	6,138,610
Accumulated losses	(23,373,093)	9,989,718	(13,383,375)
Non-controlling interest	(3,308,676)	11,961,174	8,652,498
<b>For the Financial Year ended 31 December 2018:</b>			
<u>Consolidated Statement of Cash Flows</u>			
<b>Group</b>			
Net (loss)/profit before tax	(1,938,922)	9,989,718	8,050,796
Bargain purchase from acquisition of a subsidiary	-	(9,989,718)	(9,989,718)

## 39. AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Group for the financial year ended 31 December 2019 were authorised for the issue in accordance with a resolution of directors on 10 June 2020.

# SHAREHOLDERS' STATISTICS AND DISTRIBUTION

AS AT 29 MAY 2020

## SHARE CAPITAL

Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
Number of Issued Shares	:	4,407,339,976 Shares
Issues and Fully Paid-Up Capital	:	S\$43,102,494

The Company has no treasury shares and subsidiary holdings\* as at 29 May 2020.

\* subsidiary holdings – 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, Cap 50.

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 29 MAY 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDINGS	NO. OF SHARES	% OF SHAREHOLDINGS
1 – 99	1	0.07	50	0.00
100 – 1,000	67	4.32	57,955	0.00
1,001 – 10,000	311	20.05	2,133,000	0.05
10,001 – 1,000,000	964	62.15	217,818,050	4.94
1,000,001 and above	208	13.41	4,187,330,921	95.01
<b>Grand Total</b>	<b>1,551</b>	<b>100.00</b>	<b>4,407,339,976</b>	<b>100.00</b>

## TWENTY ONE LARGEST SHAREHOLDERS AS AT 29 MAY 2020

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	REO MAGNETIC PTE. LTD. (IN MEMBERS' VOLUNTARY LIQUIDATION)	747,257,307	16.95
2	UOB KAY HIAN PTE LTD	611,414,612	13.87
3	PHILLIP SECURITIES PTE LTD	437,165,600	9.92
4	CHEN TONG	300,000,000	6.81
5	ABN AMRO CLEARING BANK N.V.	185,757,100	4.21
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	152,150,333	3.45
7	RAFFLES NOMINEES (PTE) LIMITED	108,576,300	2.46
8	HO BENG SIANG	99,137,900	2.25
9	CHIEW HOCK SENG (ZHOU FUCHENG)	71,000,000	1.61
10	DBS NOMINEES PTE LTD	62,755,500	1.42
11	LEOW LAY CHOO	61,600,000	1.40
12	TAN CHEW KOON	60,483,900	1.37
13	RHB SECURITIES SINGAPORE PTE LTD	50,466,800	1.15
14	TAN YEO KEE	50,200,000	1.14
15	ABDUL WAHID BIN ABDUL GHANI	50,000,000	1.13
16	CHEN JIAN	45,737,700	1.04
17	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	43,029,196	0.98
18	LEI YEE LEONG	33,000,000	0.75
19	CITIBANK NOMINEES SINGAPORE PTE LTD	31,899,706	0.72
20	CHEW POH HONG	30,000,000	0.68
21	OOI WOUI JING	30,000,000	0.68
	<b>TOTAL</b>	<b>3,261,631,954</b>	<b>73.99</b>

# SHAREHOLDERS' STATISTICS AND DISTRIBUTION

AS AT 29 MAY 2020

## SUBSTANTIAL SHAREHOLDERS AS AT 29 MAY 2020

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

Name of Substantial Shareholder	Direct/Beneficial Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chen Tong	736,292,912	16.71	-	-	736,292,912	16.71
Reo Magnetic Pte Ltd (In Members' Voluntary Liquidation)	747,257,307	16.95	-	-	747,257,307	16.95

## PUBLIC FLOAT

Based on information available to the Company as at 29 May 2020, approximately 66.13% 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

This Notice has been made available on SGXNet and the Company's website at the URL <https://reenovagroup.com>. Physical copies of this Notice will NOT be despatched to members.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held by electronic means on Friday, 26 June 2020 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 2019 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 2020, payable quarterly in arrears. (2019: up to S\$240,000). **Resolution 2**
3. To re-elect Mr Kwok Wei Woon, 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 Kwok Wei Woon will, upon re-election as a Director of the Company, remain as a Chairman 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)*

4. 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 4**

*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)*

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

## AS SPECIAL BUSINESS

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

7. **Authority to allot and issue shares** **Resolution 6**

"That pursuant to Section 161 of the Companies Act, Chapter 50 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 of the Company ("**Shares**") whether by way of rights, bonus or otherwise, and/or

# NOTICE OF ANNUAL GENERAL MEETING

- (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 of the Company 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 of the Company 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;
  - (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

# NOTICE OF ANNUAL GENERAL MEETING

(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.”

8. **Authority to offer and grant awards and to allot and issue shares under the Reenova Performance Share Plan (formerly known as the ISR 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

Vincent Lee Chung Ngee  
Joanna Lim Lan Sim  
Company Secretaries

11 June 2020  
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:-

In relation to Resolutions 3 and 4, the detailed information on Mr Kwok Wei Woon and Mr Lin, Chen Hsin 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 2019 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 7 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 8 above, will authorise the Directors of the Company to offer and grant awards under the Reenova Performance Share Plan (formerly known as the ISR 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 Annual General Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman of the Meeting 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 at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, either by post to the Company's Share Registrar, Tricor Barbinder Share Registration Service, 80 Robinson Road, #11-02 Singapore 068898 or electronically via email to the Company's Share Registrar at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com) not later than 48 hours before the time appointed for the holding of the Annual General Meeting.

## Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder'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 proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, 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 (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Kwok Wei Woon and Mr Lin, Chen Hsin are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Friday, 26 June 2020 (“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:

	MR KWOK WEI WOON	MR LIN, CHEN HSIN
Date of Initial Appointment	14 May 2012	8 March 2017
Date of last re-appointment	26 April 2018	28 April 2017
Age	47	77
Country of principal residence	Singapore	Hong Kong
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Kwok Wei Woon as the Non-Executive Lead Independent Director was recommended by the Nominating Committee (“NC”) 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 Lin, Chen Hsin as the Non-Executive Independent Director was recommended by the Nominating Committee (“NC”) 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.
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, Lead Independent Director, Chairman of Audit Committee and a member of both the Nominating and Remuneration Committees.	Non-Executive, Independent Director, and a member of both the Audit and Remuneration Committees.
Professional qualifications	<ul style="list-style-type: none"> <li>• Master of Commerce (Advance Finance)</li> <li>• Bachelor of Commerce (Accounting and Finance)</li> <li>• CPA (CPA Australia)</li> <li>• Certified Financial Planner</li> </ul>	Shanghai Institute of Education.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR KWOK WEI WOON	MR LIN, CHEN HSIN
Working experience and occupation(s) during the past 10 years	<p>Currently a Director of Talentvine Pte. Ltd.</p> <p>He previously held the following positions:</p> <ul style="list-style-type: none"> <li>• Managing Director of Chiem Capital Pte. Limited.</li> <li>• CEO/General Manager of SooChow Securities CSSD (Singapore) Pte. Ltd.</li> <li>• Deputy General Manager and Head of Products and Research at Professional Investment Advisory Services Pte. Ltd.</li> <li>• Head of Local Sales at Standard Life, Singapore.</li> <li>• Executive Director, JP Morgan Singapore.</li> </ul>	<p>He 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.</p>
Shareholding interest in the listed issuer and its subsidiaries	1,921,000 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	No
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		
Past (for the last 5 years)	<ul style="list-style-type: none"> <li>• Asia Fashion Holdings Limited</li> <li>• CWG International Limited</li> </ul>	Nil

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR KWOK WEI WOON	MR LIN, CHEN HSIN
Present	<ul style="list-style-type: none"> <li>• Talentvine Pte. Ltd.</li> <li>• President of Australian Alumni Singapore</li> <li>• President of University of New South Wales Alumni Association Singapore</li> <li>• Member of Asian Advisory Board of Advance</li> </ul>	Coastal International Holdings Ltd

Messrs Kwok Wei Woon and Lin, Chen Hsin have each:

- Individually confirmed that on each of the questions as set out in paragraphs (a) to (k) of Appendix 7.4.1 to the Listing Manual of the SGX-ST, the answer is "No".

The disclosure on prior experience as a director of an issuer listed on the Exchange and details of prior experience is not applicable as disclosure is applicable to the appointment of Director only.

# REENOVA INVESTMENT HOLDING LIMITED

(Company No.: 200104762G)

(Incorporated in the Republic of Singapore)

## PROXY FORM ANNUAL GENERAL MEETING

This proxy form has been made available on SGXNet and the Company's website at the URL <https://reenovagroup.com>. A physical copy of this proxy form will NOT be despatched to members.

### Important:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (the "Companies Act") may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by investors who hold ordinary shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act [Chapter 50 of Singapore]), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks/SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 16 June 2020).
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 June 2020.

\*I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport no.)

of \_\_\_\_\_ (Address)

being \*a member/members of Reenova Investment Holding Limited (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on \*my/our behalf at the Annual General Meeting of the Company to be held by electronic means on Friday, 26 June 2020 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 2019 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 2020, payable quarterly in arrears. [2019: up to S\$240,000/-].			
3.	To re-elect Mr Kwok Wei Woon as Director (Retiring under Article 89).			
4.	To re-elect Mr Lin, Chen Hsin 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 (formerly known as the ISR Performance Share Plan).			

\* Delete where applicable.

\*\* Voting will be conducted by poll. If you wish your proxy to cast all your votes 'For' or 'Against' a resolution, please tick "✓" in the 'For' or 'Against' box provided. Alternatively, please indicate the number of votes 'For' or 'Against' each resolution. If you wish your proxy to abstain from voting on a resolution, please tick "✓" in the 'Abstain' box. Alternatively, please indicate the number of shares that your proxy is directed to abstain from voting.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Total number of shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal

**IMPORTANT. Please read the notes overleaf carefully before completing the Proxy Form.**



**Notes:-**

1. A member will not be able to attend the Annual General Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman of the Meeting 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 or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof (failing previous registration with the Company), must be submitted in the following manner:
  - (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Service, at 80 Robinson Road #11-02, Singapore 068898; or
  - (b) 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), in either case, by 11.00 a.m. on 24 June 2020.

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Affix  
Postage  
Stamp

**REENOVA INVESTMENT HOLDING LIMITED**  
c/o Tricor Barbinder Share Registration Services  
80 Robinson Road, #11-02  
Singapore 068898

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5. A member of the Company should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members 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 of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 June 2020.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### MR CHEN TONG

*Executive Chairman and Executive Director*

### MR KWOK WEI WOON

*Lead Independent Director*

### MR LEE KA SHAO

*Independent Director*

### MR LIN, CHEN HSIN

*Independent Director*

## AUDIT COMMITTEE

**MR KWOK WEI WOON** *(Chairman)*

**MR LEE KA SHAO**

**MR LIN, CHEN HSIN**

## REMUNERATION COMMITTEE

**MR LEE KA SHAO** *(Chairman)*

**MR KWOK WEI WOON**

**MR LIN, CHEN HSIN**

## NOMINATING COMMITTEE

**MR LEE KA SHAO** *(Chairman)*

**MR CHEN TONG**

**MR KWOK WEI WOON**

## COMPANY SECRETARIES

**MR VINCENT LEE CHUNG NGEE**

**MS JOANNA LIM LAN SIM**

## REGISTERED OFFICE

83 Clemenceau Avenue

#10-03 UE Square

Singapore 239920

Tel: (65) 6817 8288

Email: enquiry@reenovagroup.com/  
ir@reenovagroup.com

Website: 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**

1 Raffles Place

#17-02 One Raffles Place

Singapore 048616

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

Website: www.octavecomms.com



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COMPANY REGISTRATION NO. 200104762G

83 CLEMENCEAU AVENUE  
#10-03 UE SQUARE  
SINGAPORE 239920

T (65) 6817 8288  
[www.reenovagroup.com](http://www.reenovagroup.com)