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React Group PLC - REAT Placing to raise £420k; Notice of General Meeting
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REACT Group plc ("REACT" or "Company")

Placing to raise £420,000; Notice of General Meeting

The Company

The Company announces that it has conditionally raised gross proceeds of £420,000 via the placing of 140,000,000 new Ordinary Shares (the "Placing Shares") with new and existing investors at a price of 0.3 pence per Placing Share (the "Placing Price") (the "Placing"). The Placing was undertaken by Peterhouse Capital Limited.

The Placing is subject to the requisite Shareholder approval and, accordingly, the issue of the abovementioned new Ordinary Shares is conditional on, inter alia, the passing of certain resolutions by the Company's shareholders (the "Resolutions") at a general meeting of the Company (the "GM") to be held on 31 August 2018.

As such the Board is seeking the authority to allot and issue the Placing Shares, as well as Ordinary Shares (and/or rights to subscribe to them) up to the aggregate nominal value of £400,000.

Use of proceeds

The proceeds of the Placing will strengthen the Company's balance sheet and provide additional working capital which will enable it to target larger contracts in its core areas of expertise. The Company will also invest in additional sales and marketing as well as continuing to improve its internal systems and controls.

The Placing and the Placing Agreement

The Placing Shares will be issued at the Placing Price to existing investors and clients of Peterhouse Corporate Finance ("Peterhouse"), raising £420,000 for the Company (before expenses).

The Placing Shares will be issued at an issue price of 0.3 pence per share ("Placing Price") which represents a discount of approximately 20 per cent. to the closing middle market price of 0.375 pence per ordinary share on 13 August 2018, the latest practicable date before this announcement.

The Placing Shares represent approximately 33.7 per cent. of the Company's issued ordinary share capital (as enlarged by the issue of the Placing Shares immediately following admission of those shares to trading on the AIM market of London Stock Exchange plc ("AIM") ("Enlarged Share Capital").

Peterhouse has entered into a placing agreement ("Placing Agreement") with the Company and SPARK Advisory Partners Limited ("SPARK") under which Peterhouse has agreed to use its reasonable endeavours, as agent for the Company, to procure places for the Placing Shares.

The Placing is conditional upon, *inter alia*:

- the Resolutions (as defined below) being duly passed at the GM by 31 August 2018, and Admission becoming effective on or before 8:00 a.m. on 3 September 2018 or such later time and/or date as the Company, Peterhouse and SPARK may agree, but in any event by no later than 8:00 a.m. on 10 September 2018;
- the Placing Agreement having become unconditional in all respects and not having been terminated;

The Placing is not being underwritten.

The Placing Agreement contains warranties from the Company in favour of Peterhouse and SPARK in relation to, *inter alia*, the accuracy of the information in this announcement and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Peterhouse and SPARK in relation to certain liabilities it may incur in respect of the Placing. Peterhouse and SPARK each have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties.

Dealings

The Placing Shares will be allotted following the GM. Application will be made for these to be admitted to trading on AIM, and admission is expected on 3 September 2018 ("Admission").

Related party transactions

Helium Rising Stars Fund ("Helium") and Mr S Rogerson (and connected parties) own 65,385,029 and 32,500,000 shares respectively, representing 23.74% and 11.80% of the current issued share capital of the Company, and are "substantial shareholders" in the Company.

Helium and Mr Rogerson (and connected parties) have agreed that they will participate in the Placing, by subscribing £99,708 and £49,568.25 respectively for 33,236,000 and 16,522,750 Placing Shares as set out below. Helium and Mr Rogerson (and connected parties) is participating on the same terms as all other places.

Name	Amount subscribed	Number of Placing Shares	No of Ordinary Shares held post Admission	% of Ordinary Share Capital held post Admission

The participation in the Placing by Helium and Mr Rogerson (and connected parties) constitute related party transactions under the AIM Rules for Companies.

The Directors, who are considered to be independent directors of the Company for the purposes of AIM Rule 13 in relation to these related party transactions, have considered the participation of Helium and Mr Rogerson (and connected parties) in the Placing. Having consulted with SPARK Advisory Partners Limited, the Company's nominated adviser, the independent directors consider that the terms of Helium's and Mr Rogerson's (and connected parties') participation in the Placing are fair and reasonable insofar as Shareholders are concerned.

General meeting

The Company has today sent out to shareholders a notice ("Notice") convening a general meeting to be held on 31 August 2018. At the GM resolutions will be proposed ("Resolutions") to:

- 1) authorise the Directors to allot the Placing Shares and further ordinary shares up to an aggregate nominal value of £400,000; and
- 2) disapply statutory pre-emption rights in relation to the Placing Shares and further ordinary shares up to an aggregate nominal value of £400,000.

If the Resolutions are passed at the GM on 31 August 2018, Admission is expected to become effective on 3 September 2018.

Board Recommendations

The directors of the Company consider that the Placing and all of the proposals to be considered at the GM are in the best interests of the Company and its shareholders as a whole. The directors unanimously recommend that you vote in favour of all of the proposed resolutions as they intend to do in respect of their own beneficial holdings.

Gill Leates, Chairman said:

"I would like to thank all the investors for their support in the Placing. The additional working capital provided by the Placing will enable REACT to invest in additional sales and marketing and to target larger contracts in its core areas of expertise."

For further information, please contact:

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