

"We are delighted to welcome German strategic investors' Deutsche Balaton and Delphi which will have a combined 13.6% shareholding in the company once the placement is completed.

"The placement was also well supported by existing substantial shareholders, including SMS Investments and the Melewar Group."

READ: Altech Chemicals continues to progress stage I construction at HPA project site in Malaysia

As well as stage II work, funds will also be used for administration and working capital purposes.

Petra Capital acted as lead manager and book-runner to the placement.

Stage II plan

The stage II work at the Johor site will include third party and supplier engineering, advancing various civil loads in the plant and advancing current stage I activities.

Altech is continuing with its strategy of advancing the construction of the HPA plant in parallel with project financial close.

An impression of the HPA plant.

Placement shares will be issued at a price of 10.85 cents per share, which represents a 16.5% discount to the price of the company's shares as traded on the ASX at the close of trade on April 11, 2019.

Tan said: "At our Malaysian HPA site, stage I construction (majority pre-paid) is progressing well and SMS group's construction team is making solid progress."

He said the company was keen to maintain construction momentum at the site whilst project finance was being finalised.

READ: Altech Chemicals signs mezzanine finance mandate with Macquarie Bank

"After many months of extensive scrutiny, in February 2019 a positive report with a 'no fatal flaws' finding on the HPA project was received from the technical consultant appointed by proposed Mezzanine debt provider Macquarie Bank.

"Altech has since signed a mandate with Macquarie appointing it as the exclusive mezzanine lender for a proposed facility of up to US\$90 million."

READ: Altech Chemicals sees increase in demand for HPA from lithium battery manufacturers

The MD said the next steps would include non-technical project due diligence such as legal, detailed HPA market research, bank project financial modelling and inter-creditor discussions with KfW IPEX-Bank.

"On the final project equity requirement, this will depend on amongst other things the final requirements of both lenders, KfW IPEX-Bank and Macquarie, and on the amount of construction work that has been pre-funded by Altech prior to project financial close," he said.

"The company continues to engage closely with a wide variety of investors, both existing and potential, including parties that have expressed interest in investing directly at the project level.

"Any direct project equity investment is likely to occur only after the mezzanine debt is finalised.

"Whilst working towards project financial close, we see it as critical to maintain the construction momentum at our HPA plant site and are delighted that those who have participated in this placement also share this view," Tan added.

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