

# RENAISSANCE UNITED LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number 199202747M)

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## ENTRY INTO A NON-BINDING MEMORANDUM OF UNDERSTANDING

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### 1. INTRODUCTION

- 1.1 The Board of Directors (“**Board**” or “**Directors**”) of Renaissance United Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has, on 26 February 2019 entered into a non-binding memorandum of understanding (the “**MOU**”) with Broadland Garment Industries Sdn Bhd (the “**Vendor**”).
- 1.2 Pursuant to the MOU, the Company shall enter into negotiations with the Vendor for the proposed acquisition (the “**Proposed Acquisition**”) of a majority stake in the issued and paid-up share capital of Broadland Garment International Sdn Bhd (the “**Target**”).
- 1.3 The Proposed Acquisition shall be subject to, *inter alia*, the Company and the Vendor (collectively, the “**Parties**”) finalising and entering into a definitive sale and purchase of shares agreement and other related documents in respect of the Proposed Acquisition (where required) (collectively, the “**Definitive Documents**”).
- 1.4 The Parties shall negotiate in good faith and work towards an agreement on the terms of the Definitive Documents.
- 1.5 The Proposed Acquisition, if entered into, is expected to involve a new business which is substantially different from the Group’s existing business and is envisaged to change the existing risk profile of the Group. Subsequent to the entry into the Definitive Documents and in connection with the Proposed Acquisition, the Company intends to diversify and expand its core business primarily to include the business of garment manufacturing, distribution and retail (the “**Proposed Diversification**”). The Company will be seeking the approval of the shareholders for the Proposed Acquisition and the Proposed Diversification, if necessary, and further details on the Proposed Acquisition and the Proposed Diversification will be provided in due course.

### 2. INFORMATION ON THE TARGET AND THE VENDOR

- 2.1 The Target is a private company limited by shares and incorporated in 2019 under the laws of Malaysia. The Target is principally in the garment manufacturing, distribution and retail industry, and is currently in the process of taking over certain existing business contracts from the Vendor and its subsidiaries.
- 2.2 The Vendor is a private company limited by shares, incorporated since 1986 under the laws of Malaysia. The Vendor is involved in the business of garment manufacturing, with operations across Malaysia, Cambodia, and China. It offers a range of knitted products across its core product lines

and value-added product lines, to cater to various sectors and age groups. To date, the Vendor has a strong network of supporting industries, and has capabilities for localized procurement and production re-engineering, making it well-equipped to respond quickly to market demands.

- 2.3 None of the Directors, controlling shareholders of the Company or substantial shareholders of the Company, or their respective associates, are related to the Vendor. As at the date of this announcement, to the best knowledge of the Company, the Vendor does not hold any shares in the Company.

### **3. RATIONALE FOR THE PROPOSED ACQUISITION AND THE PROPOSED DIVERSIFICATION**

- 3.1 The Proposed Acquisition is part of the Company's efforts to diversify its business operations and broaden its stream of income and revenue to achieve a more consistent and sustainable financial growth. The Proposed Acquisition, once completed, will give the Company a controlling stake in the Target as well as a strategic exposure and entry into the garment manufacturing, distribution and retail industry.

- 3.2 In light of the above, the Board is of the view that the Proposed Acquisition and the Proposed Diversification are in the best interests of the Company and its shareholders.

### **4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

A summary of the principal terms of the Proposed Acquisition as set out in the MOU is provided below.

#### **4.1 Restructuring of Target**

It is intended that the Target undergoes a restructuring exercise to segregate its management operations from its assets (the "**Restructured Target**"). For the avoidance of doubt, the Restructured Target to be acquired will be overseeing the management operations of the Target.

#### **4.2 Negotiations**

The Parties hereby agree to negotiate for a period of 12 months from the date of the MOU (or such other period as the Parties may agree from time to time) with regards to any potential collaboration, investment, and/or acquisition with respect to the Restructured Target.

#### **4.3 Definitive Agreement(s)**

In the event of any successful negotiations, the Parties shall negotiate the terms of the respective definitive agreement(s) to be entered into.

#### **4.4 Non-binding Agreement**

The Parties acknowledge and agree that this MOU is not intended to create any legally binding obligations save for certain provisions relating to exclusivity, costs, confidentiality, governing law and dispute resolution, severability, and third party rights.

## 5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

To the best of the Directors' knowledge, none of the Directors, substantial shareholders or controlling shareholders of the Company have any interests, direct or indirect, in the MOU and the transactions contemplated therein, save for their interests arising by way of their respective directorships and shareholdings in the Company.

## 6. RESPONSIBILITY STATEMENT

6.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the MOU and the transactions contemplated therein, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

6.2 Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## 7. FURTHER ANNOUNCEMENTS

The Company will make the relevant update announcements on the Proposed Acquisition and the Proposed Diversification to update shareholders as appropriate and in compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), including further information on the Target and information required under Chapter 10 of the Listing Manual, upon finalisation of the terms and conditions of the Definitive Documents or as and when there are material developments on this matter.

## 8. CAUTION IN TRADING

Shareholders and potential investors are advised that the MOU has non-binding obligations on the Parties and is subject to, *inter alia*, the execution of the Definitive Documents among the Parties. Therefore, there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition or the Proposed Diversification will be completed, or that no changes will be made to the terms thereof. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that there is no assurance that any business activities or transactions mentioned in this announcement will materialize, including the entry into the Definitive Documents. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.

### By Order of the Board

James Moffatt Blythman  
Executive Director and Chief Financial Officer  
26 February 2019