INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENAISSANCE UNITED LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Renaissance United Limited (the "Company") and its subsidiaries (collectively, the "Group") as set out on pages 17 to 107, which comprise the statements of financial position of the Group and the Company as at 30 April 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income 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.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 April 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year then ended on that date.

Basis for Qualified Opinion

1. Financial information of Hubei Zonglianhuan Energy Investment Management Inc. and its subsidiaries ("HZLH group")

   The component auditor has not received a bank confirmation letter from a financial institution with which a subsidiary of HZLH group held a balance of RMB1,016,000 (approximately $200,000) and RMB1,014,000 (approximately $204,000) as at 30 April 2020 and 2019 respectively. Accordingly, we are unable to satisfy ourselves on the completeness of any special arrangements or restrictions with or imposed by the financial institution and on the completeness and accuracy of the balances and commitments held with this financial institution for the financial year ended 30 April 2020 and 2019.

2. Transaction between China Environmental Energy Protection Investment Limited and Xiaogan He Shun Investment Management Centre LLP

   During the financial year ended 30 April 2018, the Group recognised the impact of the dilution in equity ownership of HZLH from 85% to 65%, in connection with the sale of HZLH shares by China Environmental Energy Protection Investment Limited ("CEEP") to Xiaogan He Shun Investment Management Centre LLP ("He Shun"). Based on the legal advice obtained, the transaction was accounted for as a disposal of shares in HZLH, instead of a share-based payment transaction as reflected in previous years' financial statements.

   During the financial year ended 30 April 2020, a prior year adjustment was made by the Group to transfer the amount of $731,000 from Equity – NCI to accumulated losses as at 1 May 2018 in the consolidated statement of changes in equity. Full details are disclosed in Notes 13(c) and 26(c) to the financial statements.

   We are unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the accounting treatment for the above-mentioned transactions and on the adjustments made in prior financial year's financial statements arising from the accounting for the transactions.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENAISSANCE UNITED LIMITED

Report on the Audit of the Financial Statements (cont'd)

Basis for Qualified Opinion (cont'd)

2. Transaction between China Environmental Energy Protection Investment Limited and Xiaogan He Shun Investment Management Centre LLP (cont'd)

   During the financial year ended 30 April 2019, the Group recognised an impairment loss of $2,741,000 on the balance receivable from a key management personnel ("KMP") as disclosed in Note 17(a) to the financial statements. We were unable to satisfy ourselves as to whether the impairment loss or a portion of the impairment loss should be recognised in the previous financial year ended 30 April 2019.

   Our opinion on the current financial year's financial statements is also modified because of the possible effect of these matters on the comparability of the current financial year's figures and the corresponding figures.

3. Development property

   As disclosed in Note 16 to the financial statements, the net carrying amount of the Group's development property as at 30 April 2020 amounted to $11,880,000 (2019: $10,543,000).

   We are unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the net carrying amount of the development property as at 1 May 2017 contained misstatements as management was unable to provide supporting documents for the accumulated brought forward costs of the development property. Accordingly, we are unable to satisfy ourselves that the development property stated at cost of $11,880,000 and $10,543,000 as at 30 April 2020 and 30 April 2019 respectively are fairly stated.

   Our opinion on the current financial year's financial statements is also modified because of the possible effect of these matters on the comparability of the current financial year's figures and the corresponding figures.

4. Contingent liabilities

   As disclosed in Note 20 and Note 33 to the financial statements,

   (a) A former key management personnel informed the auditor that as at 30 April 2020, there is an outstanding amount owing to him of $1,025,000 under the terms of his service agreement. The former key management personnel had also filed a writ of summons claiming $249,500 for damages caused by alleged defamation by the Company and its three former directors.

       The Board of Directors has sought legal advice from its lawyers. No provision has been recorded in the financial statements as at 30 April 2020.

   (b) On 17 July 2018, the Company and its subsidiary, Capri Investments L.L.C. ("Capri") received writ of summons from Westridge Development LLC and G. Patrick Healy ("Healy"). The claims relate to claim of ownership of approximately 15 acres of real property in Pierce County, Washington.

       On 9 October 2020, the Court ordered that all claims by Westridge Development LLC be dismissed without prejudice. The remaining claims brought by Healy will continue to be litigated. The Company has discussed with its lawyers and has not altered its position that the claims are without merit. Accordingly, the claim amount has not been recognised in the financial statements as at 30 April 2020.

Report on the Audit of the Financial Statements (cont'd)

Basis for Qualified Opinion (cont'd)

4. Contingent liabilities (cont'd)

   (c) On 13 May 2019, the Company and its subsidiary, Capri, were served with a complaint filed in the Pierce County Superior Court in the State of Washington by attorneys for Renovatio LLC. The complaint relates to claim of monies owing arising from (i) a breach of payment for services rendered by Healy, (ii) stipend and expense reimbursement claims of Healy, (iii) 20% ownership interest in Asia Plan Ltd allegedly owed to Healy, and (iv) loans made by Healy for the Falling Water project owned by the subsidiary. The Company and Capri believe that the claims are erroneously made and without merit.

   Based on currently available information, we are unable to obtain sufficient appropriate audit evidence to determine whether any provision for additional liabilities is necessary for the all above claims in respect of the financial year ended 30 April 2020.

5. Investment in subsidiary

   In the previous financial year, we were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness on the recoverable amount of the Company's investment in ESA Electronics Pte. Ltd. ("ESA") as at 30 April 2019. As disclosed in Note 13 to the financial statements, the net carrying amount of the Company's investment in ESA as at 30 April 2019 amounted to $5,310,000, after deducting accumulated impairment loss of $16,725,000. Consequently, we were unable to satisfy ourselves as to whether additional impairment loss or a reversal of impairment loss should be recognised in the current financial year or previous financial year ended 30 April 2019. Our opinion on the current financial year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. The Group's and the Company's current liabilities exceeded the current assets by $7,096,000 (2019: $13,846,000) and $5,640,000 (2019: $5,591,000) respectively. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments as disclosed in Note 35 to the financial statements. These conditions give rise to material uncertainties on the ability of the Group and Company to continue as going concerns.

Nevertheless, in the preparation of the financial statements, the Board of Directors of the Company believes that the use of going concern assumption is appropriate after taking into consideration the factors as disclosed in Note 3.1 to the financial statements.

Report on the Audit of the Financial Statements (cont'd)

Material Uncertainty Related to Going Concern (cont'd)

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.

Our opinion is not modified in respect of this matter.

Other Matter

We draw your attention to Note 32 to the financial statements, which describes the investigations by the Commercial Affairs Department, Singapore Police Force ("CAD"). As investigations against persons who may have facilitated the offences are still ongoing, there exists an uncertainty, the outcome of which is unknown, may have an impact on the Group's ongoing business operations. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the directors' statement and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Because of the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, we are unable to conclude whether or not the other information is materially misstated with respect to the matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* and *Material Uncertainty Related to Going Concern* sections, we have determined the matter described below to be the key audit matter to be communicated in our report.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment assessment on intangible assets and property, plant and equipment

At 30 April 2020, the carrying amounts of the Group's intangible assets and property, plant and equipment amounted to $22,774,000 (2019: $23,458,000) and $74,890,000 (2019: $74,807,000) respectively, which represent 73.2% (2019: 73.0%) of total assets of the Group's consolidated statement of financial position.

The assessment of the carrying amount of these assets requires management to exercise judgement in identifying existence of any indicators of impairment. When such indicators are identified, management exercises further judgement in making an estimate of the recoverable amount of these assets against which to compare their carrying amounts. The recoverable amount of these assets is based on fair value less cost to sell, determined based on valuation performed by an independent firm of professional valuers using a market-based approach. The estimation is based on management's views of variables such as enterprise value divided by earnings before interest, tax, depreciation and amortisation ("EV/EBITDA") multiple, control premium and marketability discount as disclosed in Note 3 to the financial statements. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's operating environments, which may affect the carrying amounts of the intangible assets and property, plant and equipment.

Our audit procedures included (a) assessed the methodology adopted for the fair value less cost to sell; (b) corroborated EV/EBITDA multiple, control premium and marketability discount assumptions used in the valuation to market data; (c) recalculating the earnings before interest, tax, depreciation and amortisation used in the model; (d) checked the mathematical accuracy of the model; (e) assessing the objectivity, competency and capability of the external expert; and (f) assessing the adequacy of disclosures made in the financial statements.

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 Act and SFRS(I), 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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 Tay Guat Peng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

11 November 2020