RENAISSANCE UNITED LIMITED
(Company Registration No. 199202747M)
Incorporated in Singapore

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

INTRODUCTION

Renaissance United Limited (the "**Company**" and together with its subsidiaries, the "**Group**") was placed on the watch-list under the Financial Entry Criteria pursuant to Listing Rule 1311(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 5 December 2023.

Pursuant to Listing Rule 1313(2) of the Listing Manual, the Board of Directors (the "**Board**") of the Company is providing this update which outlines recent developments, and the Group's strategy for addressing the exit criteria of the watch-list as follows:

2024 AUDITED FINANCIAL YEAR RESULTS

On 15 August 2024, the Company released its Annual Report for the financial year ended 30 April 2024 ("**FY2024**"), showing an approximate 26% year-over-year increase in total revenue, reaching S$93.4 million (compared to S$74.2 million in the previous financial year) driven by:

- a 11.4% increase in turnover from ESA Electronics Pte. Ltd ("**ESA**");
- a 9.1% increase in turnover from the Group's gas distribution business operated by Hubei Zonglianhuan Energy Investment Management Inc. ("**HZLH**") in the People's Republic of China ("**PRC**"); and
- a S$12.1 million in revenue generated from the sale of land in the United States ("**USA**") by Capri.

Despite this revenue growth, the Group recorded a loss before income tax of S$8.726 million for FY2024. This loss was significantly impacted by an impairment of intangible assets related to the gas distribution business in the PRC. As foreshadowed in previous announcements, China's policy makers have been considering reforming gas downstream pricing governance with a view to shifting towards a price linking mechanism. This should improve profitability by allowing HZLH to pass on higher raw material costs to its customers on a timelier basis, which is particularly impactful during winter periods.

STRATEGIC INITIATIVES

As disclosed in the Company's quarterly announcement in this regard on 2 July 2024, to address the financial challenges and meet the requirements for removal from the watch-list, the Company has implemented several strategic initiatives:

(a) on 28 June 2024, RUW entered into an exclusive marketing agreement ("**Exclusive Marketing Agreement**") with Maxstar International Sdn. Bhd. ("**Maxstar**") under which Renaissance United Washington LLC, ("**RUW**"), a wholly owned subsidiary of the Company was appointed the exclusive marketing agent for Maxstar in the USA. As disclosed in the Company's announcement disclosing the appointment, the Company believes that such appointment is complementary to the Group's property development business in the US and would provide an additional revenue stream for the Group. Please refer to the Company's announcement on 2 July 2024 for more information on the appointment of RUW as exclusive marketing agent for Maxstar.

(b) on 26 June 2024, the Company announced that its wholly owned subsidiary, Renaissance United Assets Sdn. Bhd. ("**RUA**") entered into a sale and purchase agreement dated 25 June 2024 (the "**Pelangi Acquisition**") with Pelangi Sdn Bhd ("**Pelangi**") for the purchase of a parcel of land and a commercial building ("**Building**") which is under development by Pelangi on the said land. Pelangi is a subsidiary of SP Setia Berhad., a well-known property developer in Malaysia. As disclosed in the 26 June 2024 announcement, when completed, the Group intends to lease out spaces within the Building as shops and offices. The Pelangi Acquisition marks the Group's first foray outside of the US in relation to its property development business. The Company believes that the Pelangi Acquisition will broaden the opportunities for its property development business and put the Group in a position to generate value for its identified group of key stakeholders. Please refer to the Company's announcement on 26 June 2024 for more information on the Pelangi Acquisition.

EXPANSION INTO NEW MARKETS AND DIVERSIFICATION OF PROPERTY BUSINESS

As previously disclosed, the Group is preparing to convene an extraordinary general meeting to seek the approval of shareholders for:

(a) a proposed geographical expansion of its current property development and sale business carried on in the USA into to include Singapore, Australia, Sri Lanka, Vietnam, Cambodia, and the Peoples' Republic of China. T (the "**Proposed Geographical Expansion**"); and

(b) a proposed diversification of the Group's property development and sale business to include the acquisition and development of commercial properties for rental, management and the distribution of certain home interior products, such as kitchen cabinetry and other home interior products and services (the "**Proposed Property Business Diversification**").

OUTLOOK

The Group believes that the Proposed Geographical Expansion and the Proposed Property Business Diversification will enhance its property development and sales business. These initiatives will broaden the Group's horizons, and by diversifying its current scope to include the development of commercial properties and distribution of home interior products and services, the Group hopes to realise the following benefits:

- **Capture opportunities**. The nature of the real estate and property business is dynamic, where prompt investment decisions are required. The selected new markets are characterized by their growing economies and/or vibrant, albeit mature, real estate sectors, offering opportunities for the generation of new and sustainable revenue streams through rental income, capital appreciation, and the provision of property-related services. This strategic move is aimed at positioning the Group for a more robust and sustainable future.

- **Wider network of contacts and opportunities**. Entering the new markets also brings with it new contacts, clients, and business opportunities, which can bring further opportunities of other businesses, including sustainable and green businesses for the Group to consider and enter into, with shareholders' approval, if it should come to pass.

- **Maintain industry relevance**. The real estate and property industry is constantly evolving, especially after the COVID-19 pandemic. Expanding its geographic reach will help the Group stay relevant and competitive, and capitalise on new trends, such as smart and sustainable homes and offices, with eco-friendly features, or homes with dedicated workspaces or with flexible layouts that can be adapted into workspaces.

- **Mitigate risks**. By operating in a broader range of markets, the Group lessens its dependence on any single location and its potential economic fluctuations.

BUSINESS CONTINUITY AND SUSTAINABILITY

Despite the watch-list status, the Group's businesses and trading of its securities will continue as usual, unless a trading halt or suspension is implemented in accordance with the Listing Rules.

In undertaking the Proposed Geographical Expansion and Proposed Property Business Diversification (upon shareholder approval), the Group will proactively take steps to enhance its governance framework to transition to a purpose-driven organisation. This transition will involve establishing and operating within parameters that safeguard the environmental and social systems the Group's operations rely on.

In particular, to align with the enhanced sustainability reporting requirements recently announced by the SGX Regco on 23 September 2024, the Group will strive to incorporate relevant aspects of the ISO 37000 governance framework, as well as ensuring compliance with Regco's enhanced sustainability reporting requirements across all its operations.

LISTING RULE REQUIREMENTS

Under the requirements of Listing Rules 1314, the Company will have to take active steps to restore its financial health and meet the requirements of Listing Rule 1314 within 36 months from 5 December 2023, failing which the SGX Regulation will delist the Company or suspend trading of the Company's shares with a view to delisting the Company.

Listing Rule 1314 stipulates that the Company may apply to the SGX Regulation to be removed from the Financial Watch-list if it records a consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) and has an average daily market capitalisation of S$40 million or more over the last 6 months.

With the strategic moves planned for the Group's property development and sale business, the Company hopes to add new and additional streams of revenue to the Group's overall revenues. The Group will work towards satisfying the exit criteria set forth under Listing Rule 1314 as soon as possible.

In the meantime, the Company would like to inform all shareholders, investors, and other stakeholders that the Group's businesses and the quotation and trading of its securities will continue in the ordinary course, unless a trading halt or suspension is put into effect, in accordance with the Listing Rules.

By Order of the Board

Allan Tan
Company Secretary
1 October 2024