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

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

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**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:

**SECOND QUARTER (“2QFY25”) AND SIX MONTHS PERIOD (“1HFY25”) UNAUDITED FINANCIAL RESULTS**

On 14 December 2024, the Company released its unaudited condensed financial statements for the Second Quarter (“**2QFY25**”) and Six Months (“**1HFY25**”) financial period ended on 31 October 2024, showing an approximate 7.1% quarter decrease in total revenue of S$16.6 million (compared to S$17.9 million in the previous quarter) and an approximate 1.6% decrease in total revenue of S$35.6 million (compared to S$36.1 million in the previous financial period) accounted for by:

- a 26.0% decrease in turnover from ESA Electronics Pte. Ltd ("**ESA**") for the 2QFY25 and 12.2% lower for the 1HFY25 ended on 31 October 2024;
- a 1.0% decrease 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**”) for the 2QFY25 and 1.7% increase for the 1HFY25 ended on 31 October 2024 ; and
- zero revenue generated from the sale of land in the United States (“**USA**”) by Capri for the 2QFY25 and for the 1HFY25 ended on 31 October 2024 as there was no finalised sales agreement with home builders in the second quarter and six months period.

The decrease in the turnover recorded by ESA was due to decreased demand of burn-in boards by semi-conductor manufacturers in 2QFY25 and overall lower equipment sales for 1HFY25 ended on 31 October 2024.

The decrease in turnover recorded by HZLH was due to a decrease in connection fees for 2QFY25. The increase for 1HFY25 ended on 31 October 2024 was due to an increase in natural gas sales.

The Group recorded a loss before income tax of S$0.8 million for 1HFY25 ended on 31 October 2024.

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. To date, some local governments in Hubei Province such as HongHu County have implemented a new pricing policy.

## 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 2 July 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 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

As disclosed in the Company's last quarterly update, 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, or [even] the tiny living movement.

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

From a macro-economics and geo-political perspective, the Group is aware that uncertain times lie ahead, as a new administration in the United States will assume office in January 2025. This uncertainty derives from a confluence of factors, including but not limited to the interest rate policy of the US Federal Reserve and the new administration's trade policies, among other issues, which could potentially affect global economic growth in 2025 and beyond. Demand for real estate could be dampened by a sustained higher interest rate rather than a forecast cut. Inflation could adversely impact construction costs, property values and consumer purchasing power, and forex translation costs could impact the Group's investments and profitability of its operations that transact using the United States dollar. Furthermore, a trade war between major economies could trigger political instability, all of which may exert an adverse impact on the Group's overall financial position.

## 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.

**FORWARD LOOKING STATEMENTS**

This announcement contains statements that are not historical facts but are forward-looking statements. These statements represent the views of the Board and may involve known and unknown risks and uncertainties, which may cause actual results to differ from those described in these statements. Shareholders should not place undue reliance on these forward-looking statements.

**By Order of the Board**

Allan Tan
Company Secretary
2 January 2025