

# RENAISSANCE UNITED LIMITED

(Company Registration No.: 199806124N)

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## PURCHASE OF A PROPERTY IN MALAYSIA BY A WHOLLY OWNED SUBSIDIARY OF THE COMPANY

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### 1. INTRODUCTION

The Board of Directors of Renaissance United Limited (the “**Company**” and together with its subsidiaries, the “**Group**”, each member of the Group shall hereinafter also be referred to as a “**Group Subsidiary**” or collectively, the “**Group Subsidiaries**”) wishes to announce that a wholly owned subsidiary of the Company, Renaissance United Assets Sdn. Bhd, (“**RUA**” or the “**Purchaser**”) has on 25 June 2024 entered into a Sale and Purchase agreement (the “**SPA**”) with **Pelangi Sdn. Bhd** (the “**Vendor**”) for the acquisition of a parcel of land within a larger parcel (defined as the “**Master Land**” below), owned by the Vendor in Johor Bahru, State of Johor, Malaysia (the “**Acquisition**”).

### 2. INFORMATION RELATING TO THE ACQUISITION OF THE PROPERTY

#### 2.1 Information on the Vendor

2.1.1 The Vendor, Pelangi Sdn. Bhd. is a private company incorporated in Malaysia, with company registration number 197201001814 (13509-H) and has its registered office at S P Setia Berhad Corporate HQ, No. 12, Persiaran Setia Dagang, Setia Alam, Sekyen U13, 40170 Shah Alam, Selangor Darul Ehsan. Its principal place of business is at 03 & 05, Jalan Sri Pelangi 3, Taman Pelangi, 80400 Johor Bahru, Johor Darul Takzim.

2.1.2 The Vendor is in the business of developing and investing in real estate properties, and other property related businesses. The Vendor is a subsidiary of SP Setia Berhad (“**SP Setia**”), a leading property developer in Malaysia, which is listed on the main market of Bursa Malaysia. The SP Setia group of companies has operations in Malaysia, Singapore, Vietnam, Australia, and the United Kingdom.

2.1.3 The Vendor is the existing registered owner of a parcel of freehold land located in the Pelangi district of Johor Bahru, State of Johor, measuring approximately 18,895 square metres (the “**Master Land**”).

2.1.4 Neither the Vendor nor any other member of the SP Setia group of companies (a) is related to any of the directors (or their associates) of the Company (each a “**Director**” and collectively, the “**Directors**”), nor (b) has any interest in or holds shares of the Company or any member of the Group.

2.1.5 To the best of the Directors’ knowledge and information, neither the Vendor nor any member of the SP Setia group of companies is related to any controlling shareholder (or their associates) of the Company.

#### 2.2 Information on the Property

2.2.1 The property the Purchaser has acquired from the Vendor is part of the Master Land, and is distinguished by the following characteristics (the “**Property**”):

(a) **Parcel No.:** Lot No. L44.

(b) **Project Name:** Pelangi Avenue

- (c) **Land Area:** 144.93 square metres.
- (d) **Location:** Jalan Pingai, Taman Pelangi, Johor Bahru, Johor, Malaysia.
- (e) **Building:** The building-in-construction on the Property, when completed, will be a four-story building with spaces and common facilities and services for shops/offices, and a total built-up area of 6,240 square feet, (the “**Building**”). The Building is licensed and approved for use as offices/shops.
- (f) **Stage of Completion:** the Building is in progress as at the date of the Valuation Report and is expected to be completed within thirty-six (36) months from the date of the SPA.
- (g) **Zoning:** the Property is located within an area zoned for commercial use.
- (h) **Tenure:** Freehold Interest.
- (i) **Type of title:** The Master Land is undergoing surrender and re-alienation, whereupon separate strata titles will be issued.
- (j) **Encumbrance:** The Master Land within which the Property is comprised is presently not charged as security to any financial institution by the Vendor.

2.2.2 The Building is located within Pelangi, a vibrant neighborhood in Johor Bahru, characterised by a mix of residential properties (homes, apartments, and condominiums), commercial spaces (shophouses and shop-offices), and popular retail and hospitality destinations (shopping malls and hotels). Notable nearby landmarks include:

- (a) City Square Johor Bahru, City Mall;
- (b) Giant Leisure Mall, JB;
- (c) Customs, Immigration and Quarantine Complex;
- (d) KSL City Mall; and
- (e) Komtar, JBCC.

## 2.3 Key Terms of the SPA

2.3.1 Under the terms of the SPA, the Vendor will sell the Property together with the completed Building, developed according to the specifications stipulated in the Fifth Schedule to the SPA. Terms defined in the SPA are adopted in this announcement, unless defined otherwise.

2.3.2 All approvals required from the Appropriate Authority for the development of the Property and the Building will be obtained and paid for by the Vendor.

## 2.4 Purchase Price of the Property

2.4.1 The total purchase price of the Property together with the completed Building is Malaysian Ringgit (RM) Three Million, Three Hundred and Sixty-Six Thousand (RM3,366,000) (the “**Purchase Price**”).

2.4.2 The Purchase Price is payable in instalments of fixed percentages, based on certain events or milestones stipulated in the Third Schedule to the SPA. At the date of the SPA, the Company will have paid a total sum of RM336,600, equivalent to 10% of the Purchase Price.

2.4.3 To support the acquisition of the Property (and Building), the Company engaged JLL Appraisal & Property Services Sdn. Bhd. (“**JLL**”) for an independent valuation. In its report dated 2 May 2024 (the “**Valuation Report**”), JLL appraised the Property (and Building) on 12 April 2024 to be RM3,400,000 using the “*Market Value*” basis. This basis is defined in the Malaysian Valuation Standard 2019 (6<sup>th</sup> Edition) and the Singapore Institute of Surveyors and Valuers Practice Guide (1/2018) as follows:

*“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.”*

2.4.4 In arriving at its opinion of the market value of the Property (and Building), JLL adopted the “*Comparison Method*” to determine the Market Value. This method involves comparing the Property (and Building) with recent sales of similar properties in the vicinity, as the Building is not yet completed and has no existing income or operating data. JLL assumed the Building would be completed and would be issued with a separate strata title. The comparables used are set out under section 13.0 of the Valuation Report.

2.4.5 In the Valuation Report, JLL stated: “*We have not adopted the Investment/Capitalisation Method as the Subject of Valuation is still undergoing construction and there is no existing or projected income and operating expenses that we could rely upon to conduct a reliable income approach*”.

2.4.6 **How the Acquisition will be financed**

The Group intends to satisfy the Purchase Price by a combination of internal resources and/or bank borrowings.

**3. RATIONALE FOR THE ACQUISITION**

3.1 The key objectives of the Acquisition are to sustain the continuity and growth of the Group’s property development (“**Property Development**”) segment. The Group will continue to assess the developmental potential of, and to develop, the remaining tracts of land it holds in the United States of America.

3.2 Following the Acquisition, the Group intends to broaden the geographical reach of its Property Development segment to include Singapore, Australia, Sri Lanka, Vietnam, Cambodia, and the Peoples’ Republic of China. This strategic move aims to seize opportunities and extend the Group’s presence beyond the United States of America and previous property holdings in Singapore.

3.3 Once the Company has completed gathering its market intelligence and its analysis, it will, subject to the results of the analysis, seek approval from shareholders for (a) the geographical expansion of the Group’s Property Development segment, and (b) the diversification its Property Development segment to include the acquisition and development of commercial properties for rental, their management, and the distribution (as agent or principal) of certain types of home interior products, such as kitchen cabinetry and other home interior products and services.

**4. RULE 1006 AND PRACTICE NOTE 10.1 OF THE LISTING MANUAL**

4.1 The Acquisition is in the ordinary course of business of the Group, within its Property Development segment, and represents a reinvestment of the proceeds received from the Falling Water Project Sale (as announced on 14 February 2024). However, the Company has computed the Purchase Price according to the bases set out in (a) Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and (b) Practice Note 10.1 (“**PN10.1**”), since the Group made a loss for the financial period ended 31 January 2024 (i.e., for the 3QFY2024 and 9MFY2024 financial periods, hereinafter referred to as the “**9MFY2024 Results**”), announced on 16 March 2024, and the relative figure computed under Rule 1006(b) involved a negative figure.

4.2 The relative figures, as computed on the bases set out in Rule 1006 of the Listing Manual, are: -

Rule		
1006(a)	The net asset value (“ <b>NAV</b> ”) of the assets to be disposed of, compared with the group’s net asset value. This basis is <u>not applicable to an acquisition of assets.</u>	Not applicable
1006(b)	The net profit attributable to the assets acquired or disposed of, compared with group’s net loss.	Not applicable <sup>(1)(2)(3)(4)(5)</sup>
1006(c)	The aggregate value of the consideration given or received, compared with issuer’s market capitalisation base on the total number of issued shares excluding treasury shares.	15.66% <sup>(6)</sup>

1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as this is a cash transaction <sup>(7)</sup>
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but <u>not to an acquisition of such assets.</u>	Not applicable as the Group is not an MOG company

**Notes:**

- (1) As the Property is under development, it has neither generated a profit nor loss. Accordingly, the Company has assigned a zero value to the net loss attributable to the Property. However, as the Group incurred a loss (before tax) of S\$1,451,000 for its 9MFY2024, the relative figure computed based on Rule 1006(b) involves a negative figure. The Company has, therefore, applied the requirements of **PN 10.1** to the Acquisition.
- (2) In accordance with paragraph 4.3(a)(i) of PN 10.1 (on the assumption that a zero-value is deemed loss making when applied to the asset in question), (i) based on the total Purchase Price of RM\$3,366,000 (or approximately S\$967,725) when compared with the Company's market capitalization of S\$6,180,800 (derived from the weighted average share price of S\$0.001 on the Market Day prior to the date of the SPA multiplied by 6,180,799,986 ordinary shares in issue), the relative figure computed based on Rule 1006(c) is 15.66%. This amounts to more than 5%. The threshold of paragraph 4.3(a)(i) of PN 10.1 is exceeded.
- (3) In accordance with paragraph 4.3(a)(ii) of PN 10.1 (on the assumption that a zero-value is deemed loss making when applied to the asset in question), based on a zero-value attributed to the Property when compared with the Group's consolidated net loss (before tax) of S\$1,451,000 (taken as an absolute or positive number), the relative figure is zero, which is less than S\$72,550 or 5% of the Group's consolidated net loss (before tax) of S\$1,451,000 (taken as an absolute or positive number) (S\$72,550 is derived from 5% multiplied by \$1,451,000). The threshold of paragraph 4.3(a)(ii) PN 10.1 is not exceeded. However, as both requirements of paragraphs 4.3(a)(i) & (ii) must be satisfied, the circumstances delineated under paragraph 4.3(a) of PN 10.1 do not apply to the Acquisition. The circumstances delineated under Paragraph 4.3(b) of PN 10.1 do not apply to the Acquisition since the Property is not profitable as it is under development.
- (4) In accordance with paragraph 4.4(a)(i) of PN 10.1 (on the assumption that a zero-value is deemed loss making when applied to the asset in question), based on the total Purchase Price of RM\$3,366,000 (or approximately S\$967,725) when compared with the Company's market capitalization of S\$6,180,800 (derived from the weighted average share price of S\$0.001 on the Market Day prior to the date of the SPA multiplied by 6,180,799,986 ordinary shares in issue), the relative figure computed based on Rule 1006(c) is 15.66%. This figure does not exceed the 20% threshold of paragraph 4.4(a)(i).
- (5) In accordance with paragraph 4.4(a)(ii) of PN 10.1 (on the assumption that a zero-value is deemed loss making when applied to the asset in question), based on a zero-value attributed to the Property when compared with the Group's consolidated net loss (before tax) of S\$1,451,000 (taken as an absolute or positive number), the relative figure is zero, which is less than S\$72,550 or 5% of the Group's consolidated net loss (before tax) of S\$1,451,000 (taken as an absolute or positive number). This figure falls below the 5% to 10% threshold- range under paragraph 4.4(a)(ii). As both requirements of paragraphs 4.4(a)(i) & (ii) are satisfied, the circumstances delineated under paragraph 4.4(a) apply to the Acquisition. The circumstances delineated under paragraph 4.4(b) of PN 10.1 do not apply to the Acquisition since the Property is not profitable as it is under development.
- (6) As the circumstances under 4.4(a) apply to the Acquisition the relative figure computed based on Rule 1006(c) exceeds 5% but does not exceed 20%, **THE ACQUISITION IS, THEREFORE, A DISCLOSEABLE TRANSACTION UNDER RULE 1010 OF CHAPTER 10.**
- (7) Computation on the basis of Rule 1006(d) is not applicable as no shares are issued as consideration for the Purchase Price.

- 4.3 Notwithstanding that the Property is located in Malaysia, the Company does not consider that the Acquisition will expose the Company or the Group to significant new risks since the Board is familiar with the legal and business environments of Malaysia.

## 5. ILLUSTRATIVE FINANCIAL EFFECTS

- 5.1 For the purpose of illustrating the financial effects of the Acquisition, the following assumptions have been made: -

- (a) the financial effect of the Group's loss per share is computed assuming that the Acquisition had been completed on 1 May 2022, the start of the latest audited financial year of the Group; and
- (b) the financial effect of the Group's net tangible assets is computed assuming that the Acquisition had been completed on 30 April 2023, being the date to which the latest full-year audited accounts of the Group were made up.

- 5.2 The illustrative financial effects on the Group before and after the Acquisition based on the latest audited consolidated financial statements for the financial year ended 30 April 2023 are set out as follows:

**(a) Loss per share (assuming the Acquisition had been completed on 1 May 2022)**

	Before the Acquisition	After the Acquisition
Loss attributable to owners of the Company (\$'000)	6,058	6,058
Weighted average number of shares	6,180,799,986	6,180,799,986
Loss per share (cents)	0.098	0.098

**(b) Net Tangible Assets ("NTA") (assuming the Acquisition had been completed on 30 April 2023)**

	Before the Acquisition	After the Acquisition
NTA (\$'000)	41,804	41,804
Number of shares	6,180,799,986	6,180,799,986
NTA per share (cents)	0.676	0.676

- 5.3 As the financial effects presented above are pro-forma in nature, and only for illustrative purposes, it is not intended to reflect the actual financial position and/or results of the Group immediately after the completion of the Acquisition.
- 5.4 As also stated in Note 1 of paragraph 4.2, as the Property (and Building) are under construction, there is no existing or projected income and operating expenses. The Company has, therefore, attributed a zero net profit / loss to the Property (and Building) to be acquired.

## 6. DIRECTORS' SERVICE CONTRACT

No person within the SP Setia group of companies is proposed to be appointed a director of the Company in connection with the Acquisition. Accordingly, no service contract will be entered into between the Company and any such person.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors (other than in the capacity as a director or shareholder of the Company) or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition, save for the Shares they hold in the Company.

**8 DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA and the Valuation Report is available for inspection during normal office hours at the registered office of the Company at 16 Kallang Place #05-10/18, Kallang Basin Industrial Estate, Singapore 339156 for a period of three (3) months commencing from the date of this announcement.

**9 FURTHER ANNOUNCEMENT**

The Company will make further announcements in relation to the Acquisition as and when there are material developments.

**BY ORDER OF THE BOARD**

James Moffatt Blythman  
Executive Director and Chief Financial Officer  
26 June 2024