



**Securities Investors Association (Singapore)**

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UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Renaissance United Limited

**Stock code:** I11

**Meeting details:**

Date: 30 November 2022

Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

**Q1.** The executive director and chief financial officer of the company concluded the letter to shareholders by stating that the board will continue to look for new businesses organically or via acquisition. Meanwhile, the board and management will continue to steer and guide the three current core businesses towards “sustainable profitability”.

However, it is noted that the group recognised no revenue from Capri in FY2022 while it is also embroiled in lawsuits. While the revenue was higher in the gas distribution business, the loss after income tax was \$(38,000) (Note 13 Investments in subsidiaries; page 61). The electronics and trading segment reported a profit after tax of \$93,000.

At the group level, loss for the year attributable to equity holders was \$(12.3) million in FY2022, up from \$(5.4) million a year ago.

- (i) **Capri: When are the other payments due from KB? What are the milestones, if any, attached to these payments?**
- (ii) **Hubei Zonglianhuan Energy Investment Management Inc. (“HZLH”): Who is running the day-to-day operations and has the P&L responsibilities of HZLH? How is the business impacted by China’s Zero-COVID policy? What are management’s plans to better manage the rising input costs? In addition, how will the Chinese operating entity be funding the new pipeline from Xiaochang to Dawu? What is the level of oversight of HZLH and the entities in China by the management team in Singapore?**
- (iii) **ESA Electronics: Can management help shareholders better understand the key growth drivers of ESA? What are the opportunities in the semiconductor industry given that the US has banned the sale and export of chips and high-end equipment to China?**
- (iv) **New business: How is the company carrying out its deal sourcing? What guidance has the board given to management in terms of industries, geographical area, ticket size etc?**

**Q2.** The company's independent auditor had issued a qualified opinion in their report dated 8 November 2022 on the audited financial statements for the year ended 30 April 2022.

The details can be found here:

<https://links.sgx.com/FileOpen/Auditors%20Report%20RUL%2020221108.ashx?App=Announcement&FileID=737934>

The basis for qualified opinion:

- Carrying value of intangible assets in relation to distribution and licensing rights
- Development property
- Contingent liabilities

- (i) **Can the audit committee (AC) help shareholders better understand the level of involvement in the audit and the level of assistance given to the auditors in the audit of the financial statements?**
- (ii) **In particular, did the AC review why management was unable to provide supporting documents for the accumulated brought forward costs of the development property?**
- (iii) **On what basis is the AC satisfied that the financial records of the company have been properly maintained and that the internal control systems are adequate and effective (page 116) given the auditor's qualified opinion?**

The company has also announced material differences between the audited and the unaudited financial statements of the company and its subsidiaries for the financial year ended 30 April 2022.

- (iv) **Is the group (including its officers and the directors) familiar with the Singapore Financial Reporting Standards (International) (SFRS(I))?**
- (v) **Has the AC evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**
- (vi) **Given the qualified opinion and the material variances, can the AC help shareholders better understand if it has discharged its duties objectively (Principle 10 of the Code of corporate governance 2018)? If so, how so?**

**Q3.** In addition, the auditor has also highlighted a material uncertainty related to going concern. The auditor drew 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. During the financial year ended 30 April 2022, the group and the company incurred a net loss of \$12,284,000 (2021: \$4,839,000) and \$5,759,000 respectively. As at 30 April 2022, the group's and the company's current liabilities exceeded the current assets by \$14,341,000 (2021: \$12,286,000) and \$5,059,000 (2021: \$4,977,000) respectively. These conditions give rise to material uncertainties on the ability of the group and the company to continue as going concerns.

- (i) **How can the company and the group improve its working capital?**
- (ii) **What are the major capital expenditure in the next 18-24 months?**

In Note 30(c) (page 88 – Financial instruments: Capital management), the company has stated that it will “balance its overall capital structure through new shares issues as well as the issue of new debt”.

- (iii) **Are there near-term plans to issue new shares to strengthen the financial position of the group? How will the company be carrying out any equity fund raising?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

<sup>^</sup> Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

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