RE&S HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201714588N)

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) AND SHAREHOLDERS

The Board of Directors (the "**Board**") of RE&S Holdings Limited (the "**Company**") would like to thank Securities Investors Association (Singapore) ("**SIAS**") and shareholders for submitting their questions in advance of RE&S Holdings Limited FY2022 Annual General Meeting ("**AGM**") to be held on 26 October 2022.

Please refer to the Appendix hereto for the Company's responses to the questions.

By Order of the Board

Foo Kah Lee

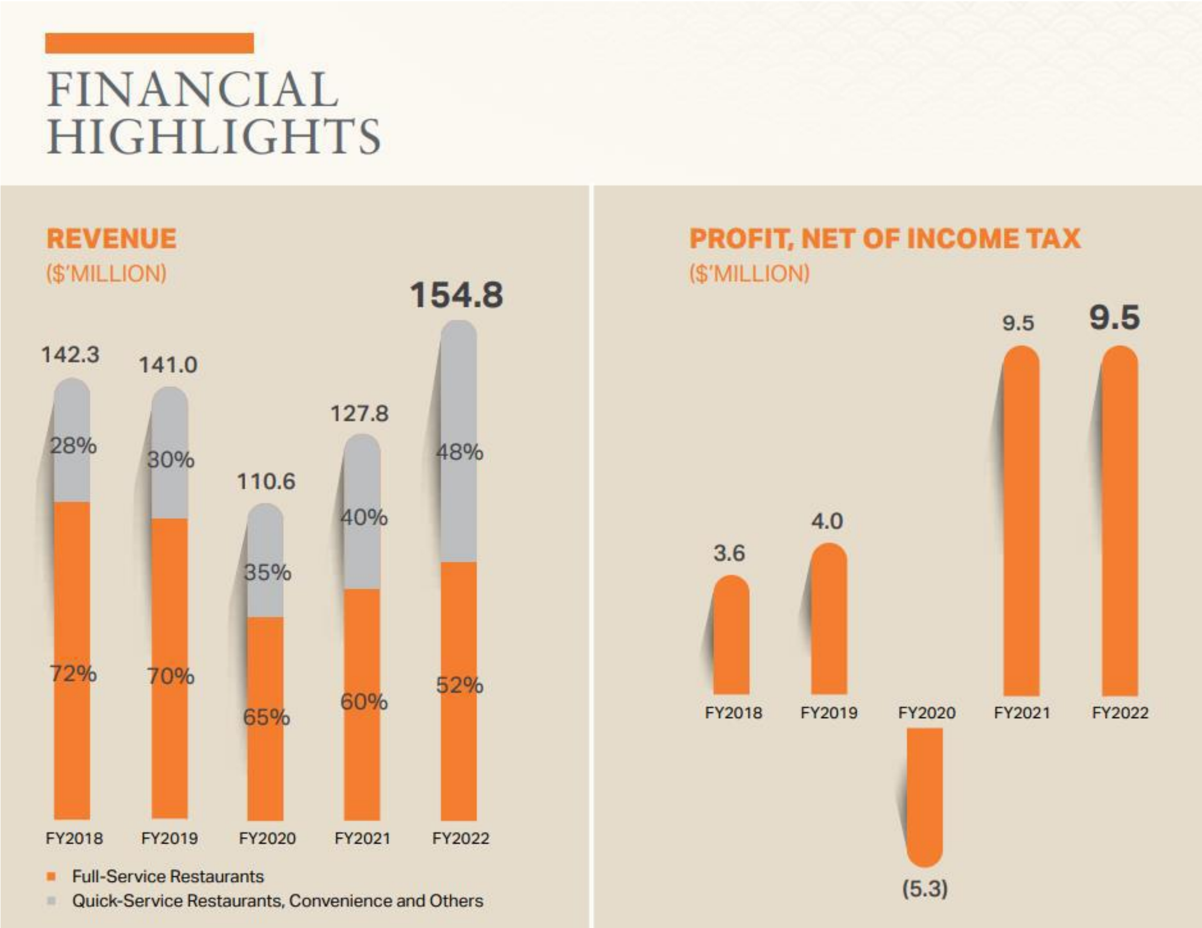
Executive Director and CEO

Date: 26 October 2022

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*
The contact person for the Sponsor is Ms. Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

APPENDIX
RESPONSES TO QUESTIONS FROM SHAREHOLDERS

No	Questions	Responses
1	Despite the challenging environment due to the pandemic, the group achieved a revenue of $154.8 million, probably a record high for the group. The group has also delivered on its long-term business strategy to increase the revenue contribution from the Quick Service Restaurant, Convenience and Others (QSR) segment. Management has disclosed the QSR segment allowed the group to operate more efficiently in a tight labour market.	



(Source: company annual report)

No	Questions	Responses
i	Has the board set a target in terms of the revenue split between full-service restaurants and QSR?	Our preference for QSR is a way to address the labour issue in Singapore. Our growth plan in the past few years has been in favour of QSR as it offers scalability. At the same time, we maintain operations of FSR as customer demand is still high. In fact, we may expand FSR if conditions are favourable. For that reason, we do not have a specific target of the revenue split.
ii	As an experienced operator, how long does it take and how much does it cost to set up a new typical QSR outlet?	It can take up to 2 years to develop a new restaurant concept and up to 6 months for expansion of existing concepts. Depending on concept and size of

No	Questions	Responses
		development, setting up a new QSR outlet can cost anything from tens of thousands for a kiosk and up to a million for a restaurant unit.
iii	What are the plans in the next 12-18 months, in terms of opening new outlets? How do the current manpower shortage and the uncertainties in the global economy affect the group's expansion plans?	We see the demand for retail concepts like Kuriya Japanese Market and Gokoku Bakery outlets. We plan to open more, depending on the availability of suitable locations. We are taking a cautious approach to opening of new outlets and more focus will be placed on leveraging our existing setup to do more sales.
iv	Is the group looking to set up a loyalty programme to attract and retain its customers and to cross-sell across brands?	The Group has a digital loyalty programme called &Rewards that is used across all its brands except Kuriya Dining. Membership currently stands at over 280,000.
2	Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:	
i	Leasehold building: The group has a leasehold building at 32 Tai Seng Street which serves as the corporate headquarters (and houses the central kitchen). The group relocated to the 103,925 sq ft, seven-storey building in 2013. What is the utilisation rate of the building? How much spare capacity is there to support the group's growth? What is the balance of the land lease?	Our building is currently about 70% utilized. Remaining 30% is used for storage but can be converted to production to support the group's growth. The balance of land lease is approximately 49 years.
ii	Deposits to secure services: As shown in Note 18 (page 119), the carrying amount of the deposits increased to \$4.53 million as at 30 June 2022 from \$3.77 million a year ago. The deposits were just \$1.5 million in FY2017. Can management elaborate further on the nature of these services to be procured?	Nature of such services are majority in relation to deposits placed with new and existing landlords. The classification of current and non-current will be determined based on the remaining lease term as at the respective financial year end. As shown in Note 18 (Page 119), such non-current deposits amount to \$4.53m in FY2022 and \$3.77m in FY2021. In FY2017 (page 89 of FY2018 Annual report), the non-current deposits amount to \$6.07m, not \$1.5m.
iii	Trade and other payables: Can management help shareholders better understand the reasons that trade payables to outside parties have increased to \$8.27 million from \$5.63 million a year ago (page 129 – Note 29 Trade and other payables)?	\$8.27 million is the normal level of trade payables, representing less than 60 days of payables turnover (days). Last year, the amount was lower due to business operating under safe management measures restrictions, which resulted in a lower trade payables of \$5.63 million.
3	The group recognised financial assets at fair value through profit or loss (FVTPL) amounting to \$4.17 million as at 30 June 2022 (FY2021: \$0). In addition, as shown in Note 21A (page 122 - Financial assets at FVTPL), the group suffered a loss on disposal of \$(276,000) and recognised a decrease in fair value of \$(843,000).	

No	Questions	Responses

21A. Financial assets at FVTPL

	Group	
	2022 $'000	2021 $'000
Movements during the year:		
Fair value at beginning of the year	–	–
Additions	6,953	–
Disposals	(1,669)	–
Loss on disposals through profit or loss	(276)	–
Decrease in fair value through profit or loss	(843)	–
Fair value at end of the year	4,165	–

The fair value (Level 1) of the financial assets approximates to bid prices in an active market at the end of the reporting year.

(Source: company annual report; emphasis added)

Details of the investment portfolio is shown below:

21C. Disclosures relating to investments in financial assets at FVTPL

The information gives a summary of the significant sector concentrations within the investment portfolio including Level 1 and 2 securities:

	Level	Group			
		2022 $'000	2021 $'000	2022 %	2021 %
Quoted equity shares:					
Technology industry United States	1	1,289	–	30.85	–
Financial service industry United States	1	925	–	22.14	–
Technology industry Japan	1	296	–	7.08	–
Consumer goods industry Hong Kong	1	163	–	3.90	–
Food and beverages industry China	1	162	–	3.88	–
Automotive industry Japan	1	152	–	3.64	–
Semiconductor industry Netherlands	1	150	–	3.59	–
Retail industry Hong Kong	1	138	–	3.30	–
Retail estate industry Hong Kong	1	121	–	2.90	–
Retail industry Japan	1	108	–	2.58	–
Others	1	661	–	15.83	–
Subtotal		4,165	–	99.69	–

(Source: company annual report)

No	Questions	Responses
i	Were the investments in public equities approved by the board? If so, how is this aligned with the long-term plans of a F&B group?	Yes, the board assessed the credibility of the asset management firm, and evaluated the Group's cash position and near term cash requirement. Thereupon,

<table>
<tr><th>No</th><th>Questions</th><th>Responses</th></tr>
<tr><td></td><td></td><td>the board decided to set aside a small portion of RE&S' liquid assets to invest into an actively managed portfolio.
The Group is focused on its core business of F&B and these investments was intended for capital preservation.</td></tr>
<tr><td colspan="3">It would appear that the group has already suffered a realised and unrealised loss of $(1.12) million in less than 12 months.</td></tr>
<tr><td>ii</td><td>What is the investment mandate? How are investment/trading decisions made? Is there an investment committee that provides an appropriate level of oversight of the group's investment/trading activities?</td><td>The board has assessed the risk and returns of the investment portfolio with the asset managers and decided to limit the investment portfolio to 25% of our liquidity in equity.
We have appointed an investment manager to manage the fund, based on the mandate approved by the board, with a 5-year time horizon.</td></tr>
<tr><td>iii</td><td>Would the investing/trading of listed equity securities distract management from the core business of F&B?</td><td>We have appointed an external professional fund manager so RE&S management can fully focus on its core business.</td></tr>
<tr><td>iv</td><td>Are there robust risk management frameworks in place?</td><td>The investment portfolio is limited to 25% of our liquidity in equity.
The portfolio itself, followed the mandate that has been pre-approved by the board and has the following 4 investment risk management parameters:

1. Maintain a diversified portfolio of about 35 to 50 stocks and ETFs.

2. Invest in mid cap to large cap stocks of at least $5 billion market cap.

3. Invest in developed markets (US, Japan, Europe) and developing markets (China, HK). But not emerging markets (e.g. Latin America, Eastern Europe).

4. Focus on companies with strong balance sheet and generally low debt. Most of the companies in the portfolio are at least BBB+ for their senior bonds.</td></tr>
<tr><td>v</td><td>Can the board help shareholders better understand the group's competitive advantage in equity investment? If there is none, would the board oversee an orderly liquidation of the portfolio and return the excess capital to shareholders who can then make their own capital allocation and investment decisions?</td><td>The investment was intended for capital preservation. The equity investment is managed by an external professional fund manager. Given the Group's strong cash position, we have, for the past 2 years, been paying a consistently high dividend.</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>4i</td><td>The profit margin for the QSR segment has been improving but still significantly lower than the FSR segment. Do the management envision QSR climbing further and eventually</td><td>The profit margin for QSR is comparable to FSR segment. Our preference for QSR is a way to address the labour issue in Singapore. Our growth plan in the past few years has been in favour of QSR as it offers scalability.</td></tr>
</table>

No	Questions	Responses
	having the same profit margin or even exceeding FSR segment in the future?	
ii	In 21C of the footnotes in the annual report, the company has invested about $4.2m in various quoted equities. It is disappointing that the company has undertaken such risky investments. Has the management consider returning the surplus cash to shareholders by giving more dividend or perform share buybacks (taking advantage of the stock's current undervaluation) instead?	The investment was intended for capital preservation. Given the Group's strong cash position, we have, for the past 2 years, been paying out a consistently high dividend.