

RE&S

Food For Life

ANNUAL REPORT 2021

RISING TO THE CHALLENGE





CORPORATE PROFILE

Established in 1988, RE&S is a multi-concept owner and operator of Food & Beverage (“F&B”) outlets in Singapore and Malaysia that provides customers with authentic Japanese cuisine and dining experiences. Since its incorporation, RE&S has grown from a single restaurant into a network comprising more than 70 F&B outlets, a Corporate Headquarters at Tai Seng which houses the corporate office and central kitchen, as well as a procurement office in Japan.

Staying true to the RE&S brand promise of “Food for Life”, its diverse portfolio comprising over 20 distinct brands covers the full spectrum of varied market segments today; ranging from fine dining (Kuriya Dining) to family-style (Ichiban Boshi) and convenience (Kuriya Japanese Market). Supported by its ISO 22000:2018-certified Central Kitchen, RE&S is committed to maintaining a high standard of food consistency and quality for its customers alongside constant efforts in strategic innovation.

Since its establishment, RE&S has built a robust operating system and well-established business processes in terms of branding, operations, supply chain and human resources which form a strong foundation for growth over the past 30 years. Today, RE&S serves more than 7 million customers a year generating an average annual revenue of over S\$100 million.

The company was listed on the Singapore Stock Exchange (“SGX”) on 22 November 2017.

For more information, please visit www.res.com.sg.



food for
life
 innovative
 dining concepts

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This Annual Report 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.

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board, I am pleased to present the Annual Report of RE&S Holdings Limited ("RE&S" and together with its subsidiaries, the "Group") for the financial year ended 30 June 2021 ("FY2021").

RIISING TO THE CHALLENGES

The extraordinary challenges and uncertainties brought about by COVID-19 pandemic continued into FY2021, impacting industries, businesses and communities around the world. Whilst Singapore was not spared, the government's COVID-19 support measures was a strong support for the economy and companies, as it helped to avert financial catastrophes.

Since the arrival of the first vaccine shipments in late 2020, Singapore vaccination drive has progressed steadily. Singapore now has one of the highest vaccination rates in the world. Despite the positive development, the food and beverage ("F&B") industry remained one of the hardest-hit sectors, affected by disruptive and stringent social distancing measures such as the Phase 2 Heightened Alert ("P2HA") which restricted dine-in at establishments across the country.

Notwithstanding these challenges, I am pleased to share that under the guidance of the Board and Management, our capable and agile staff persevered against tremendous odds to deliver a resilient performance. As a result of our team's tenacity and resourcefulness, the Group recorded profit after tax of S\$9.5 million in FY2021, a commendable turnaround from a net loss after tax of S\$5.3 million in FY2020.

OUR SAFETY-FIRST WORKPLACE CULTURE

From the onset, we emphasised a safety-first culture across our workplaces and have focused on ensuring the safety and well-being of our trusted employees and loyal customers.

This mindset allowed us to elevate our safe management measures and comply with strict government safe distancing regulations during the pandemic. In the first instance, we increased the frequency of temperature taking, as well as cleaning and sanitisation of our premises, especially at high-touch areas such as railings and countertops.

In addition, we prioritised the implementation of SafeEntry via TraceTogether app and tokens, across our workplaces. Employees were also encouraged to receive their COVID-19 vaccinations for their personal safety and to support the country's reopening. On account of our safety-first culture, we were able to quickly adapt our business and operate within stringent COVID-19 regulations to maximise customer engagement and optimise sales.



GROWING DEMAND FOR ONLINE DELIVERY SERVICES

The pandemic has accelerated the change in consumption patterns as consumers look for greater value and convenience. With the increased adoption of remote working and social distancing measures, online delivery continues to gain higher acceptance within the community.

Testament to our ability to adapt quickly to the changing landscape and respond to the evolving needs of increasingly sophisticated consumers, we accelerated the deployment of our online delivery

service in FY2020. To date, we have onboarded more than 20 brands on the online delivery platforms.

To demonstrate our commitment to grow this segment of the business, we have redesigned many of our menus and food offerings, enabling our outlets and kitchens to deliver quality takeaway items suitable for home or office consumption. Be it on popular marketplaces or our owned websites, customers can now find our brands online.



LOOKING AHEAD

According to the Ministry of Health, Singapore's nationwide vaccination programme continues to gain traction with more than 80% of the population having received their full regimen as of 2 September 2021. Whilst the battle with COVID-19 is far from over, we believe that a high vaccination rate is essential for a sustained recovery and opening up of the economy and our industry. We will continue to monitor the COVID-19 situation and deliver on our growth strategies and productivity initiatives amidst the evolving landscape.

On behalf of the Board, I would like to extend our sincere appreciation to Management and employees for their valued contributions and unwavering dedication. Their efforts have allowed RE&S to not only survive but thrive during this challenging period.

Finally, I would like to thank our customers, business partners, suppliers and shareholders for their continued trust and loyalty. We look forward to this continued support as we realise growth and value creation in the year ahead.

Ben Yeo Chee Seong

Non-Executive Chairman and Independent Director

CEO'S STATEMENT

Dear Shareholders,

In FY2021, COVID-19 pandemic continued to weigh on the Singapore economy, bringing significant challenges to the F&B industry. At RE&S, we were able to adapt quickly and innovate to meet the evolving needs of sophisticated consumers.

Cognisant of the trust that our shareholders have placed in us, we sped up digital transformation, implemented prudent cost control measures and adjusted quickly to new ways of conducting our business to create value. Our turnaround performance is testament to the depth and agility of the RE&S team as well as the strength of our brands and quality of our products.



PERFORMANCE REVIEW

We are pleased to conclude the year with a resilient performance amidst the period of uncertainty. Several COVID-19 restrictions were relaxed when groups of five and eight were allowed to dine-in starting from 19 June 2020 and 28 December 2020 respectively. With the Group's swift move to onboard multiple brands onto online delivery platforms, the Group registered a rise in its delivery sales. Group revenue grew by 12.0% year-on-year from S\$110.6 million in FY2020 to S\$123.9 million in FY2021, largely driven by higher contribution from Quick-Service Restaurants, Convenience & Others ("QSR") and Full-Service Restaurants ("FSR") segments which grew 28.7% and 3.1% respectively.

This increase was partially offset by the impact of a reduction in seating capacity due to social distancing measures as well as P2HA dine-in restrictions which were enforced from 8 May 2021 to 20 June 2021. The Group made headway with its strategy to expand its brand presence in the QSR segment during the year, increasing revenue from this segment by S\$11.0 million. Notably, revenue in FY2021 has recovered to 87.9% of FY2019 pre-pandemic level, showcasing a resilient performance.

Overall, the growth in revenue coupled with lower expenses have contributed to the Group's successful turnaround in FY2021 with a profit after tax of S\$9.5 million from a net loss of S\$5.3 million in FY2020.

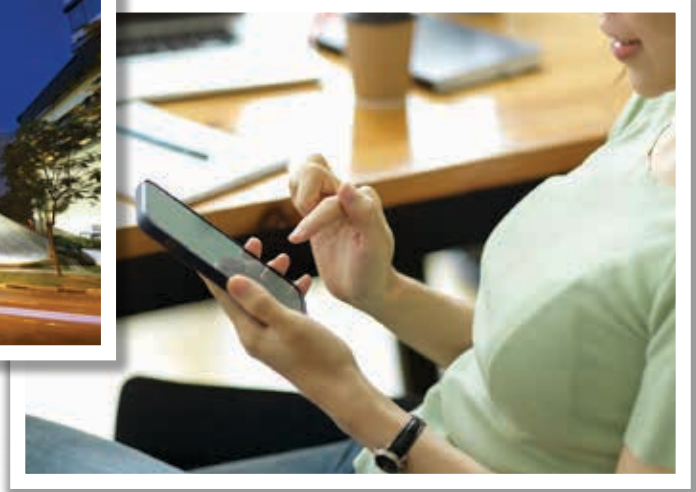
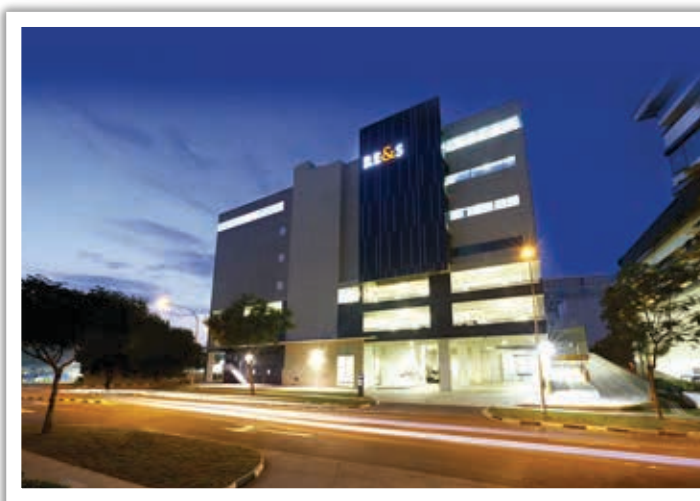
To express our gratitude and appreciation to our shareholders for your unwavering support over the years especially during this tough period, the Board has proposed a final dividend of 0.85 cent per share subject to shareholders' approval at the forthcoming AGM. This, together with the aggregate interim and special dividends of 0.85 cent per share declared in February 2021, takes the Group's total dividend for FY2021 to 1.7 cents per share. This represents 63.4% of our profit after tax and a dividend yield of 9.7% based on the closing share price of S\$0.176 as at 30 June 2021. The Board intends to recommend a dividend payout ratio of at least 60.0% of the Group's profit after tax going forward taking into consideration of the Group's operating results, financial position, committed capital expenditures and any other relevant considerations the Board of Directors may deem appropriate in the best interest of the Company.

ADDRESSING LABOUR MARKET CHALLENGES

Singapore has continued to experience a shortage of manpower during the year as a result of COVID-19 related travel restrictions. Labour costs have escalated due to increased competition, impacting margins and profitability of companies operating in the F&B industry. At the same time, hiring and retention remain extremely challenging for any F&B company. To alleviate the impact on our business, RE&S has focused on labour-friendly QSR concepts that are less skill-based, scalable and leverage on our central kitchen to

achieve efficiency and a high level of consistency in food quality.

Last year, we adopted new-to-market initiatives such as Bring Your Own Device ("BYOD"), through which customers can order via their phones or kiosks. Encouraged by strong positive response from customers, we expanded our BYOD offerings across key concepts such as Ichiban Sushi and new concepts such as Yakniku-GO.



ACCELERATING OUR DIGITAL TRANSFORMATION

As part of our digital transformation, RE&S implemented a mobile platform to improve communication with our frontline employees. The comprehensive platform allows for review of work processes, provides learning opportunities, reduces administrative paperwork, enables secure collection of data and establishes efficient communication between stakeholders. In the long run, this leads to positive business outcomes such as higher employee engagement and productivity.

We are conscious of the need to continually raise the bar in customer service. We have implemented a Customer Relationship Management ("CRM") system across the Group in June 2020, allowing us to replace our physical rewards card programme with a digital tracking system that improved workflow and enabled a faster cashiering process at our outlets. Reduced customer queue and

service wait time is expected to increase customer satisfaction and retention. Furthermore, the CRM's efficient digital process allows us to reduce man-hours and provides greater insight into customer preferences for targeted marketing programmes.

Our commitment and efforts to deliver service excellence at various customer touchpoints have not gone unnoticed. I am pleased to update that the Group was accorded multiple awards at the Excellent Service Award 2021, an annual national award organised by Restaurant Association of Singapore (RAS) that recognises individuals who have delivered exceptional service and created memorable experiences for customers. Through the exemplary efforts of our employees, RE&S secured 4 Star awardees, 30 Gold awardees and 36 Silver awardees.

OUR GROWTH STRATEGY

Ready Meals are an extension of our QSR segment to enhance our takeaway and delivery offerings. Our teams have been working to create new products that are delivery-friendly in every way. This requires a whole new approach, from re-examining consumer needs to designing new meals and re-thinking packaging. We are also increasing digital marketing efforts to reach out to this new target segment.

Our central kitchen is being redesigned and enhanced to optimise usage. Upon completion, RE&S' central kitchen will be able to produce more value-added products to generate higher volume of external sales and tap into the growing market demand for Ready Meals. We will also focus on delivering fully assembled meals as well as meal parts to support our outlets, allowing outlets to shorten the production process and serve a greater number of customers.

We are committed to enlarging our QSR segment with the addition of new concepts or expansion of existing concepts offering strong value proposition. A case in point is Yakiniku-GO, a new DIY Japanese grill concept which has been well-received by the market. We will have six Yakiniku-GO outlets across Singapore by end-2021.



Besides Yakiniku-GO, we will continue to revamp and finetune our established brands like Ichiban Boshi and Ichiban Sushi. This encompasses the refurbishment and upgrade of several outlets. At the same time, we will also be transforming our existing cluster of restaurant and retail outlets at NEX into an exciting new food street. The rebranded &JOY Japanese Food Street will be our third largest footprint within a mall (after Great World and Jurong Point) and will also see the debut of our new QSR concept Shabu-GO.

In addition to growing our RTE and QSR business, the Group continues to place equal emphasis on growing our core FSR business. With more than seven brands

and 28 outlets, FSR remains a key profit contributor of the Group. We will endeavour to elevate the level of customer service and maintain the quality of our products to grow our following in this segment.

THE WAY AHEAD

The uncertainties and challenges of COVID-19 are expected to persist for some time in Singapore given the recent surge in local community cases. As the COVID-19 situation remains highly fluid, the Group will continue to monitor the situation closely and prepare to react quickly to the evolving landscape. F&B companies are also expected to face continued operating cost pressures brought about by a tight labour market. Our industry also expects government support measures to be gradually reduced when the COVID-19 situation improves along with the roll-out and efficacy of vaccines in our markets.

Nonetheless, we remain cautiously optimistic of our prospects with a relatively resilient business and a team of capable, innovative and dedicated employees. We expect online delivery to be a mainstay for our industry even when dine-in has resumed as the platform has gained widespread acceptance amongst consumers. Our intent to grow online delivery service as one of the key pillars of our business is expected to increase revenues, drive profitability and accrete value for shareholders over the long term.

ACKNOWLEDGEMENT AND APPRECIATION

I would like to express my deepest gratitude to our staff for their invaluable contributions and commitment to deliver a turnaround year for the Group. In particular, I would like to recognise our frontline staff for their positive approach to implementing a series of stringent safe distancing measures across our outlets, keeping our customers healthy and safe during the pandemic. I would also like to extend my heartfelt thanks to our customers and business partners for their loyalty and support.

Last but not least, I would like to sincerely thank you, our shareholder, for your continued trust and support during these exceptional times. We will continue to deliver on our strategies and objectives to grow the business and create sustained value for stakeholders in the coming years.

Foo Kah Lee
CEO and Executive Director

BOARD OF DIRECTORS



Hiroshi Tatara
Executive Director and President



Yek Hong Liat John
*Non-Executive and
Non-Independent Director*

Ben Yeo Chee Seong
*Non-Executive Chairman and
Independent Director*

BOARD OF DIRECTORS



Lim Shyang Zheng
*Executive Director and
Chief Operating Officer (“COO”)*

Lee Lap Wah, George
Independent Director

Guok Chin Huat Samuel
Independent Director

Foo Kah Lee
*Executive Director and
Chief Executive Officer (“CEO”)*

BOARD OF DIRECTORS



Ben Yeo Chee Seong

Non-Executive Chairman and Independent Director

Mr. Yeo is the Group's Non-Executive Chairman and Independent Director. He was appointed to the Board on 30 October 2017 and last re-elected on 26 October 2020. He also serves as the Chairman of the Audit Committee and Administration Committee.

Mr. Yeo has more than 40 years of experience working in various fields such as audit, manufacturing, engineering, financial services and real estate development.

Mr. Yeo is a member of the Institute of Singapore Chartered Accountants, an associate of the Association of Certified Accountants and a registered accountant of the Singapore Society of Accountants. He was also admitted as an associate of the Institute of Chartered Accountants in England and Wales in 1980. Mr. Yeo graduated from the Institute of Cost and Management Accountants.

Present Directorships in other Listed Companies:

- BHG Retail Trust Management Pte. Ltd.



Foo Kah Lee

Executive Director and Chief Executive Officer ("CEO")

Mr. Foo is the Group's Executive Director and CEO. He was appointed to the Board on 1 July 2019 and last re-elected on 24 October 2019. Prior to the appointment, he held the position of Deputy CEO and Chief Financial Officer in the Group.

Currently, he is in charge of strategic planning of the Group to drive new initiatives and partnerships to expand business portfolio whilst improving operational efficiency. He also actively steers overall business development to boost the Group's performance. As an affable and collaborative leader, he demonstrates dedication to mentoring young budding employees in view of a long-term succession plan for the Group.

Before joining RE&S, Mr. Foo began his leadership roles in the food industry in 2002 where he undertook the position of Head of Corporate Planning at Food Empire Holdings Limited. Other subsequent key positions he held in other industries include CEO at PSL Holdings Limited.

Mr. Foo graduated from the University of Queensland with a Bachelor of Commerce.

BOARD OF DIRECTORS



Hiroshi Tatara

Executive Director and President

Mr. Tatara is the founder of RE&S and currently holds two positions in the Group, namely Executive Director and President. He was appointed to the Board on 26 May 2017 and last re-elected on 24 October 2019. Mr Tatara has always been active in overseeing the Group's overall corporate strategy and planning. As the pillar in reinforcing the vision, mission and core values of the company and culture, Mr. Tatara continues to be instrumental to the Group's continued success and growth.

Mr. Tatara relocated to Singapore from Osaka, Japan in 1976.



Lim Shyang Zheng

Executive Director and Chief Operating Officer ("COO")

Mr. Lim is the Group's Executive Director and COO and he was appointed to the Board on 1 July 2019 and last re-elected on 24 October 2019. He oversees the Group's day-to-day business operations and organisational functions which include supply chain and retail operations.

Mr. Lim has been with RE&S since July 2010 undertaking various key positions in the Group which include Deputy Director and Chief Supply Chain Officer. Prior to joining the Group, Mr. Lim was with the Ministry of Manpower (MOM) where he formulated and implemented manpower policies.

Mr. Lim graduated with a Bachelor of Civil Engineering (Hons) from the National University of Singapore.

BOARD OF DIRECTORS



Yek Hong Liat John

Non-Executive and Non-Independent Director

Mr. Yek is the Group's Non-Executive Director and Non-Independent Director. He was appointed to the Board on 26 May 2017 and last re-elected on 26 October 2020. He also served as the Group's CEO from May 2017 to June 2019. A co-founder of the Group, Mr. Yek continues to provide guidance through mentorship to the management personnel.

Prior to joining the Group, Mr. Yek was a practicing advocate and solicitor.

Mr. Yek graduated with a Bachelor of Arts with Honours (Law) from the University of Kent at Canterbury. He was called to the Degree of the Utter Bar of the United Kingdom (Middle Temple) and was admitted as an advocate and solicitor of the Supreme Court of Singapore.



Lee Lap Wah, George

Independent Director

Mr. Lee is our Group's Independent Director and he was appointed to the Board on 30 October 2017 and last re-elected on 26 October 2020. He is the Chairman of the Nominating Committee.

Mr. Lee has more than 35 years of experience working in the financial services industry. He has held several senior positions in OCBC Bank Singapore, heading its Capital Markets, Group Investment and Global Corporate Banking from 1999 to 2016, and subsequently served as an advisor in OCBC Bank (Malaysia) Berhad from 2016 to 2017.

Mr. Lee is a member of the advisory panel of the CFA Society Singapore. He graduated from the University of Singapore (current National University of Singapore) with a Bachelor of Business Administration (Second Class Upper) and obtained his Chartered Financial Analyst certification from the Institute of Chartered Financial Analysts, U.S.

Present Directorships in other Listed Companies:

- Bumitama Agri Ltd.

BOARD OF DIRECTORS



Guok Chin Huat Samuel

Independent Director

Mr. Guok is the Group's Independent Director and he was appointed to the Board on 30 October 2017 and last re-elected on 24 October 2019. He is the Chairman of the Remuneration Committee

Since 1995, Mr. Guok has been the Managing Director of Starhealth Pte. Ltd. He has over 20 years of experience in investment banking, venture capital and private equity businesses, having worked with Nomura Singapore Limited, Campbelltown Investment Holdings Pte Ltd, Seed Ventures Limited, Time Watch Investments Limited and SingXpress Land Ltd.

He graduated with a Bachelor of Science in Business Administration from Boston University.

Present Directorships in other Listed Companies:

- Global Palm Resources Holdings Limited
- Redwood Group Limited
- International Cement Group Ltd.

Directorships in other Listed Companies Held Over the Preceding Three Years:

- Asia Travel.com Holdings Ltd.

KEY MANAGEMENT



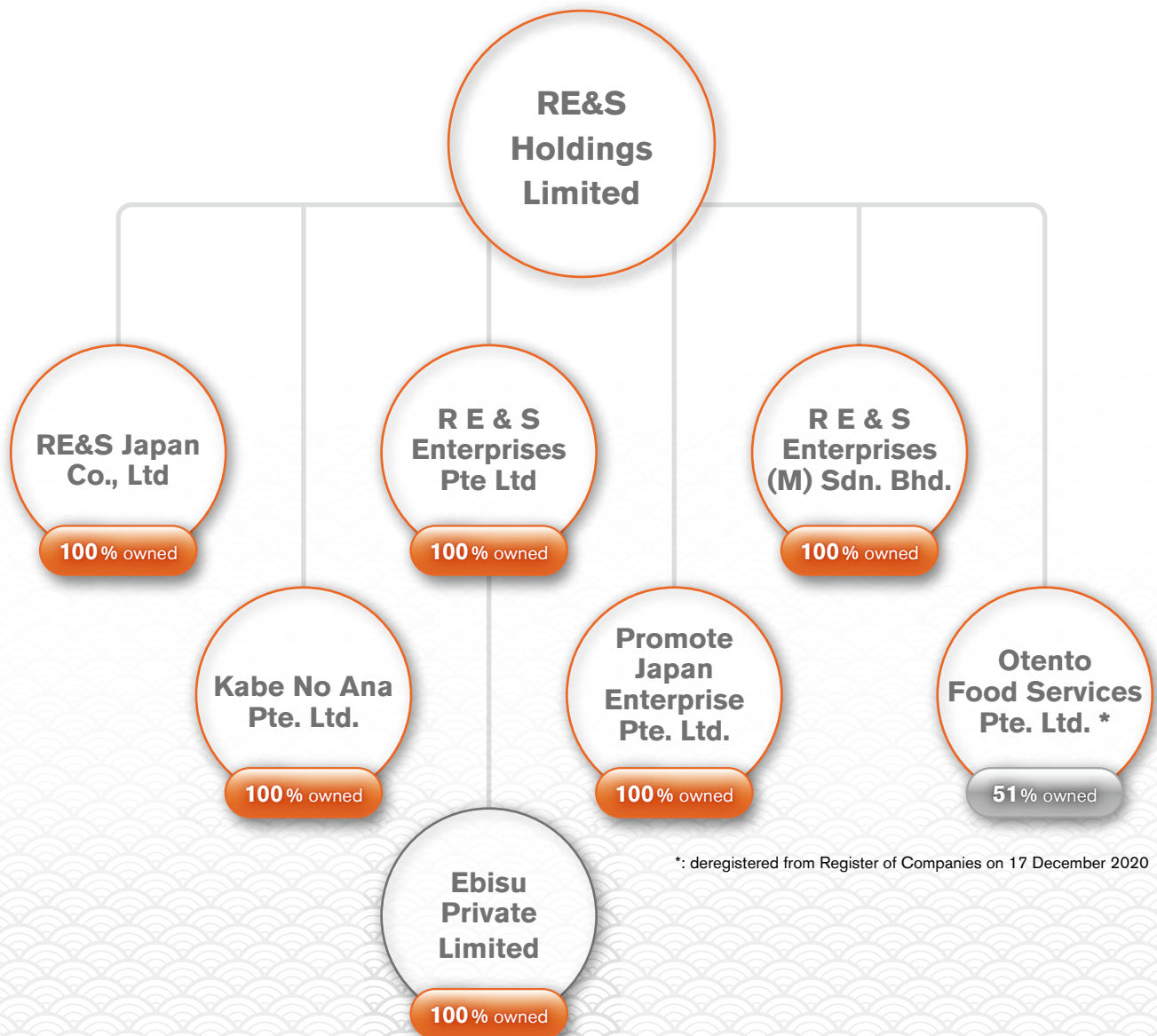
Yap Fang Ling

Financial Controller

Ms. Yap is the Group's Financial Controller and she is responsible for the Group's overall financial reporting, financial planning, treasury and risk management functions. She also concurrently heads the Information Technology and Business Statistics functions of the Group.

She has more than 20 years of experience in finance industry and has been with the Group since 2014. She first joined as an Accountant and rose through the ranks to her current appointment as the Group's Financial Controller in July 2019. Ms. Yap graduated from Oxford Brookes University with a Bachelor of Science in Applied Accounting. She is also a fellow member of the Association of Chartered Certified Accountants and an associate member of the Institute of Singapore Chartered Accountants.

GROUP STRUCTURE





CORPORATE INFORMATION

Board of Directors

Mr. Ben Yeo Chee Seong

Non-Executive Chairman and Independent Director

Mr. Foo Kah Lee

Executive Director and CEO

Mr. Hiroshi Tatara

Executive Director and President

Mr. Lim Shyang Zheng

Executive Director and COO

Mr. Yek Hong Liat John

Non-Executive and Non-Independent Director

Mr. Lee Lap Wah, George

Independent Director

Mr. Guok Chin Huat Samuel

Independent Director

Registered office

32 Tai Seng Street #07-00 RE&S Building
Singapore 533972

Tel : (65) 6252 0810

Fax: (65) 6253 4202

Company Secretary

Ms. Josephine Toh

ACS, ACIS

Share Registrar

**Boardroom Corporate &
Advisory Services Pte. Ltd.**

50 Raffles Place #32-01 Singapore Land Tower
Singapore 048623

Independent Auditor

RSM Chio Lim LLP

8 Wilkie Road #03-08 Wilkie Edge
Singapore 228095

Partner-in-charge:

Ms. Pang Hui Ting

(Appointed with effect from FY2017)

Principal Bankers:

DBS Bank Ltd.

**Overseas-Chinese Banking
Corporation Limited**

United Overseas Bank Limited

OUR CORE BRANDS: FULL SERVICE



KURIYA DINING

Kuriya Dining is an award-winning restaurant specialising in authentic Japanese cuisine and exquisitely unique creations. Featuring airflown seasonal ingredients and thoughtfully curated Omakase menus, Kuriya Dining truly transcends the boundaries of Japanese gastronomy.

Outlet in Singapore:

- ① Great World



ICHIBAN BOSHI

Ichiban Boshi is a contemporary dining concept offering a wide selection of sushi, fresh sashimi and crowd-favourite combination set meals. Every Ichiban Boshi restaurant is unique in design and ambience, and is distinguished from one another by exclusive specialty menus.

Outlet in Singapore:

- ① Causeway Point
- ② Century Square
- ③ Great World
- ④ Jem
- ⑤ Jurong Point
- ⑥ Marina Bay Link Mall
- ⑦ NEX
- ⑧ Novena Square
- ⑨ Parkway Parade
- ⑩ Suntec City
- ⑪ United Square
- ⑫ VivoCity
- ⑬ Waterway Point

OUR CORE BRANDS: FULL SERVICE



ichiban sushi



ICHIBAN SUSHI

Ichiban Sushi is a family-friendly conveyor belt sushi restaurant which serves a wide range of sushi, sashimi and value-for-money set meals at affordable prices.

Outlet in Singapore:

- 1 Alexandra Retail Centre
- 2 AMK Hub
- 3 Bukit Panjang Plaza
- 4 Changi City Point
- 5 Clementi Mall
- 6 Compass One
- 7 Toa Payoh HDB Hub
- 8 Hougang Mall
- 9 IMM
- 10 West Mall



SHIMBASHI SOBA

At Shimbashi Soba, soba (buckwheat) noodle is prepared fresh daily using only pesticide-free buckwheat grown in Tasmania. Shimbashi Soba emphasises on a soba-making process known as San-tate, which comprises Hiki-tate (freshly milled), Uchi-tate (freshly made) and Yude-tate (freshly cooked).

Outlet in Singapore:

- 1 Paragon



OUR CORE BRANDS: QUICK SERVICE



KURIYA JAPANESE MARKET

Kuriya Japanese Market is a fresh food and ingredients specialist offering seasonal seafood sourced from Japan and air-flown to Singapore thrice weekly. Customers can also pick up sashimi and sushi creations, along with Japanese food items such as frozen foods, sauces, and desserts in stores.

Outlet in Singapore:

- 1 AMK Hub
- 2 Bugis Junction
- 3 Causeway Point
- 4 Chinatown Point
- 5 Great World
- 6 Jem
- 7 Jurong Point
- 8 NEX
- 9 Northpoint City
- 10 Tampines 1
- 11 Tiong Bahru Plaza
- 12 Waterway Point



ichiban bento



ICHIBAN BENTO

Ichiban Bento is a go-to place for a hearty traditional Japanese bento at great value. Enjoy popular selections like salmon teriyaki, gyū stamina don and all-time favourite Japanese curry whilst completing the meal with a comforting bowl of chawanmushi and miso soup.

Outlet in Singapore:

- 1 Alexandra Retail Centre
- 2 Causeway Point
- 3 Chinatown Point
- 4 Jem
- 5 Jurong Point
- 6 NEX
- 7 Northpoint City
- 8 Tampines 1
- 9 Tiong Bahru Plaza
- 10 Waterway Point

OUR CORE BRANDS: QUICK SERVICE



IDATEN UDON

At Idaten Udon, customers create their own bowl by mixing and matching from a variety of udon, sides and tempura. Using udon imported from Japan, Idaten Udon offers both classic flavours and unique chef creations.

Outlet in Singapore:

- ① Changi City Point
- ② Causeway Point
- ③ IMM
- ④ Jurong Point
- ⑤ NEX
- ⑥ Tampines 1



WADORI

Yakitori (Japanese skewers), a popular street food in Japan, is served at Wadori. Customers can enjoy yakitori as a snack or pick from a wide range to make a meal.

Outlet in Singapore:

- ① Jurong Point
- ② Tampines 1

OUR CORE BRANDS: QUICK SERVICE



GOKOKU JAPANESE BAKERY

Originating from Kobe, Gokoku Japanese Bakery bakes authentic Japanese buns using quality ingredients and grains imported from Japan.

Outlet in Singapore:

- 1 Jurong Point
- 2 Great World
- 3 Millenia Walk



SUSHI-GO

A buzzing, fun quick service restaurant serving a delicious array of sushi and other Japanese food on Shinkansen (Japanese bullet train). With a wide selection of more than 150 varieties, Sushi-GO will leave diners awed with taste and choices.

Outlet in Singapore:

- 1 Jurong Point

OUR CORE BRANDS: QUICK SERVICE



PITTARINO

Pittarino, a Japanese phrase for “just right”, perfectly encapsulates what it is all about – a fun, casual dining concept serving flavoursome hand-stretched, freshly-baked Neapolitan pizza and smooth, chewy Nama pasta with a dash of Japanese flavours.

Outlet in Singapore:

- 1 Great World



ROMAN.TEI

ROMAN.TEI, the meat specialist from Osaka, serves up a golden ratio of tender beef and rice in an exquisitely charming Jyu box – leaving an unforgettable taste and experience.

Outlet in Singapore:

- 1 Jurong Point
- 2 Great World

OUR CORE BRANDS: QUICK SERVICE



RAMEN KIOU

Established since 1995, popular Osaka ramen chain RAMEN KIOU brings the Taste of KIOU to diners with tender chashu, springy noodles in an incredibly rich, creamy broth.

Outlet in Singapore:

- 1 Jurong Point
- 2 Great World



MY GOHAN

At My Gohan, you can get a tasty Japanese home-style meal which includes a main, soup, rice and a variety of souzai (side dishes) – quickly for a well-balanced, healthy and satisfying daily option that warms your heart.

Outlet in Singapore:

- 1 Jurong Point

OUR CORE BRANDS: QUICK SERVICE



UDON DON BAR

Located at UTown NUS, Udon Don Bar is a casual dining place for students and academic staff to hang out and enjoy simple, tasty udon and don all day. After 6pm, it transforms into a bright, lively bar serving craft beer and wines alongside delicious small bites.

Outlet in Singapore:

- 1 National University of Singapore



YAKINIKU-GO

Yakiniku-GO offers a quick, fuss-free and smoke-free grilling experience where customers can tuck into a wide selection of beef cuts, chicken and seafood, sizzle their meat just the way they like it and dip it in house-special sauces.

Outlet in Singapore:

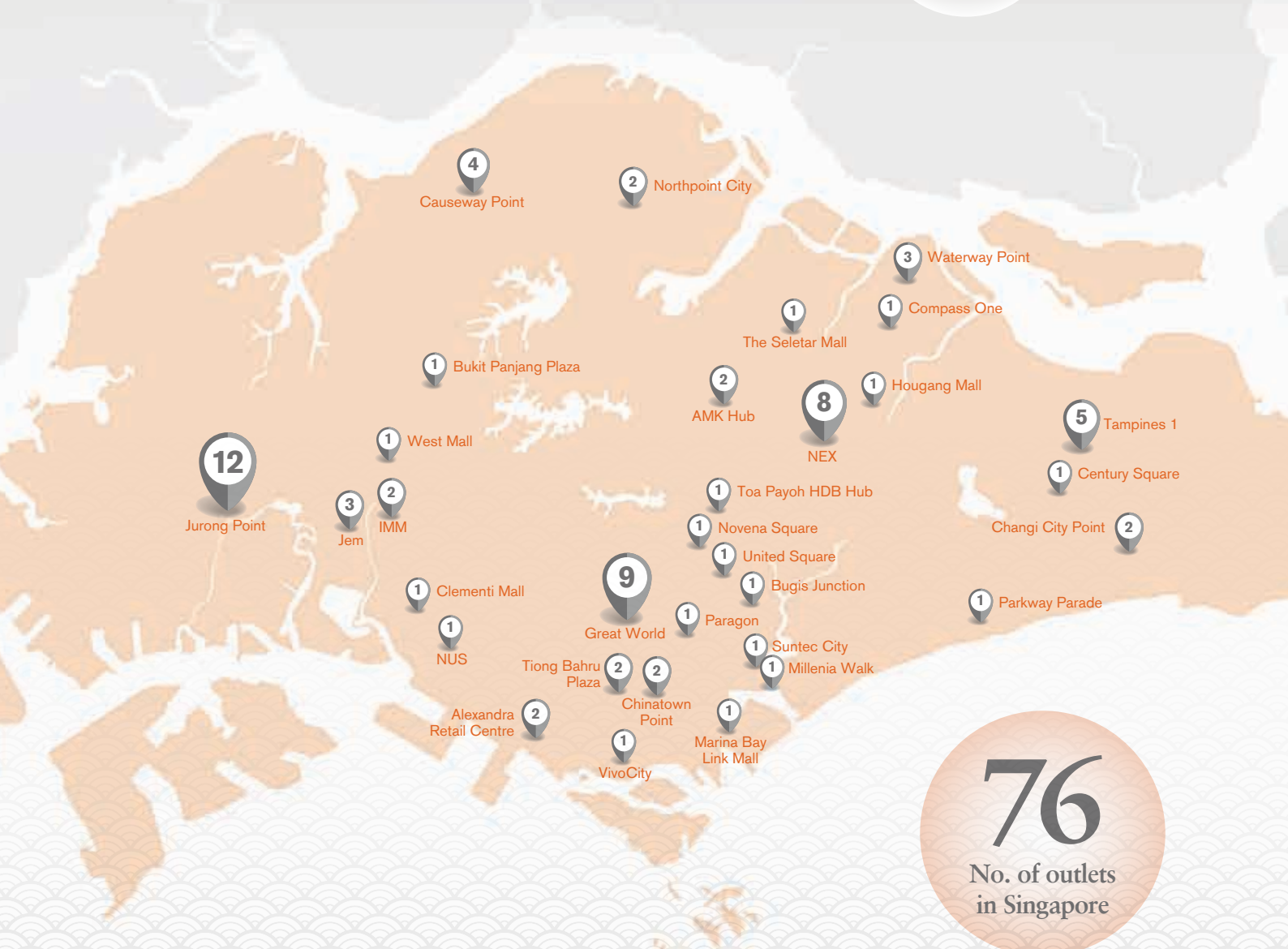
- 1 Jurong Point
- 2 The Seletar Mall



OUR NETWORK

(AS AT 30 JUNE 2021)

4
No. of outlets
in Malaysia



76
No. of outlets
in Singapore

AWARDS & ACCOLADES

T.DINING'S BEST RESTAURANTS Singapore Tatler

2019/2020
KURIYA DINING

EPICUREAN STAR AWARD Restaurant Association of Singapore

BEST JAPANESE RESTAURANT CHAIN RESTAURANT, 2019
ICHIBAN BOSHI

BEST JAPANESE RESTAURANT CASUAL DINING, 2015
SHIMBASHI SOBA

BEST JAPANESE RESTAURANT FINE DINING, 2012
KURIYA DINING

READER'S DIGEST TRUSTED BRAND Reader's Digest

GOLD AWARD, JAPANESE RESTAURANT CATEGORY, 2018 – 2021
ICHIBAN BOSHI

FOOD SAFETY EXCELLENCE AWARDS Singapore Food Agency

GRADE 'A' CERTIFICATION, 2015 – 2021
RE&S SINGAPORE

EXCELLENT SERVICE AWARD

Restaurant Association of Singapore and other industry lead bodies

2005, 2006, 2014 – 2020
RE&S SINGAPORE

ENTERPRISE 50 The Business Times & KPMG

2017
RE&S SINGAPORE

SINGAPORE'S TOP RESTAURANTS Wine & Dine

2016 – 2018
KURIYA DINING

ASIAONE PEOPLE'S CHOICE AWARDS AsiaOne

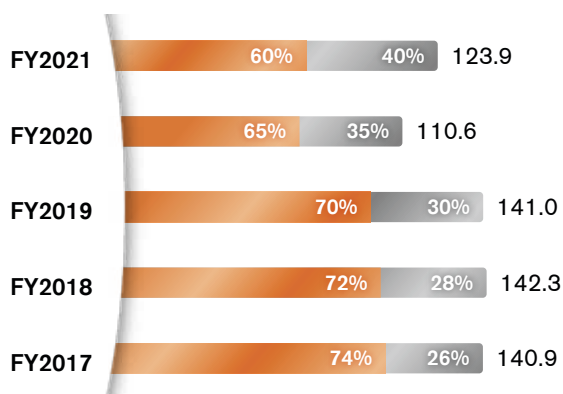
TOP 3 BEST JAPANESE RESTAURANTS, 2015 – 2016
ICHIBAN BOSHI

TOP 3 / BEST JAPANESE RESTAURANTS, 2009 – 2015
KURIYA DINING

FINANCIAL HIGHLIGHTS

REVENUE

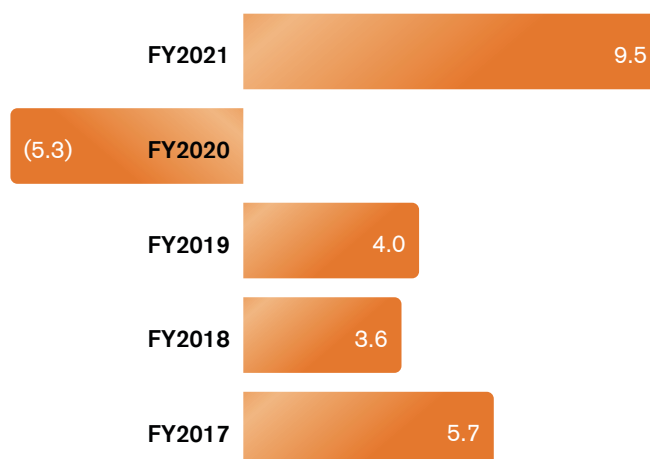
(\$' MILLION)



■ Full-Service Restaurants
■ Quick-Service Restaurants, Convenience and Others

PROFIT (LOSS), NET OF INCOME TAX

(\$' MILLION)



INCOME STATEMENT (\$' 000)	FY2021	FY2020	FY2019	FY2018	FY2017
Revenue	123,948	110,649	141,004	142,294	140,892
Net profit before tax	10,877	(5,620)	5,344	5,291	7,322
Net profit after tax	9,490	(5,346)	3,979	3,568	5,692
EBITDA	39,408	25,422	13,694	14,167	15,689

FINANCIAL POSITION (\$' 000)

Total Assets	130,587	134,833	64,210	64,499	58,675
Total Liabilities	94,220	104,928	25,956	28,899	33,980
Total Shareholders' Equity	36,367	29,905	38,254	35,600	24,695
Cash and Cash Equivalents	25,878	14,918	18,183	13,525	4,160
Basic and diluted earnings per share (cents) ²	2.68	(1.48)	1.14	1.01	1.61 ¹

Note 1 For comparatives purposes, the EPS have been computed based on the profit attributable to owners of the Company and share capital of 354,000,000 shares assuming that the Restructuring Exercise and the issuance of 54,000,000 new shares pursuant to the IPO had been completed as at 1 July 2017.

Note 2 The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue.

OPERATING AND FINANCIAL REVIEW

Revenue

The Group's revenue increased by 12.0% to S\$123.9 million in FY2021 compared with FY2020, primarily due to the increase in revenue contribution from the FSR and QSR.

The increase in FSR revenue was mainly due to i) improved customer sentiments in 2H FY2021 compared to 2H FY2020, where there were many uncertainties of COVID-19, intensified with sudden surge in community cases, resulted in temporary closure of outlets in 2H FY2020; ii) increase in delivery sales due to onboarding of more delivery platforms in FY2021 as compared to FY2020; and iii) re-opening of an outlet at Great World in February 2020; partially offset by a) social distancing restrictions in place, which resulted in fewer seats available for dine-in customers; b) closure of 3 FSR in last quarter of FY2020; and c) a reclassification adjustment to offset commission from delivery platforms in revenue, instead of other operating expenses in FY2021.

Likewise, the revenue for QSR increased mainly due to i) improved customer sentiments in 2H FY2021 compared to 2H FY2020, as explained above; ii) re-opening of outlets at Great World in February 2020; iii) increase in delivery sales, as explained above; and iv) 3 new outlets; which were partially offset by a) social distancing restrictions in place, which resulted in fewer seats available for dine-in customers; b) closure of 5 outlets in FY2020; and c) a reclassification adjustment as explained above.

Raw materials and consumables used

Raw materials and consumables used (taking into account the changes in closing inventories) were 27.7% and 28.5% of total revenue for FY2021 and FY2020 respectively. Excluding the impact of reclassification adjustment to offset commission from delivery platforms in revenue, the raw materials and consumable used (taking into account the changes in closing inventories) were 26.9% and 28.5% of total revenue for FY2021 and FY2020 respectively. The decrease was mainly due to a general decrease in the average prices of raw materials and consumables.

Other operating income

Other operating income decreased by 11.5% from S\$10.6 million in FY2020 to S\$9.4 million in FY2021 mainly due to a decrease in landlords' support amounting to S\$2.9 million; partially offset by an increase in government support in relation to COVID-19 pandemic, amounting to S\$2.0 million.

Employee benefits expense

The Group's employee benefits expense decreased by approximately 4.1% to S\$44.5 million in FY2021 compared to S\$46.3 million in FY2020 which was primarily attributed to absence of a non-recurring and non-cash expense of S\$2.6 million incurred as a result of the transfer of shares amongst three Board members of the Company. Excluding the impact of this share-based payment, employee benefits expense represented 35.9% and 39.5% of total revenue for FY2021 and FY2020 respectively. The decrease was mainly due to labour optimisation initiatives, as there were no major renovations during this period and the full force of labour was engaged in the Group's operations.

Utilities expenses

Utilities expenses decreased by 11.0% from S\$3.9 million in FY2020 to S\$3.4 million in FY2021 mainly due to estimated utilities readings billed by landlords which resulted in an overprovision of utilities that were subsequently reversed in 1H FY2021 and a decrease of tariff in utilities.

Depreciation expense

Depreciation expense decreased mainly due to the decrease in depreciation for right-of-use assets, plant and equipment, attributable to a closure of outlets in FY2020.

Other operating expenses

Other operating expenses decreased by 12.6% to S\$8.6 million in FY2021 mainly due to a) a reclassification adjustment to reclassify commission from third-party food delivery platforms to revenue in 2H FY2021; and b) a decrease in general expenses such as general supplies expenses.

OPERATING AND FINANCIAL REVIEW

Other expenses – Non-operating

Other expenses - non-operating decreased by 54.9% to S\$1.4 million in FY2021 mainly due to the absence of plant and equipment written-off and professional fees incurred in the revamp of outlets in Jurong Point and Great World which were incurred in FY2020.

Finance costs

Finance costs decreased by 18.4% to S\$3.0 million in FY2021 mainly due to regular repayment of lease liabilities principal amount which resulted in a decrease in lease interest.

Profit before tax

Profit before tax increased approximately S\$16.5 million, from a loss before tax of S\$5.6 million in FY2020 to S\$10.9 million profit in FY2021.

Income tax expense

Income tax expense increased by approximately S\$1.7 million, from an income tax benefit position of S\$0.3 million in FY2020 to an income tax expense of S\$1.4 million in FY2021.

Profit net of income tax

As a result of the foregoing, the Group recorded a profit after tax of S\$9.5 million in FY2021.

Non-current assets

The Group's non-current assets decreased by S\$16.2 million from S\$112.5 million as at 30 June 2020 to S\$96.3 million as at 30 June 2021 mainly due to (i) a decrease in property, plant and equipment of S\$3.1 million; and (ii) a decrease in the right-of-use assets ("ROU") of S\$13.1 million.

ROU decreased by S\$13.1 million mainly due to the depreciation charge of the ROU. The decrease in property, plant and equipment was mainly due to the depreciation charge of the property, plant and equipment of S\$5.9 million and assets of S\$0.3 million being written off for the closed outlets, partially offset by an addition of plant and equipment amounting to S\$3.1 million.

Current assets

The Group's current assets increased by S\$12.0 million from S\$22.3 million as at 30 June 2020 to S\$34.3 million as at 30 June 2021. This was mainly due to (i) an increase in cash and cash equivalents of S\$11.0 million; (ii) an increase in other non-financial assets, current of S\$0.9 million; (iii) an increase in inventories of S\$0.3 million; and partially offset by (iv) a decrease in trade and other receivables, current of S\$0.1 million.

The increase in cash and cash equivalents was mainly due to an increase in the earnings during the year. The increase in other non-financial assets, current was mainly attributable to the existing leases for less than a year which are pending for renewal. The increase in inventories was mainly due to the increasing purchase of raw materials. The decrease in trade and other receivables, current was mainly due to decreases in the rental rebates received from the landlords.

Non-current liabilities

The Group's non-current liabilities decreased by S\$14.2 million from S\$73.0 million as at 30 June 2020 to S\$58.7 million as at 30 June 2021 mainly due to the repayment of lease liabilities and bank borrowings.

Current liabilities

The Group's current liabilities increased by S\$3.5 million from S\$32.0 million as at 30 June 2020 to S\$35.5 million as at 30 June 2021. This was mainly attributable to (i) an increase in other payable of S\$2.5 million due to an increase in the purchases from suppliers, and (ii) an increase in the provision for income tax of S\$1.0 million.



SUSTAINABILITY REPORT FY2021

RE&S
Food For Life



SUSTAINABILITY REPORT

BOARD STATEMENT

Dear valued stakeholders,

On behalf of the Board of Directors (“Board”), we are pleased to present RE&S Holdings Limited (“RE&S” or the “Group”) Sustainability Report for the financial year ended 30 June 2021 (“FY2021”). In this Sustainability Report, we report on the progress of our sustainability efforts over the financial year, with particular focus on our commitment to working alongside our valued stakeholders to build a sustainable business. This is a testament to our commitment in upholding good governance and sustainable development.

COVID-19 was a global black swan that impacted communities all over the world across year 2020 and 2021. Even though circuit breaker measures implemented by the Government of Singapore in response to the COVID-19 pandemic on 7 April 2020 was lifted on 1 June 2020, dine-in was only allowed from 19 June 2020 and we are still bound by dine-in restrictions which resulted in 35% reduction in seating capacity. The fight against COVID-19 is expected to be a long battle. Whilst consumer’s confidence has largely increased in the wake of Phases 2 and 3 in Singapore, the Group remains cautiously optimistic and continues to enhance its preparedness in a climate of unknowns and fast-evolving situations.

Our response to this evolving situation focused on moving to onboard multiple brands onto online platforms and food delivery options which led to a rise on food delivery sales in FY2021. Through these developments, we continue to ensure high quality and good food are served to our customers as well as maintain a safe environment for the health and well-being of both our customers and employees through our Business Continuity Plan (“BCP”).

As the Group expects government support for businesses to decrease in the ensuing months, the Group reaffirms its commitment towards longer-term plans to grow its Quick-Service Restaurant (“QSR”) segment. The Group will be actively seeking opportunities to forge ahead with the expansion of its QSR concepts which offer a strong value proposition and serves the mid-range market segment.

We understand that focusing solely on financial performance is not sufficient to achieve a sustainable business in the long-term. We also recognise the importance of environmental, social and governance (“ESG”) factors that are integral to overall long-term viability of the Group. Hence, we consider sustainability issues as part of our strategic formulation, determine the ESG factors identified as well as oversee the management and monitoring of the material ESG factors. We are committed to work closely with our stakeholders to better understand their concerns and ensure that their interests are protected. Likewise, we will continually seek new and innovative ways to reduce the environmental impact of our products and services whilst maintaining the highest levels of quality.

Despite the challenging business environment during the pandemic, we adapt by striving towards strategies that we believe will bring sustainable success in post-pandemic markets. We sincerely thank all our partners and stakeholders for their belief in us and for their unwavering support throughout this unprecedented period.

Sincerely,

Board of Directors
RE&S Holdings Limited

SUSTAINABILITY REPORT

ABOUT THIS REPORT

We have prepared this report in accordance with the Global Reporting Initiative (GRI) Standards: “Core” option which provides a balanced and reasonable representation of the Group’s positive and negative contributions towards the goal of sustainable development, as well as Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist (“Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) with references to the guidance set out in SGX-ST’s sustainability reporting guide under Practice Note 7F of the Catalist Rules.

The sustainability report summarises the Group’s sustainable business operations whilst providing information on economic, environmental, social and governance (“EESG”) that are material to the Group’s business and key stakeholders.

We have not sought external assurance for this report and may consider doing so in future on certain sections of the report. We relied on internal data monitoring and verification to ensure accuracy.

We are committed to listening to our stakeholders and we value your feedback regarding the report or any aspect of our sustainability performance.

This sustainability report focuses on the Group’s sustainability efforts and strategies for the period from 1 July 2020 to 30 June 2021 (“FY2021”).

Reporting period

2021

This sustainability report has been prepared in accordance with Rules 711A and 711B, and the Global Reporting Initiative (“GRI”) Standards – Core Option.

Standards

GRI

We are committed to listening to your feedback. Please send your feedback and enquiries to

<https://www.res.com.sg>

Feedback channel

SUSTAINABILITY REPORT

ORGANISATIONAL PROFILE

Founded in 1988 by Osaka native Mr Hiroshi Tatara, RE&S is one of Singapore’s leading Japanese food service companies. The Group is a concept owner and operator of food and beverages outlets that provides customers with authentic Japanese cuisine and dining experiences. From a single Fiesta restaurant, RE&S has developed new brand concepts like Kuriya Dining, Shimbashi Soba, Kuriya Japanese Market and Ichiban Boshi. In order to adapt to our consumers’ shift in consumption pattern towards convenience and technology, we have also explored new opportunities and expanded our Quick Service Restaurant (“QSR”) concept which reduces manpower reliance via digitalised solutions such as Bring Your Own Device (“BYOD”) self-ordering.

Today, we are a household name with over 70 outlets in Singapore and Malaysia. We have established a procurement office in Japan, as well as our Corporate Headquarters and Central Kitchen in Singapore, with 1,600 employees. RE&S firmly believes in continuous innovation, which is embedded in our vision –

“A leading food service company that develops innovative dining concepts as well as food ingredients specialist.”

Our portfolio comprises more than 20 distinct brands which cover the full spectrum of Japanese dining, ranging from fine dining (Kuriya Dining) to specialty (Shimbashi Soba) and multi-concept food hall (&JOY Dining Hall), from family-style (Ichiban Boshi) to convenience (Kuriya Japanese Market). In FY2021, we launched our quick service Japanese barbeque concept, Yakniku-Go for barbeque lovers.

We pride ourselves in maintaining a high standard of food consistency and quality for our customers, which is validated by attaining the ISO 22000 certification. Since our incorporation, RE&S has progressively grown and improved our business processes in terms of branding, operations, supply chain and human resource (“HR”). On 22 November 2017, the Group was successfully listed on the Catalist Board of the SGX-ST.



SUSTAINABILITY REPORT

SUPPLY CHAIN MANAGEMENT

We recognise the role of sustainability in value chain management. With our utmost priority on buying and using high quality and fresh products, our ingredients are sourced from suppliers who are responsible and have undergone our stringent procurement evaluation process. We take measures to ensure that their products are safe for consumption by consistently evaluating the performance of approved suppliers in terms of product quality and safety, compliance with environmental and social guidelines, timeliness of delivery as well as after sales service. As per ISO 22000 requirements, we also conduct random monthly audits on our suppliers to ensure the quality and standards of their facilities are being maintained and upheld.

Before we engage a new supplier, we will review the local suppliers' Singapore Food Agency ("SFA") licensing and grading, SFA importer license (if applicable), Certificate of Analysis as well as any form of suppliers' accreditation and compliance with the required regulatory requirements, track record, quality of services and reputation. These certification requirements are crucial to ascertain the freshness, hygiene standards and quality of our ingredients. We will cease to procure from the supplier if there is a lack of any of these certifications or the quality of products procured is not up to the Group's standard.

Whilst we diversify our sourcing to reduce supplier concentration risk, we seek to procure directly from farmers for better quality assurance and cost efficiency. Some of our key ingredients which include seafood, meat and vegetables are imported directly from their respective countries of origin, for example, we import salmon from Norway. Moreover, we have established a procurement office in Japan where we source for our ingredients, such as Bonito fish and vegetables.

We share our business philosophy and environmental action plans with our business partners. We ensure that the core values of the business partners are aligned with ours in terms of integrity, accountability, and environmental protection before appointing them as our business partners. As salmon is one of our significant ingredients, we have strict requirements on selection of the source. Whilst salmon farming is currently the most effective form of meat production available, our salmon suppliers adopt sustainable salmon farming where there are stringent requirements applied to the feed and production processes. Pure seawater and access to raw ingredients for fish feed are the basis of the entire salmon farming operation for environmental sustainability.



SUSTAINABILITY REPORT

SUPPLY CHAIN MANAGEMENT

Additionally, we developed a method of uniting the ingredients throughout all our concepts to maximise the volume of same ingredients used. With this consolidation, we achieve our objective of procurement optimisation and obtain larger bargaining power to negotiate with suppliers for bulk purchase discount.

COVID-19 has continuously impacted the global supply chain in FY2021 where production, processing, shipping and distribution were hit by stoppages and delays. Our supply chain from food ingredients sourcing to serving our customers saw minor disruptions due to the travel restriction worldwide, resulting in the decrease of flight frequency and supplies from overseas suppliers. Our

response was to closely monitor the delivery status and keep an optimal stock level to avoid any stock-out situations in the outlets. Fortunately, we remained resilient and saw minimal supply disruption through purchasing from a wide range of suppliers. With our diversified sourcing strategy, we were able to adjust our recipes and food menus according to the ingredients available.

Despite the changes to our supply chain approach in FY2021, we believe that responsible sourcing is essential in maintaining the success of our business and we will continue to identify opportunities to streamline and reduce costs, protect our reputation and the safety of our customers.



SUSTAINABILITY REPORT

EXTERNAL INITIATIVES

As part of our vision to provide a better quality of life to all, we voluntarily commit to contribute to the social development of the community.

Excellent Service Award

Excellent Service Award (“EXSA”) is a national award that recognises individuals who have delivered exceptional service and create memorable experiences for customers.

We participated in EXSA 2021 and RE&S is proud to have 4 Star awardees, 30 Gold awardees and 36 Silver awardees.



Walk for Rice @ South East



We have collaborated with NTUC FairPrice Co-operative Limited for Walk for Rice 2020 which is an annual walking initiative that rallies the community to stay active and also give back to underprivileged families.

For every 300m we have walked or run, FairPrice will be donating one bowl of white rice to the vulnerable families in the South East District.

For the period from 22 October to 31 December 2020, we have clocked a total of 16,949.58km and we have successfully helped raise approximately 56,498 bowls of rice to the needy families.

Donation box programme

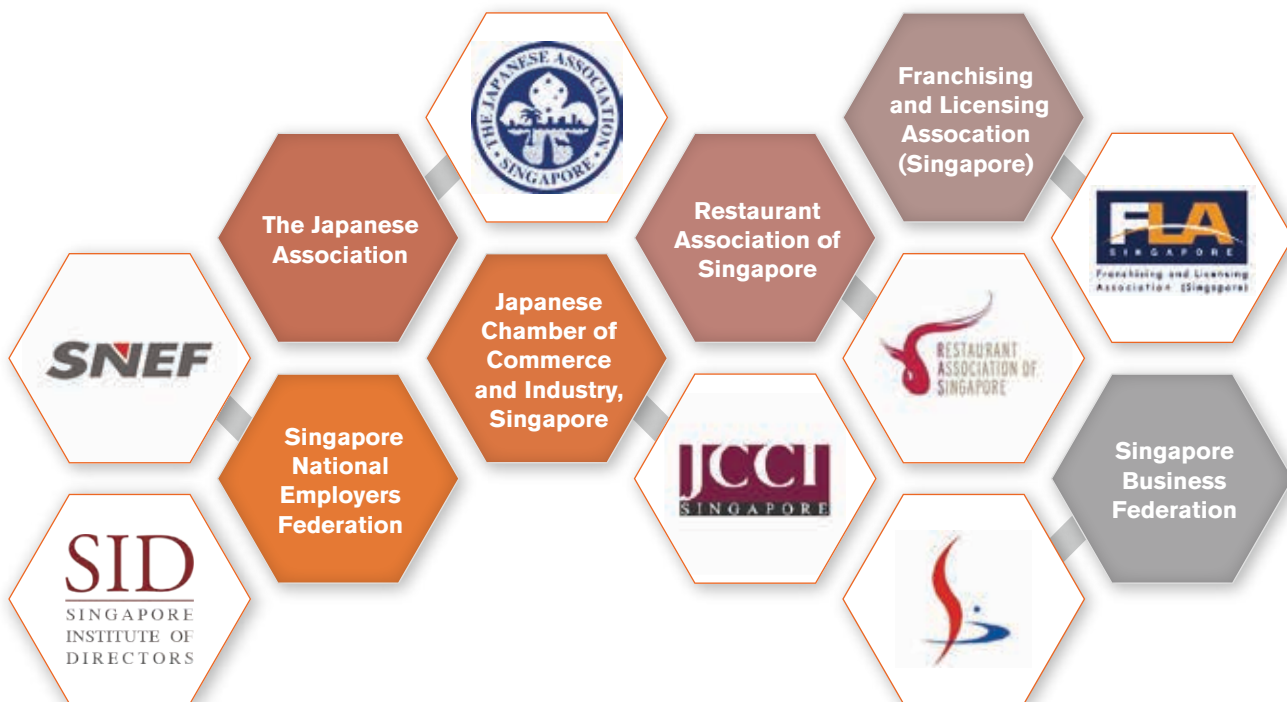
We also collaborate with Kwong Wai Shiu Hospital where we place the donation boxes at our restaurant outlets for customers to donate any amount at their comfort level. In FY2021, we have raised a total of \$20,851.20.



SUSTAINABILITY REPORT

MEMBERSHIP OF ASSOCIATION

RE&S has established strategic partnerships and linkages with a diverse range of corporate members and public bodies as listed below. These memberships allow our employees to network and interact with peers and other industry professionals to learn industry best practices, exchange knowledge, receive updates on the latest trends and developments, and encourage collaborations with other organisations.



Moving forward, the Group will continue to seek partnerships and form collaborations with industry bodies to grow our experience and exposure to prepare for further growth.

SUSTAINABILITY REPORT

OUR SUSTAINABILITY APPROACH

In line with our priorities to deliver sustainable growth to our stakeholders, the Group is committed to maintaining a system of effective compliance and governance regimes to ensure accountability and transparency in carrying out our business activities and sustainability efforts.

The Group's senior management periodically assesses focus areas that are most important to our stakeholders, as well as the economic, environmental, social and governance impact. We consider our stakeholders' expectations through our regular engagements with them as part of our sustainability approach.

Senior management is also responsible for on-going communication of such assessments to the Board of Directors, whose duties are to review and approve RE&S' sustainability matters.







Sustainability has been the key word in our discussions when navigating in new markets and it is crucial if we intend to see our efforts bear fruit. As we continue to embark on this sustainability journey, we pledge to conduct our business in an ethical manner and be responsible towards sustainable development.

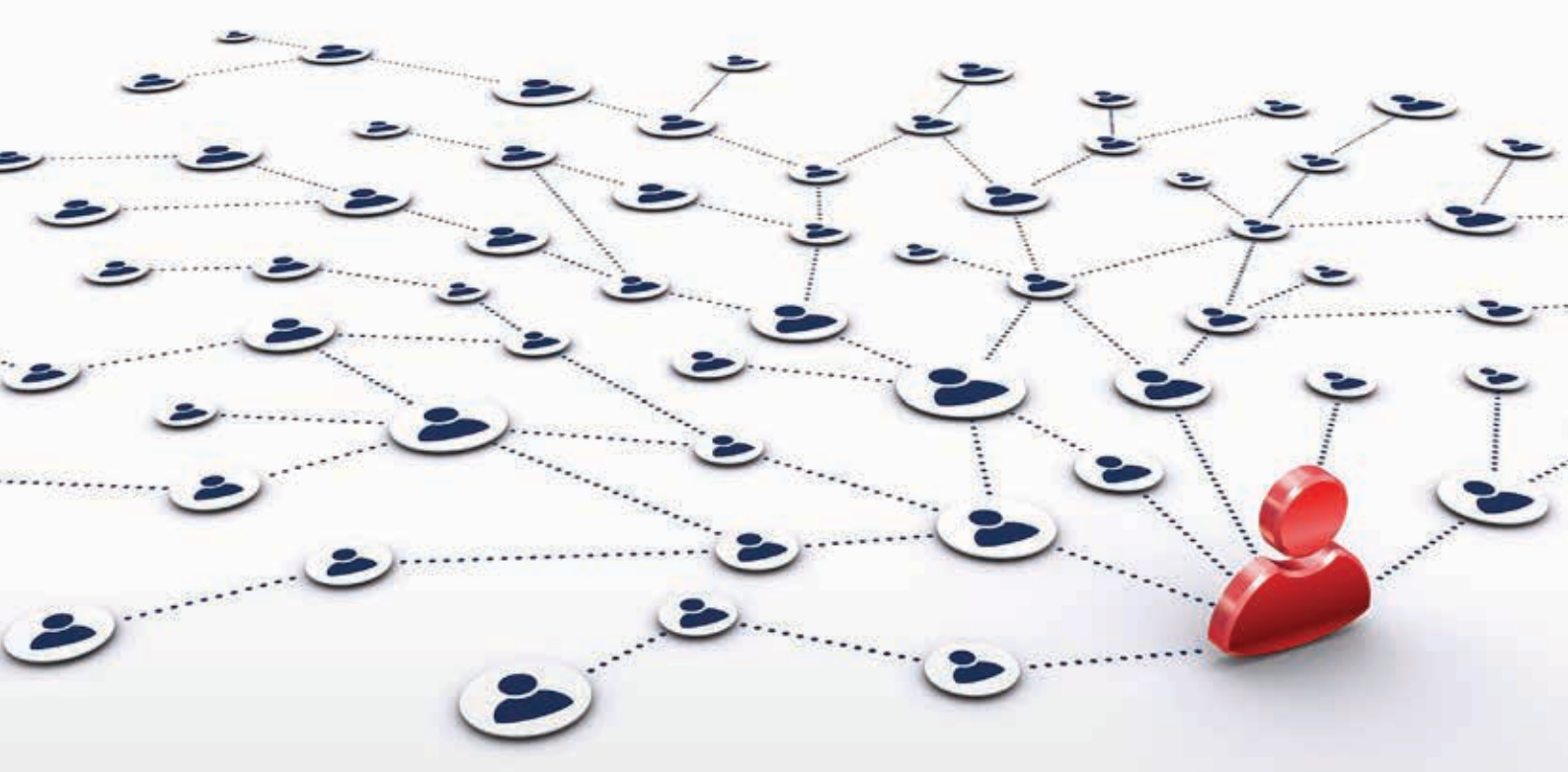
SUSTAINABILITY REPORT

STAKEHOLDERS ENGAGEMENT

At RE&S, we are committed to creating sustainable value for our stakeholders, which include our customers, suppliers, employees, investors, business partners as well as government and regulators.

We have made conscious efforts to engage our stakeholders through formal and informal channels to communicate the Group's sustainability efforts as well as to hear their feedback and suggestions.

Stakeholder group	Engagement activities	Stakeholder expectations	Frequency
 Customers	Provide exceptional customer service and place paramount importance to ensure products served are of high quality.	Exceptional customer service and handling of products according to food quality standards.	Daily
 Suppliers	Maintain business dealings with suppliers who are ethical, meet high standards of food safety, workplace and environment regulations.	Compliance with terms and conditions of purchasing policies and procedures, whilst maintaining ethical standards.	Periodic
 Employees	Provide a conducive environment for work and implement training for employees.	Employees' rights and welfare, personal development, good working environment.	Daily
 Investors	Publish unaudited half-yearly results on a timely basis to report economic performance.	Profitability, transparency, timely reporting, and fair purchasing practices.	Half-yearly
 Business partners	Maintain business dealings and amicable relations with business partners such as landlords and media partners.	Compliance with terms and conditions of the respective agreements.	Periodic
 Government and regulators	Maintain good working relationship with regulators and disclose pertinent information on a timely basis.	Environmentally friendly business approach, compliance with regulations, timely reporting and resolution of issues.	Periodic



SUSTAINABILITY REPORT

CORPORATE GOVERNANCE FRAMEWORK

We believe that good corporate governance ensures corporate success and economic growth whilst establishing and maintaining ethical environment within the Group, which serves the interests of all shareholders and stakeholders.

The Group's corporate governance structure consists of the Board, chaired by the Non-Executive Chairman and Independent Director. The Board oversees and monitors the policies and procedures relating to EESG factors together with the management and the assistance of external professional service providers.

The Board will oversee and evaluate the effectiveness of the existing sustainability practices, review EESG performance and set goals on an annual basis. Senior management continues to coordinate and revise sustainability strategies and any updates would then be reported to the Board and the Board will be aware of any material developments.

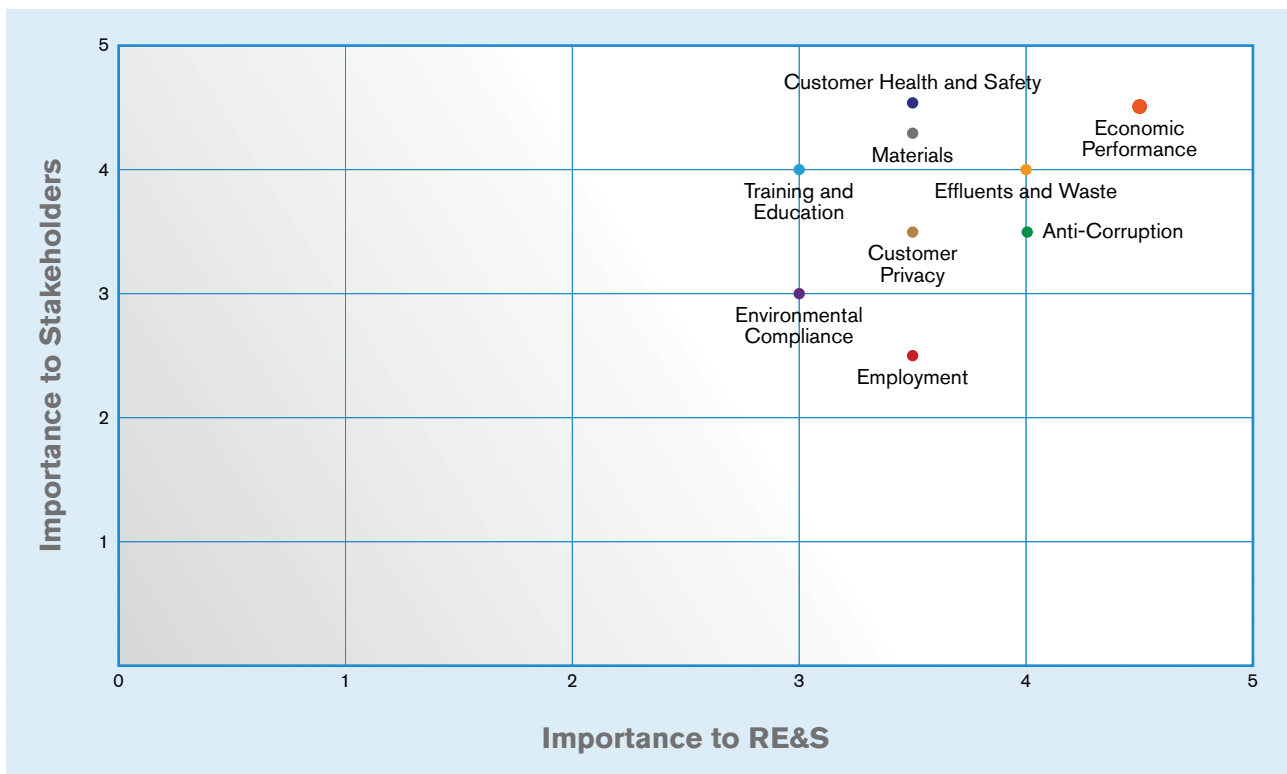


Our corporate governance system is supported by various policies and principles put in place to ensure that relevant controls are in place. We also adhere to the principles and guidelines of the Code of Corporate Governance 2018, issued by the Monetary Authority of Singapore, and will continue to update ourselves on developments in corporate governance by improving our practices and operating frameworks.

MATERIALITY ASSESSMENT

RE&S' material sustainability factors are those with significant economic, environmental, social and governance impact on our stakeholders and our business operations. When considering topics that are material to our stakeholders, we have taken into account of several factors: stakeholders' feedback, challenges faced by the industry, experts' views, our own business goals as well as our annual enterprise risk management update exercise, for the determination of material sustainability factors. Thereafter, we focus our sustainability efforts and reporting on these issues.

The following chart illustrates materiality levels of each topic discussed in this report, which were ranked and assessed through our engagement process with the respective stakeholder groups.



Based on our annual assessment of the factors mentioned above, material sustainability topics reported in our previous sustainability report remains as our priorities. In addition, a new material topic, Customer Privacy, was identified and included in this report. Our material sustainability topics identified for FY2021 are:

- Anti-corruption
- Economic performance
- Customer health and safety
- Employment
- Training and education
- Materials
- Effluents and Waste
- Environmental Compliance
- Customer Privacy

SUSTAINABILITY REPORT

ECONOMIC PERFORMANCE

We believe in creating long-term economic value for stakeholders and are dedicated to dividend distribution, positive operating cash flow, better remuneration for our employees and enhanced share value for our shareholders, as well as value creation for customers and society at large. Hence, we understand that sustaining healthy profits provides us with a competitive edge which has a direct impact on our stakeholders.

Today's technology is transforming a restaurant's concept of customer service, hence, it is crucial to invest and leverage on technology to gain an edge in this competitive food service industry. At RE&S, we have been digitally pivoting in order to enhance sustainability values for our stakeholders such as customers, employees as well as our shareholders.

As mentioned in our FY2020 sustainability report, we are progressively implementing digitalisation initiatives as part of our business operations and processes to reduce reliance on labour in order to remain cost effective. In FY2021, we launched e-menus for Ichiban Sushi concepts which provides a fully-digitalised ordering experience for our customers whilst reducing physical contact between customers and our employees amidst the COVID-19 pandemic.



We have launched a mobile application, which is a mobile productivity platform helping us to improve operations and communication with our non-desk based frontline workers such as waiters at the restaurants. Whilst this application improves the effectiveness of communication among our employees, it reduces the usage of paper as the mode of communication which translates into cost savings for the Group.

With the launch of the customer relationship management application ("CRM") in FY2020, the Group is able to understand customer behaviours more effectively and improve customer dining experience. We are also able to engage our customers more frequently and more effectively, providing them with relevant marketing information and increasing customer retention.

In this report, we are pleased to share that our quick service Japanese barbeque concept, Yakiniku-GO was launched in February and May 2021 at The Seletar Mall and Jurong Point respectively. This concept serves a niche market, and boasts smoke-free electric grills for small parties of one upwards.

Since the outbreak of the COVID-19 pandemic, the local Food and Beverage ("F&B") industry has been severely impacted by safety measures imposed to prevent the spread of COVID-19 such as dine-in restrictions which resulted in overall 35% reduction in seating capacity at our restaurant outlets throughout FY2021. Amidst this uncertain and challenging period, the Group has shifted its focus to refining our takeaway and delivery businesses. Whilst consumer confidence towards the condition of this pandemic has largely increased in the wake of Phases 2 and 3 in Singapore, the Group remains cautiously optimistic and continues to enhance its preparedness in a climate of unknowns and fast-evolving situations.

In FY2021, we have also strived to enhance existing established concepts by studying the current market demand and introducing new menus to serve our customers. For example, new sushi surprises such as Aburi Wagyu Sushi were rolled out at Sushi-Go to the delight our customers.

For an in-depth discussion, please refer to our Financial Highlights in the Annual Report.

Our targets for FY2022 :

- Improve or maintain our financial performance, subject to market conditions
- Continuous improvement by exploring and leveraging on our Japan network, market presence and our central kitchen as well as introducing new concepts to sustain business growth
- Digitalisation of businesses and processes



SUSTAINABILITY REPORT

ANTI-CORRUPTION

We adopt a zero-tolerance stance against bribery and corruption.

Policies and procedures surrounding workplace ethics and business conduct such as anti-corruption, conflict of interest and ethical business practices have been put in place and communicated to all employees.

We also have in place a Code of Conduct which is outlined in the employee handbook for all employees to adhere to. In the event of any deviations from the established Code of Conduct, employees are encouraged to seek advice and raise concerns through the HR feedback loop. There is one reported case of employee misconduct during the course of work in FY2021. Our HR team investigated to understand the root cause and appropriate action has been taken to resolve the case.

To this end, we have a whistle-blowing channel to ensure that concerns can – whether anonymously or otherwise – be raised in a safe, transparent and

accountable manner, without fear of reprisal in any form. The Chairman of the Audit Committee (“AC”), Head of Human Resource and/or CEO will be informed of any cases and further investigations and follow-up actions will be taken, where necessary, by the AC Chairman. A whistle-blowing policy has been communicated to all employees and details can be found on our corporate website (<https://res.listedcompany.com/>).

In FY2021, the Group is pleased to announce that there were no whistle-blowing cases received. In addition, there were no incidents involving non-compliance with laws and regulations relating to corruption or fraud.

Our targets for FY2022 :

- Maintain zero-incident record on non-compliance with laws and regulations relating to corruption and/or fraud.

SUSTAINABILITY REPORT

CUSTOMER HEALTH AND SAFETY

Customer health and safety has always been a top priority for RE&S. The core value of the Group is to ensure quality and freshness for our customers.

At RE&S, we exercise stringent controls on maintaining food safety and hygiene at our central kitchen, all restaurants and outlets. We take responsibility in ensuring that all food and beverages served are fit for consumption and adhere to comprehensive health and safety guidelines. Placed at the highest priority in all stages across our value chain, we have teamed up with our partners from procurement, warehouse and logistics, quality assurance, as well as operations at central kitchen, in achieving our set targets.

Procurement control

We ensure that evaluation and verification are carried out on suppliers' accreditation and compliance with the required regulatory, track record, quality of services and reputation before we engage with a new supplier. For local suppliers, we review and ensure they possess food processing license from SFA whereas overseas suppliers are required to be certified with food export license.

Perishable ingredients such as seafood, meat and vegetables are purchased in accordance with a production plan to control the quantities ordered and minimise wastage. Prior to purchasing of new ingredients, we would request product specification and Certificate of Analysis/ lab report from the supplier for verification of produce standard and quality assurance.

Warehouse and logistics control

To preserve the quality of the food and ensure food safety, we ensure stringent time-temperature control along the supply chain is in place. We schedule delivery time with our suppliers so that no food products or ingredients are left unattended upon delivery. When receiving food products, our employees are trained to load/ unload the chilled and frozen food products as quickly as possible to minimise fluctuation in temperature of the products.

Our warehouse is equipped with freezer and chiller for storage of our food ingredients with temperatures frequently checked and maintained at optimum level to ascertain the freshness of our food ingredients. We

adopt First In, First Out ("FIFO") approach in our stock management. This is to reduce the duration between purchase and usage of goods, hence the risk of spoilage for perishable items is mitigated. We arrange our food products according to the expiry dates with the earliest use-by or expiration dates being placed at the front for easy visual identification. All food ingredients are checked periodically for expiry dates and proper storage. Any expired food ingredients would be promptly disposed. To prevent stock-out situation, we keep buffer stock which could last us for more than 1 month. In view of the COVID-19 pandemic, additional measures such as temperature scanning, minimising visitors to the central kitchen and contactless delivery have been implemented to prevent food contamination.



Quality assurance

To ensure the freshness of our ingredients, we conduct daily tests on samples of our food supplies and store them in a strict temperature-controlled environment. All finished goods are subject to physical (such as pH, Brix, salt content, viscosity and texture analysis) and/ or sensory evaluation (i.e. laboratory analysis) before approval for release. This is to ensure that products from our central facility are safe for consumption and are of the highest quality. Regular food hygiene and safety audits are conducted at outlets and the central kitchen to ensure consistency in product quality and food safety.

SUSTAINABILITY REPORT

CUSTOMER HEALTH AND SAFETY

Central kitchen

Our central kitchen where our food and ingredients are prepared is certified with ISO22000 standards. Moreover, we have also achieved Grade "A" certification from SFA, which is testament to our good manufacturing practices and proper food safety systems.

To uphold our high standards of cleanliness, employees are instructed to wear hair nets and masks whilst working in the food preparation areas. At the end of each day, our central kitchen is thoroughly washed down and cleaned to prevent and minimise food-borne hazards.

Housekeeping checklist is introduced on top of the existing cleaning and sanitation checklist to further enhance the hygienic cleaning procedure at the central kitchen. Additionally, pest control and flush out treatment are carried out periodically to ascertain the central kitchen is free from infestation.

Through these, we sustain and enhance RE&S' product quality, corporate reputation and financial performance.



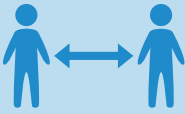


There were no significant fines and warnings relating to non-compliance with health, hygiene and safety standards in FY2021. There was at least 1 supplier assessment carried out per month to ensure the supplier meets our food safety and quality requirements. During FY2021, we did not achieve our target of receiving less than 10 negative feedbacks on food quality as we received more than 10 negative feedbacks on food quality. To reduce the negative feedback on food quality, the quality assurance team has stepped up on quality control checks and refresher trainings would be conducted for production staff in FY2022.

Our targets for FY2022 :

- Maintain zero major non-compliance with health, hygiene and safety standards

COVID-19 safety measures

In view of the COVID-19 crisis, safeguarding the health of our customers and employees remains our utmost priority. As part of our efforts to keep the community spread under control, we have implemented safety and preventive measures in our outlets and central kitchen to create a safe dining experience for our customers and a safe working environment for our employees.

 <p>Contact tracing</p>	<ul style="list-style-type: none"> ▪ Compulsory for every customer to scan Safe Entry QR code to check in before entering
 <p>Temperature screening</p>	<ul style="list-style-type: none"> ▪ Stakeholders to be screened prior to entering
 <p>Queue management</p>	<ul style="list-style-type: none"> ▪ Allowing only 1 person in a group to queue ▪ Clear marking (1 meter) on the queueing path
 <p>Seat arrangement for social distancing</p>	<ul style="list-style-type: none"> ▪ Reconfiguration to ensure separation of at least a meter between patrons
 <p>Sanitisation</p>	<ul style="list-style-type: none"> ▪ Tables and chairs to be sanitised after each meal

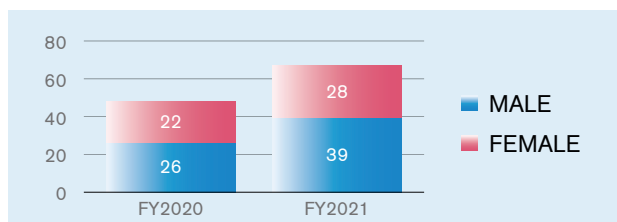
SUSTAINABILITY REPORT

EMPLOYMENT

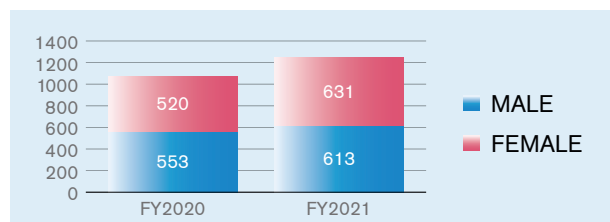
Our people are recognised as the Group's greatest asset. We are a people-to-people organisation, where achieving our mission, vision and long-term objectives are highly dependent on the values, conduct and performance of our people. Hence, the Group has developed and integrated human capital strategies on talent attraction, development and retention to enhance the employee retention mechanisms as well as talent attraction ability.

As part of our talent retention strategies, the Group embraces diversity and values the importance of creating an all-inclusive environment where our employees are treated respectfully and equally. We pride ourselves in maintaining a harmonious and diverse workforce spanning different generations and skill sets. The Group is committed to creating an environment that provides equal opportunities and benefits to each employee, regardless of his or her gender or age.

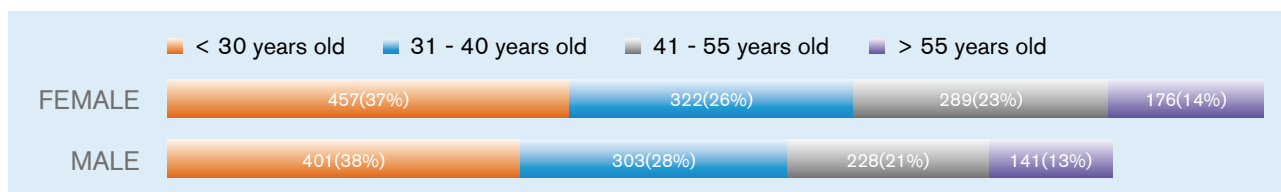
Workforce by gender in senior management (number of employees)



Workforce by gender (number of employees)

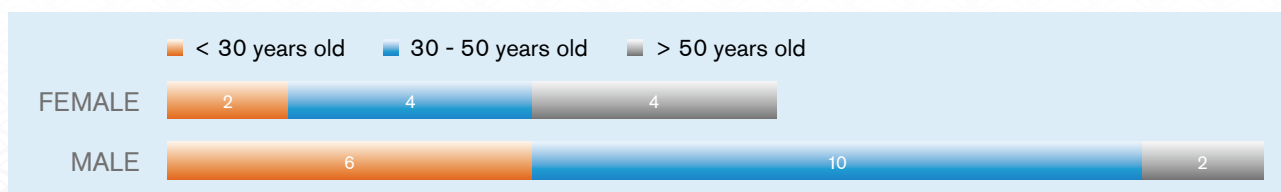


Full-time employee turnover by gender and by age group for FY2021 (number of employees)

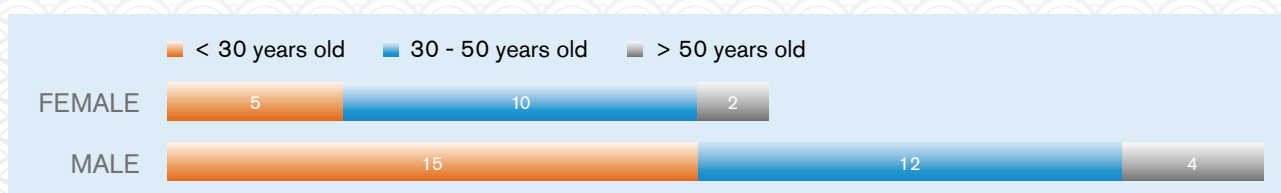


As we operate in F&B industry, high employee turnover remains a huge challenge. Our talent retention strategies include regular reviews of the remuneration packages to align with market rates, provision of employee benefits such as insurance, medical benefits, parental leave entitlement, and family support. We believe that higher employee satisfaction leads to higher productivity and a more fulfilling experience for our employees.

Full-time employee turnover by gender and by age group for FY2021 (number of employees)



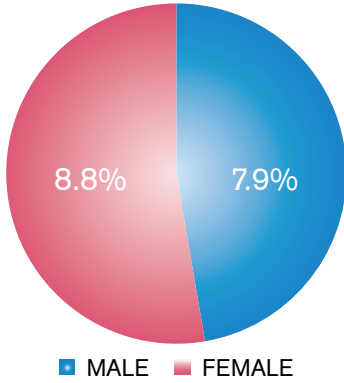
Full-time new hires by gender and by age group for FY2021 (number of employees)



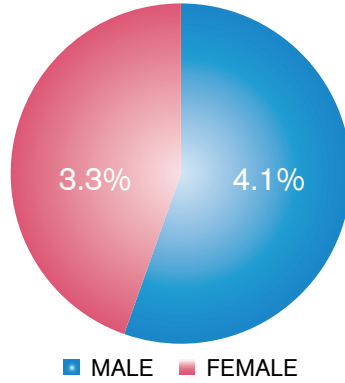
SUSTAINABILITY REPORT

EMPLOYMENT

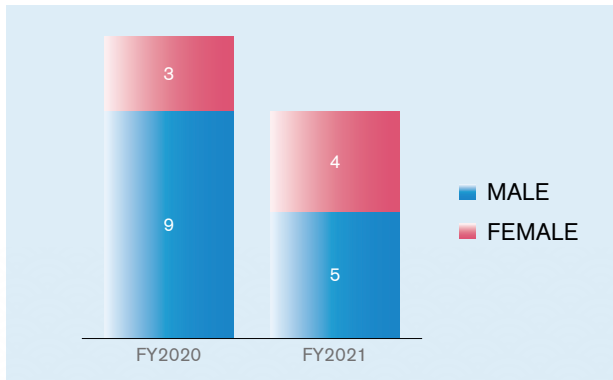
Employee turnover rate
FY2020



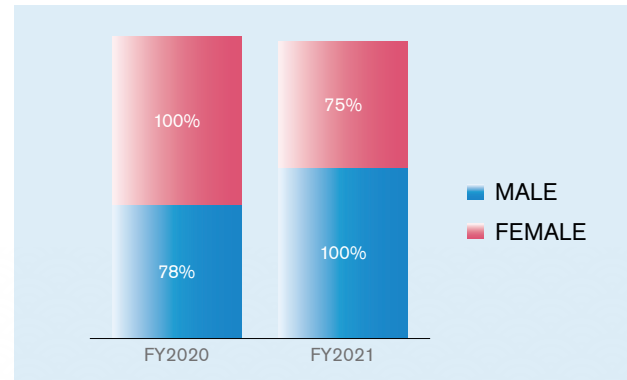
Employee turnover rate
FY2021



Total number of employees by gender returned to work after completion of parental leave and still employed within 12 months

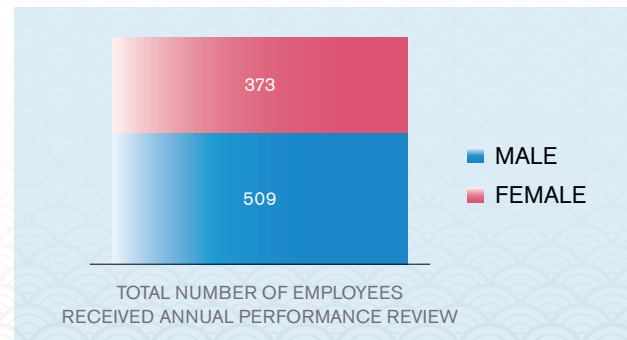


Retention rate of employees that took parental leave by gender (in percentage)



We have established a structured annual performance appraisal system where our employees are evaluated fairly. The appraisals would cover evaluation of performance goals, setting of targets for the year, career development plans and growth opportunities.

In FY2021, we continuously maintained diversity in our employment practices and there was zero reported issue of gender discrimination.



Our targets for FY2022 :

- Maintain diversity in our employment practices and achieve zero reported issues of gender discrimination.

SUSTAINABILITY REPORT

TRAINING & EDUCATION

As technology advances, and workplace methods and strategies improve, there comes a need for employers and employees to align with these changes in terms of knowledge, skills, values and abilities. Getting employees exposed to relevant and consistent training can help companies improve performance and increase results in the workplace. The Group is committed to developing our employees through training and continuous development programs to build a competitive and sustainable workforce.

New employees are provided on-the-job training and coaching to help them familiarize with the working environment, the Group's operations and their specific job scopes.

We have developed training road maps to identify series of courses or trainings which could help our employees in pursuing professional development opportunities.

The types of training programs which were arranged in FY2021 to assist employees in upgrading their skills include but not limited to:

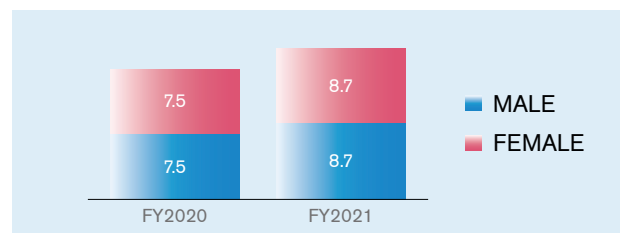
- Kitchen and service trainings to ensure new hires undergo proper trainings prior to commencement of work at the outlets.
- Profit or loss training for Restaurant Managers to equip them with accounting knowledge and operational skills.
- Leadership trainings for selected employees as part of their career development plans.
- DISC ("Dominance, Influence, Steadiness and Conscientiousness") which is a personal assessment tool conducted for the heads of department as well as executive level employees.

Additionally, we have developed a series of training programs to facilitate employees in continued employability. This includes Be a service coach program which provides an opportunity for our managers to take on the role of a coach for our service employees. We have also invested in our people by sending them to external courses for their skills enhancement such as advanced Excel, Food Safety System Certification, etc.

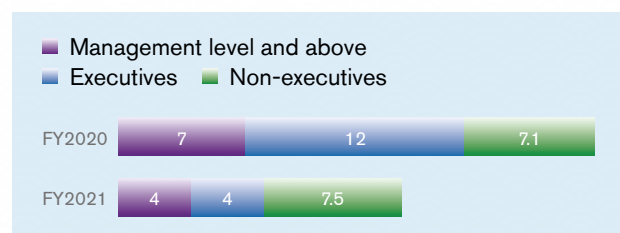
Our targets for FY2022 :

- Identify more courses for our employees' career development.
- Conduct more leadership programs for senior management.

Average training hours provided by gender



Average training hours provided by category



P&L training for Restaurant Manager



The Leadership Challenge for HODs



Kitchen Training for new employees

ENVIRONMENTAL PERFORMANCE

With global warming on the increase, climate change across the world and natural resources enduring more strain than ever, it is becoming increasingly important for companies to take their environmental performance seriously, including us. Apart from economic and social considerations, environmental sustainability is always one of our principles to be upheld. RE&S' commitment to reduce packaging material and waste continues to be an important priority and is an integral part of the Group's environmental sustainability approach.

Packaging

Single-use plastic disposables such as plastic bags, takeaway containers, etc. are commonly used in the F&B industry. With the growing concern of plastic use in Singapore, RE&S has rolled out various initiatives to reduce the environmental impacts.

Some of our bento boxes are made by certified biodegradable paper packaging. Reusable chopsticks and delivery containers are used in our outlets to reduce the plastic waste. We have also stopped providing plastic straws unless the customer requests it. Since September 2018, one of our brands, Gokoku Japanese Bakery, had initiated a Bring Your Own Bag ("BYOB") scheme in which a \$0.10 off total bill discount will be given to customers who brought their own bags.



At present, there are about 10 out of 50 types of plastic packaging that the Group uses which are biodegradable. Usage of biodegradable plastic helps reduce the carbon emissions during the manufacturing process. Furthermore, since the materials used to create biodegradable plastics are plant-based, minimal carbon is emitted during its decomposition process.

As part of our ongoing efforts to reduce paper usage through digitalisation, we have successfully launched Customer Relationship Management System for introduction of vouchers scheme as well as loyalty card for our customers. This allows the system to capture customers' voucher redemption status or loyalty card details, which replaces usage of paper.

In view of the additional restrictions under Phase 2 which were implemented by Singapore Government to combat the spread of COVID-19, takeaway and delivery options have become the new norm for the F&B industry which led to an increase in overall plastic usage from 235MT in FY2020 to 264MT in FY2021. Nevertheless, during FY2021, we actively looked into approaches for sustainable packaging, such as:

- Engaging with TRIA, a company based in Singapore offering sustainable and innovative foodware, for sustainable design packaging for assorted sushi items.
- Embarking into The Good Design Research to promote design of solutions for complex global issues (e.g. plastic wastes).

We do not track our packaging footprints but we will continuously strive towards having our business conducted in an environmentally friendly and sustainable manner by exploring viable "green" packaging solutions through engagement with suppliers who are environmentally friendly.

Our targets for FY2022 :

- Continue engaging with outsourced professionals to improve our food packaging design to reduce packaging wastes.

SUSTAINABILITY REPORT

ENVIRONMENTAL PERFORMANCE

Effluent and Waste

We are fully aware of our responsibility in nurturing the environment and lessening negative environmental consequences caused by the waste generated from our operations.

Type of waste	Examples
Packaging	Plastic containers/ bags, papers, cans
Chemical residue	Washing of machinery and utensils after use, cleaning of facilities
Food waste	Food waste after processing i.e. salmon scales, chicken/ pork bones

In FY2021, the Group has put in place several initiatives to reduce waste such as increase of recycle bins with strategic placement around the building for recyclable materials to be disposed according to types (i.e. paper, metal, plastic and glass). As far as possible, we strive to reduce paper usage at our corporate headquarter and outlets through digitalisation.



Furthermore, we also engage the services of appointed vendors by National Environment Agency (“NEA”) to manage and dispose our food and general waste in an environmentally safe manner.

In FY2021, we collaborated with Tablepointer to save the energy consumption at RE&S such as transforming kitchen exhaust equipment into smart machines, automated and data driven energy saving implementation. These measures helped reduce our carbon footprint by optimising the energy usage as well as emitting lower carbon dioxide. From the collaboration with Tablepointer in FY2021, we have saved a total of SGD4,049 for saving energy consumption.

In FY2021, we have achieved our targets set in FY2020, whereby we maintained the allowance limits for Biochemical Oxygen Demand (BOD: 50mg/ litre) and Chemical Oxygen Demand (COD: 100mg/ litre) set by NEA.

Our targets for FY2022 :

- Increase the amount of recycle bins at RE&S and outlets
- Control disposal of waste
- Install efficient system to help in reducing of waste (e.g. machine used to compress cardboard to smaller sizes)

Environmental Compliance

We monitor compliance with regulations and guidelines developed by SFA on an ongoing basis. We also maintain strict hygiene controls at our central kitchen and outlets by providing training to our staff and setting up an internal audit team to ensure compliance with relevant laws and regulations. All our newly created products will go through stress test by external laboratories to ensure compliance with food safety.

In FY2021, there was no incidence of non-compliance with environmental regulations.

Our targets for FY2022 :

- Maintain zero major non-compliance with environmental regulations which may result in penalties, fines or warnings.



SUSTAINABILITY REPORT

CUSTOMER PRIVACY

We strongly believe that protecting privacy of customers and employees can enable us to drive more revenue and gain more customers. We strive towards upholding professional values when conducting business as well as handling customers' and employees' privacy. Safeguarding personal data from misuse and maintaining individuals' trust in us is always the Group's notion to deliver sustainable growth and to protect our customers' and employees' interests.

We have our personal data policy established and formalised in our corporate website for stakeholders' reading. The CEO has been appointed as the Data Protection Officer to oversee data protection responsibilities and ensure compliance with Personal Data Protection Act ("PDPA").

With the Group's move towards digitalisation, we protect our customers' data and privacy by enhancing the security level of the Group's servers and IT systems consistently. Access rights to the systems and servers in use by the Group are strictly controlled and restricted to only authorised personnel. Customer data is stored in secure databases where we have established safeguards in place, such as password controls,

anti-virus software and firewall, against impending IT security threats. Prior to obtaining personal data from customers, we require our customers to acknowledge general terms of use as a form of consent in providing us with the personal data.

Additionally, our employees are required to sign personal data consent form to provide the Group with consent for usage of their personal data. Our new employees would be briefed on PDPA information during their on-boarding orientation programme. We have also engaged an outsourced service provider to provide training in relation to PDPA to our employees.

In FY2021, there were no reported cases in relation to personal data violation or breaches of customer privacy.

Our targets for FY2022 :

- Maintain our good track record of having zero reported cases in relation to personal data violation or breaches of customer privacy.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard	Disclosure Number	Disclosure Title	Page References and Reasons for Omission, if any
General Disclosures	102-1	Name of the organisation	29
	102-2	Activities, brands, products, and services	30
	102-3	Location of headquarters	30
	102-4	Location of operations	30
	102-5	Ownership and legal form	30
	102-6	Markets served	30
	102-7	Scale of the organisation	13, 23, 30, 42 – 44
	102-8	Information on employees and other workers	42 – 44
	102-9	Supply chain	31 – 32
	102-10	Significant changes to the organisation and its supply chain	No significant changes
	102-11	Precautionary principle or approach	34
	102-12	External initiatives	33
	102-13	Membership of associations	34
Strategy	102-14	Statement from senior decision maker	29
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	30
Governance	102-18	Governance structure	13
Stakeholder engagement	102-40	List of stakeholder groups	35
	102-41	Collective bargaining agreements	Not applicable
	102-42	Identifying and selecting stakeholders	35
	102-43	Approach to stakeholder engagement	35
	102-44	Key topics and concerns raised	37
Reporting practice	102-45	Entities included in the consolidated financial statements	Annual Report 2021
	102-46	Defining report content and topic boundaries	30
	102-47	List of material topics	37
	102-48	Restatements of information	Not applicable
	102-49	Changes in reporting	Not applicable
	102-50	Reporting period	30
	102-51	Date of most recent report	9 October 2020
	102-52	Reporting cycle	30
	102-53	Contact point for questions regarding the report	30
	102-54	Claims of reporting in accordance with the GRI Standards	30
	102-55	GRI content index	48, 49
	102-56	External assurance	External assurance was not sought for this Sustainability Report; however, we will consider seeking external assurance in future as we progress in our sustainability reporting practice.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard	Disclosure Number	Disclosure Title	Page References and Reasons for Omission, if any
Management Approach	103-1	Explanation of the material topic and its boundaries	38 – 47
	103-2	The management approach and its components	34 – 37
	103-3	Evaluation of the management approach	34 – 37
Economic Performance	201-1	Direct Economic value generated and distributed	38, Annual Report 2021 – Consolidated Statement of Profit or Loss and Other Comprehensive Income
	201-4	Financial assistance received from government	Annual Report 2021 – Other Operating Income
Anti-corruption	205-1	Operations assessed for risks related to corruption	39
	205-2	Communication and training about anti-corruption policies and procedures	39
	205-3	Confirmed incidents of corruption and actions taken	39
Materials	301-3	Reclaimed products and their packaging materials	45
Effluents and Waste	306-2	Waste by type and disposal method	46
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	46
Employment	401-1	New employee hires and employee turnover	42 – 43
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	42 – 43
	401-3	Parental leave	43
Training and Education	404-1	Average hours of training per year per employee	44
	404-2	Programs for upgrading employee skills and transition assistance programs	44
	404-3	Percentage of employees receiving regular performance and career development reviews	44
Customer Health and safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	40 – 41
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	47

CORPORATE GOVERNANCE REPORT

RE&S Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are committed to achieving and maintaining high standards of corporate governance by setting in place a framework of practices and policies that complies with the principles and provisions of the Code of Corporate Governance 2018 (the “Code”). The Group believes that this is essential to the sustainability of the Group’s business and critical in protecting and enhancing shareholders’ interests in the long term.

This report sets out the Group’s corporate governance practices for the financial year ended 30 June 2021 (“FY2021”) with specific reference to the principles and provisions of the Code. The Board is pleased to report that the Group have complied in most of the material aspects with the principles and provisions set out in the Code, save for deviations or areas of non-compliance which are explained under the respective sections. The report should be read in its entirety instead of separately under each principle of the Code and the provisions therein.

Outlined below are the policies, processes and practices adopted by the Group in compliance with the Code.

(A) BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Directors’ Fiduciary Duties and Conflicts of Interest (Provision 1.1)

The Board objectively discharges its duties and responsibilities at all times in the interests of the Company and hold Management accountable for the overall performance for long-term success of the Group. Its primary responsibility is the preservation and enhancement of long-term value and returns for the shareholders.

The Board is obliged to exercise reasonable due diligence and independent judgement when making decisions. It sets appropriate tone-from-the-top and desired organisational culture and ensures proper accountability within the Group. If there is any conflict of interest, Directors will voluntarily recuse themselves from all discussions and decisions involving the issues of conflict.

Board Reserved Matters (Provision 1.3)

The Board has adopted a set of internal guidelines setting forth matters that require Board’s approval. Matters which are specifically reserved for the Board’s decisions include those involving mergers and acquisitions, investments and divestments, acquisition and disposal of assets, corporate or financial restructuring, budget, capital expenditure, share issuance, Board and Key Management Personnel succession plans, compensation for Key Management Personnel, interim dividends, release of the Group’s half year and full year results announcements, interested person transactions and substantial transactions which have a material impact on the Group. Management understands that these matters require the Board’s approval. The Board will review these internal guidelines on a periodic basis to ensure their relevance to the operations of the Group. Below the Board level, there is appropriate delegation of authority and approval sub-limits at Management level, to facilitate operational efficiency.

CORPORATE GOVERNANCE REPORT

In addition to its statutory duties, the Board also:

1. Provides entrepreneurial leadership and sets the strategic plans and performance objectives of the Group;
2. Reviews the adequacy and effectiveness of the Group's risk management and internal controls framework including financial, operational, compliance and information technology control and establishes risk appetite to safeguard shareholders' interests and the Group's assets;
3. Reviews the performance of the Group's Key Management Personnel;
4. Approves the annual budgets, significant capital expenditure, acquisitions and divestment proposals;
5. Approves the nomination and appointment/re-appointment of Directors, Board Committee members and Key Management Personnel;
6. Approves the release of the Group's half year and full year financial results and interested person transactions;
7. Reviews sustainability issues such as environmental, social and governance factors, as part of its strategic formulation;
8. Identifies key stakeholder groups and recognise that their perceptions affect the Company's reputation;
9. Sets the Group's ethical values and standards to ensure that obligations to shareholders and other stakeholders are understood and met; and
10. Assumes responsibility for and ensuring the Group's compliance with good corporate governance practices.

Delegation of Authority by the Board to its Board Committees (Provision 1.4)

To assist in the execution of its responsibilities, the Board has established and delegated certain functions to its various Board Committees, namely, the Audit Committee (the "AC"), the Nominating Committee (the "NC"), the Remuneration Committee (the "RC") and the Administration Committee.

Each Board Committee is chaired by an Independent Director and all of the members are Independent Directors. Functions of these Board Committees including their compositions, authorities and duties are clearly written in its terms of reference ("TOR"), which have been approved by the Board. The effectiveness of each Board Committee is constantly monitored and reviewed on a regular basis to ensure their continued relevance. The TOR in relation to the responsibilities and functions of the Directors in each Board Committee is provided in this Report.

Directors' Orientation, Induction, Training and Development (Provision 1.2)

The Company provides formal letter of appointment to each newly appointed Director setting out his roles, responsibilities and obligations as a member of the Board. Newly appointed Directors will also meet with Management of the Company to be briefed on the Group's business, operations, structure as well as its history, core values, strategic directions, industry specific knowledge and the Group's governance practices relating to, *inter alia*, disclosure of interests in the Company's securities, prohibition on dealings in the Company's securities and restrictions on the disclosure of price sensitive information.

CORPORATE GOVERNANCE REPORT

The Company also ensures that any newly appointed Director who does not have prior experience or is not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo mandatory training pursuant to Rule 406(3)(a) of the Listing Manual – Section B: Rules of Catalist (“Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) in the roles and responsibilities of a listed company director.

During FY2021, Management has kept the Board up-to-date on all pertinent developments in the business of the Group during Board and/or Board Committee meetings to facilitate the discharge of duties by the Directors. From time to time, the Group’s internal and external auditors, legal advisors and the Company Secretary updates the Board on changes to the Catalist Rules of the SGX-ST or changes to the laws and guidance pertaining to corporate governance practices, risk management, insider trading and changes to financial reporting standards so that the Directors may discharge their fiduciary duties effectively. In addition, articles, press releases and reports released by SGX-ST and ACRA which are relevant to the Group are circulated to the Board.

The Group welcomes Directors to seek explanations or clarifications from and/or request for informal discussions with Management on any aspect of the Group’s operations or business. The Group is responsible for encouraging and funding the training of its Directors to enhance their skills and knowledge and provides the budget and ongoing opportunities for the Directors to receive further training.

To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo regular training and participate in conferences, seminars or any training programme in connection with their duties to keep abreast of a dynamic business environment during their term of appointment.

In FY2021, certain Directors had attended Singapore Institute of Directors courses such as Board Risk Committee Essentials, Nominating Committee Essentials and Remuneration Committee Essentials. A training register is maintained by the Company with respect to the courses/seminars attended by each Director.

Board and Board Committees Meetings and Attendance (Provision 1.5)

The Board and AC conduct regular scheduled meetings each year to review the financial results and holds additional or ad hoc meetings at such other times as is necessary to address significant matters that may arise. Each of the NC and RC conducts at least one scheduled meeting each year. The meetings are scheduled in advance to facilitate the individual Directors’ planning in view of their on-going commitments. All agendas for meetings are reviewed by the Chairman of the Board and the Chairman of the respective Board Committees. Board papers incorporating sufficient information from Management are forwarded to Board members in advance of a Board meeting and on an on-going basis to enable each member to make informed decisions and discharge their duties and responsibilities. Management is invited to attend the meetings to present information and/or render clarification when required. Directors may request for explanations, briefings by or discussions with Management on any aspect of the Group’s operations or business. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

The Company’s Constitution allows a Board meeting to be conducted by telephone conference, video conference, audio visual or through other communication equipment via which all persons participating in the meeting can communicate with each other simultaneously and instantaneously.

In lieu of physical meetings, Board decisions are also made via written resolutions circulated to the members for their approvals.

CORPORATE GOVERNANCE REPORT

The number of Board, Board Committees meetings and General Meeting(s) held during FY2021 as well as the attendance of each Director at each of these meetings is set out below:

Meetings	Board	AC	NC	RC	Annual General Meeting
Total held in FY2021	3	2	1	2	1
Directors	No. of Meetings attended in FY2021				
Ben Yeo Chee Seong	3	2	1	2	1
Hiroshi Tatara	3	2 ⁽¹⁾	–	–	1
Yek Hong Liat John	3	2 ⁽¹⁾	–	–	1
Lee Lap Wah, George	3	2	1	2	1
Guok Chin Huat Samuel	3	2	1	2	1
Foo Kah Lee	3	2 ⁽¹⁾	–	1 ⁽¹⁾	1
Lim Shyang Zheng	3	2 ⁽¹⁾	–	–	1

⁽¹⁾ By Invitation

Note: There was no Administration Committee Meeting held during FY2021.

Access to Information (Provision 1.6)

Board members are provided with adequate and timely information prior to all Board and Board Committee meetings through detailed Board papers that will be circulated to brief the Directors or provide progress reports on the Group's business, strategies, risk analysis, financial impact, regulatory or corporate governance issues and other matters requiring the Directors' attention and mandate.

At each AC and/or Board meeting, the Executive Directors and Management will provide the reports on the Group's performance and financial results and consult the Board on any significant development or transactions relating to the Group's operations.

Access to Management and Company Secretaries (Provision 1.7)

The Board has separate and independent access to Management and external advisors (whenever necessary) at the Company's expense. Management will be invited to attend the Board meetings to participate in the discussions on the Group's operations.

The Directors also have separate and independent access to the Company Secretary or her representative who attends and records the minutes of all Board and Board Committee meetings. The Company Secretary assists the Chairman of the Board and of each Board Committee in ensuring that Board procedures are followed and reviewed in accordance with the Company's Constitution and regulatory laws. The Company Secretary's role is to advise the Board on all governance matters and the appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Independent Directors and Non-Executive Directors Comprise a Majority of the Board (Provisions 2.1 to 2.3)

The Board currently comprises seven (7) Directors, three (3) of whom are Independent Directors; one (1) of whom is a Non-Executive Non-Independent Director; and three (3) of whom are Executive Directors. The Independent Directors and Non-Executive Non-Independent Director make up a majority of the Board. The Chairman of the Board is independent.

The composition of the Board is as follows:

Mr. Ben Yeo Chee Seong (Non-Executive Chairman and Independent Director)
Mr. Foo Kah Lee (Executive Director and Chief Executive Officer)
Mr. Hiroshi Tatara (Executive Director and President)
Mr. Lim Shyang Zheng (Executive Director and Chief Operating Officer)
Mr. Yek Hong Liat John (Non-Executive Non-Independent Director)
Mr. Lee Lap Wah, George (Independent Director)
Mr. Guok Chin Huat Samuel (Independent Director)

The Board assesses the independence of Independent Directors in accordance with the requirements of the Code to ensure that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Group.

Under the Code, an Independent Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its shareholder who hold 5.0% or more of the voting shares (the "Substantial Shareholders") or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interest of the Company and the Group.

The NC had reviewed the independence of each Independent Director and determined that these Directors are independent. The NC and the Board are also of the view that no individual or small group of individuals dominates the Board's decision-making process.

There is no Independent Director who has served beyond 9 years since the date of his first appointment.

The Independent Directors exercise no management function in the Group.

Board Composition and Diversity (Provisions 2.4)

The Group recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. To promote diversity of the Board, the Company has adopted the Board Diversity Policy with a view to achieving a sustainable and balanced development, the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

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The Board diversity has been considered from a number of aspects, including but not limited to the following:

- (a) gender;
- (b) age;
- (c) nationalities;
- (d) ethnicity;
- (e) cultural background;
- (f) educational background;
- (g) experience;
- (h) skills;
- (i) knowledge;
- (j) independence (if applicable); and
- (k) length of service.

Guided by the Company's Board diversity policy, the NC is cognisant of achieving an appropriately balanced mix of talent on the Board, comprising Directors with diverse but complimentary backgrounds and experiences. Selection of candidates will be based on a range of diversity perspectives as mentioned above. Such factors including age and gender diversity will be considered during the selection and appointment of new directors to the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board composition will be disclosed in the Company's Annual Report and as and when there are any changes to the Board composition.

The size and composition of the Board and Board Committees are reviewed on an annual basis by the NC to ensure that it has an appropriate balance and mix of skills, knowledge, age, expertise and experience, to avoid groupthink and foster constructive debate. The NC also ensures that the Board collectively possesses the necessary core competencies for effective functioning and informed decision making, which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. The NC strives to ensure that the size of the Board is conducive for discussions and facilitates effective decision making.

The Board and its Board Committees comprise respected individuals from diverse backgrounds with core competencies in accounting or finance, business and management, real estate, industry knowledge, strategic planning expertise and customer-based experience. There is a balance of skills, experience and background that will provide competent and effective stewardship of shareholders interest and governance of the Group's business. There is no alternate Director on the Board.

The NC, with the concurrence of the Board is of the view that the size of the current Board and Board Committees is adequate, taking into account the scope of the Group's operations.

Meeting of Independent Directors without Management (Provisions 2.5)

The role of the Independent Directors is to review Management's performance, monitor the reporting of the Group's performance by Management and constructively challenge and help to develop strategic goals. The Non-Executive Directors, led by the Independent Chairman, have met at least once in the absence of key management personnel in FY2021. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Separation of and Roles of the Chairman and Chief Executive Officer (“CEO”) (Provisions 3.1 and 3.2)

The Company has a separate Chairman and Chief Executive Officer of the Group (the “CEO”). This ensures an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

Mr. Ben Yeo Chee Seong, the Independent Chairman, is responsible for the high standards of corporate governance and ensuring a rigorous compliance with the Code as he leads the Board in providing the strategic direction for the Group’s operations through constructive and participative relations with Management and the active contribution of Independent Directors. As the Chairman, he sets the Board’s meeting agendas in consultation with Management and the Company Secretary, ensuring that the Directors receive accurate, timely and clear information in preparation for each meeting, facilitates a balance of viewpoints and perspectives in Board discussions on strategic, tactical, business, financial and planning issues. The Chairman often takes the lead in discussions on strategy, facilitating a lively exchange among Board members, encouraging constructive relations between Board and Management and effective communication with shareholders.

Mr. Foo Kah Lee, the CEO and Executive Director of the Company, leads Management of the Group in its business operations, development, performance and growth, ensuring that objectives are achieved through the effective working relationship and communications between the Board and Management of the Company. The CEO also ensures that the information that is shared with the Board is timely, appropriate and of the requisite quality so that the Board can discharge its duties and responsibilities effectively.

The Board has established in writing the division of responsibilities and duties between the Chairman and the CEO pursuant to Provision 3.2 of the Code which sets a clear separation of responsibilities between the Chairman and the CEO, to maintain an appropriate balance of power and authority. The Chairman and the CEO are not related to each other. There is a clear balance of authority and decision making in the alignment of responsibilities between the Board and Management to ensure that no individual holds a concentration of power.

Appointment of Lead Independent Director (Provision 3.3)

Given the independence of three (3) Directors on the Board (including the independent Board Chairman) who will exercise their objective judgement on corporate affairs of the Group, the Board is of the view that there are adequate checks and balances in place to ensure that the process of decision-making by the Board is based on collective decision of Directors, without any concentration of power residing in any individual. In view thereof, there is no need for the Company to have a Lead Independent Director. Shareholders may contact the Independent Chairman at ben.yeo@res.com.sg when they have concerns and for which contact through normal channels with Management are inappropriate and inadequate.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board through the delegation of its authority to the NC has ensured that there is a formal and transparent process in the appointment and re-appointment of Directors who possess the relevant background, experience and knowledge in business, finance and management skills.

Composition of the Nominating Committee (Provision 4.2)

The NC currently comprises three (3) Independent Directors as follows:

Mr. Lee Lap Wah, George (Chairman)
Mr. Ben Yeo Chee Seong
Mr. Guok Chin Huat Samuel

Role and Responsibilities of the Nominating Committee (Provision 4.1)

The responsibilities of the NC in accordance with its TOR are as follows:

- (a) Recommend to the Board the appointment of new Directors (including alternate Directors, if applicable) and Key Management Personnel, including re-nominations of existing Directors for re-election in accordance with the Constitution of the Company, taking into account the Director's contribution and performance;
- (b) Review and approve any new employment of persons related to the Directors/CEO and/or substantial shareholders of the Company and proposed terms of their employment;
- (c) Determine on an annual basis whether or not a Director is independent bearing in mind the circumstances set forth in the Code as well as the relationship or circumstances which would deem a Director not independent;
- (d) Review and decide whether or not a Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- (e) Review the training and professional development programmes for the Board and its Directors;
- (f) Review succession plans for Directors, in particular, the Chairman of the Board, the CEO and Key Management Personnel;
- (g) Review the Directors' mix of skills, experience, gender, core competencies and knowledge of the Group which the Board requires to function competently and efficiently;
- (h) Determine and recommend to the Board the maximum number of listed company board representations which any Director may hold;

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- (i) Develop a process for evaluation of the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers; and
- (j) Address how the Board has enhanced long-term shareholders' value and assessing the contribution of each Director to the effectiveness of the Board.

Selection, Appointment and Re-appointment of Directors (Provision 4.3)

The NC is responsible for identifying and selecting potential new Directors based on their core competencies and relevant experience critical to the Group's business and may engage professional consultants and independent experts to undertake research on or assess candidates for new positions on the Board. The search criteria include integrity, diversity and the ability to commit time and referrals or recommendations from personal contacts and business associates may also be sought. The NC meets with the short-listed Board candidates to assess their suitability and availability. The NC then makes recommendations to the Board for its consideration and approval.

In accordance with Regulation 97 of the Company's Constitution and the Catalist Rules, all Directors shall retire from office at the Company's Annual General Meeting ("AGM") at least once every three (3) years. At each Annual General Meeting, one-third of the Directors for the time being shall retire from office by rotation. The retiring Directors are eligible to offer themselves for re-election.

In accordance with Regulation 103 of the Company's Constitution, newly appointed Directors by the Board during the year are subject to re-election at the AGM. A retiring Director shall be eligible for re-election at the AGM at which he retires.

The NC had recommended to the Board that Mr. Foo Kah Lee, Mr. Lim Shyang Zheng and Mr. Guok Chin Huat Samuel (the "Retiring Directors") shall retire in accordance with Regulation 97 of the Company's Constitution and be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation. The Retiring Directors has each consented to and offered themselves for the re-election.

The Retiring Directors had each abstained from the discussions and taking a decision in respect of their own nomination.

Please refer to pages 75 to 79 of the Annual Report for the detailed information on the Directors who are being nominated for re-election pursuant to Rule 720(5) of Catalist Rules.

Determining Directors' Independence (Provision 4.4)

The NC is also responsible for determining annually, and as and when circumstances arises, the independence of Directors. On an annual basis, each ID is required to complete a declaration of independence based on the provisions in the Code and the Catalist Rules, for the NC's review. The NC takes into account the principles and guidelines set out in the Code and the Catalist Rules and assessed the independence of Directors based on the following considerations:

- (a) whether the Director has a relationship with the Company or its related corporations, substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of his/her independent judgement in the best interests of the Company;

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- (b) whether the Director is or has been employed by the Company or any of its related corporations in the current or immediate past three financial years;
- (c) whether the Director has an immediate family member who is or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the RC;
- (d) whether the Director or his/her immediate family member has, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services, other than compensation for Board service;
- (e) whether the Director or a Director whose immediate family member, in the current or immediate past financial year, is or was, a Substantial Shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services;
- (f) whether the Director has been a Director on the Board for an aggregate period of more than nine years; and
- (g) any other applicable circumstances.

The NC has reviewed and ascertained that Mr. Ben Yeo Chee Seong, Mr. Lee Lap Wah, George and Mr. Guok Chin Huat Samuel continue to remain independent having considered their confirmation that they do not have any relationship with the Company, its related companies, substantial shareholders, or officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company and Group, and the other considerations set out above.

Directors' Time Commitments and Multiple Directorships (Provision 4.5)

Although some of the Directors have other listed company board representations, the NC, having considered the contribution of the Directors to the Group, and the full attendance and participation of the Directors at meetings for FY2021, is satisfied that each individual Director had been diligently carrying out their duties by devoting sufficient time and attention to the affairs of the Company and contribute significant expertise through their governance and guidance on the operational and financial performance of the Group. Currently, the maximum number of listed company board representations for the Directors is set at six (6). For the period under review, no Director has exceeded such limit.

The key information regarding the Directors up to the date of this report is disclosed in the "Board of Directors" section on pages 7 to 12 of the Annual Report.

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BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Assessing the Effectiveness of the Board, Board Committees and Individual Director (Provisions 5.1 and 5.2)

The NC is responsible for recommending the objective performance criteria to the Board for approval and implementing a process to assess the performance and effectiveness of the Board as a whole and its Board Committees separately as well as evaluating the performance of the Chairman and each Director in his contribution to the effectiveness of the Board. This is carried out on an annual basis.

Assessment and evaluation forms designed as a questionnaire have been developed and adopted for the process to determine the strengths and capabilities of the Board, the Board Committees and each of the Directors. The criteria for the evaluation were based on size and composition of the Board, attendance, participation in constructive discussions and communication, quality of decision making, timeliness of board papers, conduct, internal controls and other specific criteria relevant to the determination of efficacies. The forms were completed by the Directors and were then collated by the Company Secretary and presented to the NC as a summary report.

The performance criteria will not be changed from year to year unless circumstances deem it necessary for any of the criteria to be changed and the onus should be on the Board to justify the decision. The NC will review the need for industry peer comparison criteria in the Board evaluation when appropriate.

Following the evaluation exercise for FY2021 completed by seven (7) Directors, the NC is satisfied that the Board, its Board Committees and each of the Directors are performing effectively and have met their respective performance objectives. All NC members have abstained from the voting and review of any matter in connection with the assessment of his performance. No external facilitator was engaged for the evaluation exercise.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Composition of the Remuneration Committee (Provision 6.2)

The RC currently comprises three (3) Independent Directors as follows:

Mr. Guok Chin Huat Samuel (Chairman)
Mr. Ben Yeo Chee Seong
Mr. Lee Lap Wah, George

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Role and Responsibilities of the Remuneration Committee (Provision 6.1)

The RC's principal responsibilities are to review and recommend to the Board, a framework of remuneration for the Board and Key Management Personnel and to determine specific remuneration packages and terms of employment for each Director and Key Management Personnel to ensure that the remuneration packages are fair, competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully.

The duties of the RC in accordance with its TOR are set out as follows:

- a) Review and approve the Company's policy for determining executive remuneration including the remuneration of the CEO and Key Management Personnel;
- b) Review the on-going appropriateness and relevance of the executive remuneration policy and other benefit programmes;
- c) Consider, review and approve and/or vary (if necessary) the entire specific remuneration package and service contract terms for each Key Management Personnel and employees who are related to Directors/ CEO and substantial shareholders (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts);
- d) Consider and approve termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to Key Management Personnel;
- e) Review and approve the design of all option plans, stock plans and/or other equity based plans;
- f) For each equity based plan, determine each year whether awards will be made under that plan;
- g) Review and approve each award as well as the total proposed awards under each plan in accordance with the rules governing each plan, including awards to Directors and each Key Management Personnel;
- h) Review, approve and keep under review performance hurdles and/or fulfilment of performance hurdles for each equity based plan; and
- i) Approve the remuneration framework (including Directors' fees) for Independent Directors of the Company.

Remuneration Framework (Provision 6.3)

There is a formal and transparent process for developing executive remuneration and for determining the remuneration packages of individual Directors. No Director is involved in deciding his own remuneration.

The RC reviews all matters concerning remuneration to ensure that the remuneration commensurates with their contributions, responsibilities and market benchmarks.

The RC also reviews the Company's obligations, if any, arising in the event of termination of the Executive Directors and/or Key Management Personnel's contract of services to ensure that the termination clauses contained in the contracts of service for Executive Directors and/or Key Management Personnel are fair and reasonable and not overly generous. The RC aims to be fair and avoid rewarding poor performance.

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RC access to Expert Professional Advice (Provision 6.4)

The RC has full authority to engage any external professional advisors, as and when the need arises, on matters relating to remuneration and the cost of such engagement shall be borne by the Company. There were no external professional advisors engaged for FY2021.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The remuneration policy of the Company is designed to align the interests of Executive Directors and Key Management Personnel with those of shareholders and stakeholders, and promotes long-term success of the Group. The policy seeks to attract, retain and motivate the Directors to provide good stewardship of the Company and Key Management Personnel with competitive remuneration packages based on the scope of responsibilities, prevailing market conditions and comparable industry benchmarks.

Remuneration of Executive Directors and Key Management Personnel (Provisions 7.1 and 7.3)

In determining remuneration packages, the RC takes into consideration the Code's principles and provisions on the level and mix of remuneration and ensures that a significant and appropriate proportion of the remuneration is linked to the individual's and the Group's performance. The Company has formulated a remuneration policy that sets a base salary as a fixed component of the remuneration and a variable bonus linked to the performance of the Company and the employees.

Annual review of the remuneration including the variable bonus of Key Management Personnel and Executive Directors are conducted by the RC to ensure that the remuneration commensurates with the performance of each employee, taking into account the respective key performance indicators and the Group's financial results and risk policies. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promote the long-term success of the Group.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Company will avail itself of legal processes for recovery against the employees. As Executive Directors owe a fiduciary duty to the Company, the Company may avail itself of legal remedies in the event of such breach of fiduciary duties.

The Company had entered into service agreements (the "Service Agreements") dated 31 October 2017 with Mr. Hiroshi Tataru, Executive Director and President, taking effect from the date of admission of the Company to the Catalist of Singapore Exchange Securities Trading Limited on 22 November 2017 for an initial period of three (3) years to be automatically renewed on a yearly basis thereafter. Each of the Service Agreements may be terminated by not less than 6 months' notice in writing by either party and does not contain onerous removal clauses.

Each of Mr. Foo Kah Lee, Mr. Lim Shyang Zheng and Ms. Yap Fang Ling has an existing service agreement/employment contract with the Company which may be terminated by not less than 6 months' notice in writing and do not contain onerous removal clauses.

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Remuneration of Independent Directors or Non-Executive Directors (Provisions 7.2)

Each Independent Director was issued a letter of appointment. The RC has recommended a fixed fee for the efforts and responsibilities of and the time spent by each Independent Director serving on the Board and Board Committees. The RC has recommended to the Board Directors' fees of S\$210,000 for the financial year ending 30 June 2022, to be paid quarterly in arrears.

The Directors' fees are reviewed by the RC and recommended to the Board which is of the view that the Directors' fee is appropriate to the level of contribution by the Independent Directors, who are not over-compensated to the extent that their independence may be compromised. No member of the RC is involved in deliberating and deciding in respect of any remuneration, compensation or any form of benefits to be granted to him. The Directors' fees are subject to the approval of the shareholders at an AGM.

As a substantial shareholder of the Company, Mr. Yek Hong Liat John, the Non-Independent Non-Executive Director, had voluntarily waived his Directors' fees for the interest of the Company and its' shareholders. The Board recorded its appreciation to Mr. Yek for his contribution and support to the Company and guidance provided to Management.

The Executive Directors do not receive Directors' fees.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Disclosure of the Remuneration of Directors and Key Management Personnel (Provisions 8.1 and 8.3)

A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration for FY2021 is set out below:

Name of Director	Salary	Performance Bonus	Director's Fees	Total
Above S\$500,000				
Mr. Foo Kah Lee ("CEO")	66.5%	33.5%	–	100%
S\$250,000 – S\$500,000				
Mr. Hiroshi Tataro ⁽¹⁾	87.4%	12.6%	–	100%
Mr. Lim Shyang Zheng ("COO")	65.1%	34.9%	–	100%
Below \$250,000				
Mr. Ben Yeo Chee Seong	–	–	\$81,000	100%
Mr. Lee Lap Wah, George	–	–	\$54,000	100%
Mr. Guok Chin Huat Samuel	–	–	\$54,000	100%
Mr. Yek Hong Liat John ⁽²⁾	–	–	–	–

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Notes:

- (1) In view of the challenging business environment and taking the Company's performance into account, Mr. Hiroshi Tatara had taken a reduction of approximately 40% in remuneration in FY2021.
- (2) Mr. Yek had voluntarily waived his Director's fees for the interest of the Company and its shareholders.

The Company is of the view that in a small and medium size enterprise environment, disclosure of the Executive Directors' remuneration in bands of S\$250,000 should be sufficient to provide an insight into the link between compensation and performance of the Executive Directors and further details are deemed to be not in the interest of the Company due to the sensitivities and confidentiality of remuneration.

Name of Key Management Personnel	Salary	Bonus	Total
Below \$250,000			
Ms Yap Fang Ling	87.1%	12.9% ⁽³⁾	100%

Note:

- (3) Bonus paid in FY2021, but relates to FY2020 performance

Notwithstanding Provision 8.1 of the Code, there was only 1 Key Management Person (who are not Directors or the CEO) during FY2021. In view of sensitivity and confidentiality of remuneration, the Board was of the view not to disclose the aggregate total remuneration paid to the Key Management Personnel for FY2021. Furthermore, there is keen competition for talent in the Food and Beverage Industry and it is important that the Company retains its competent and committed staff to ensure the stability and continuity of business and operations of the Group.

There were no termination, retirement or post-employment benefits granted to Directors and Key Management Personnel.

Disclosure of the Remuneration of Employees who are Substantial Shareholders of the Company, Immediate Family Members of a Director, the CEO or a Substantial Shareholder of the Company (Provision 8.2)

Other than Mr. Hiroshi Tatara, the Company does not have employees who are substantial shareholders of the Company or immediate family members of a Director, the CEO or a substantial shareholder of the Company whose remuneration exceeds S\$100,000 during FY2021.

Long-term Incentive Scheme

The Company had on 26 October 2017 adopted the RE&S Employee Share Option Scheme (the "ESOS") as set out in the Company's offer document. Eligible participants (the "Participants") under the ESOS will have the opportunity to participate in the equity of the Company, thereby aligning the interests of the Participants with the interests of the Company and the shareholders, motivating them towards long-term growth and profitability of the Group and better performance through increased dedication and incentives. The ESOS also affords the Group greater flexibility in structuring compensation packages of eligible Participants so that the Group is able to offer compensation packages that are competitive in order to motivate and retain its employees. The Independent Directors and Key Management Personnel of the Company are eligible to participate in the ESOS which is designed to reward and retain the participants and to foster a long-term commitment and dedication to the business of the Group. Mr. Hiroshi Tatara and Mr. Yek Hong Liat John, being controlling shareholders of the Company are not eligible to participate in the ESOS.

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The ESOS is administered by the Administration Committee comprising members of the NC and RC, namely Mr. Ben Yeo Chee Seong, Mr. Lee Lap Wah, George and Mr. Guok Chin Huat Samuel. In compliance with the requirements of the Catalist Rules, a Participant who is a member of Administration Committee shall not be involved in the deliberation or decision in respect of ESOS to be granted to that member of the Administration Committee.

The responsibilities of the Administration Committee in accordance with its TOR are as follows:

- (a) To determine and award the number of shares in respect of which options are to be granted to Directors and employees of the Group as defined under the ESOS (collectively “the Participants”);
- (b) To determine the eligibility of the Participants to participate in the ESOS;
- (c) To grant share options to the participants at any time during the period when the ESOS is in force;
- (d) To determine the exercise price for each share in respect of which a share option is exercisable in accordance with Rule 7 of the ESOS;
- (e) To make and vary, from time to time, such regulations (not being inconsistent with the ESOS) for the implementation and administration of the ESOS as it deems fit and any decision or determination of the Administration Committee made pursuant to any provision of the ESOS (other than a matter to be certified by the Auditors) shall be final, binding and conclusive; and
- (f) To modify and/or alter any or all the provisions of the ESOS at any time and from time to time by resolution of the Administration Committee subject to Rule 15 of the ESOS.

The ESOS shall continue in force at the discretion of the Administration Committee, subject to a maximum period of ten (10) years commencing on the date on which the ESOS was adopted by the Company in a general meeting, provided always that the ESOS may continue beyond the above stipulated period with the approval of its Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

As at the date of this report, no options have been granted under the ESOS since its commencement.

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(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Design, Implementation and Monitoring of Risk Management and Internal Control Systems and Written Assurances on Their Adequacy and Effectiveness (Provisions 9.1 & 9.2)

Separate Risk Committee

As the Company does not have a Risk Management Committee, the Board oversees the governance of risks in the Group and ensures that Management maintains a sound system of risk management and internal controls to safeguard the Company's assets and the interests of shareholders. The Board however recognises that no cost effective system can totally preclude against errors and irregularities such as human errors, poor judgement in decision making, losses or fraud. The Group's system of internal controls and risk management therefore do not provide an absolute assurance that there will be no adverse events or circumstances faced by the Company in its operations or results.

Risk management and internal control systems

The Group has in place an enterprise risk management ("ERM") framework. This ERM framework has five (5) principal risk categories, namely strategic, financial, information technology, operational and compliance risks. The Group's risk management framework is aligned with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Controls Integrated Framework.

The ERM framework enables the Company to identify risks and adopt effective and expedient measures to control, alleviate or mitigate the risks. The ownership of the risks lies with the respective heads of departments who will implement appropriate risk management solutions and policies and continually monitor the risk profiles and refine the outcomes.

Adequacy and effectiveness

In FY2021, the Company's internal auditor has conducted a review of the Group's key strategic, operational, financial, compliance and information technology risks and risks responses relevant to the achievement of the Group's objectives.

The Group's external auditor has also carried out in the course of their statutory audit a review of the Group's material internal controls. The AC has noted the recommendations of both the internal and external auditors with regard to the Company's risk management and will monitor the effectiveness of the actions taken by Management based on the recommendations of the auditors.

For FY2021, the Board has obtained assurance from:

- (a) the CEO and Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the CEO and other Key Management Personnel who are responsible, that the Group's risk management systems and internal control systems are adequate and effective.

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Based on the internal controls established and maintained by the Group and reviewed by Management on an on-going basis, the review conducted by the internal auditor, the statutory audit carried out by the external auditor, information and reports provided to the Board and the AC and the written assurance from the CEO and Financial Controller, the Board with the concurrence of the AC is of the opinion that for FY2021, the Group's internal controls addressing financial, operational, compliance risks, and the Group's information technology control and risk management systems were adequate and effective for FY2021.

While the Board acknowledges that the system of internal controls and risk management established by Management provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it endeavours to achieve its business objectives, it is also mindful that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, fraud or other irregularities.

Accordingly, the Company has complied with Catalist Rule 1204(10).

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Composition of the AC (Provision 10.2)

The AC currently comprises three (3) Independent Directors as follows:

Mr. Ben Yeo Chee Seong (Chairman)
Mr. Lee Lap Wah, George
Mr. Guok Chin Huat Samuel

All the AC members have recent and relevant accounting experience or related financial management expertise. Mr. Ben Yeo Chee Seong, Chairman of the AC is a registered accountant and member of the Institute of Singapore Chartered Accountants. Both Mr. Lee Lap Wah, George and Mr. Guok Chin Huat Samuel have extensive experience in the banking and financial services industry.

Former Partner or Director of the Company's Existing Auditing Firm (Provision 10.3)

In compliance with the Code, none of the members of the AC is a former partner or Director of the Company's current auditing firm, RSM Chio Lim LLP.

Authority of the AC

The role of the AC is to assist the Board in discharging its corporate governance responsibility of safeguarding the Group's assets, maintaining adequate accounting records and developing and ensuring effective systems of internal controls in the Company. The AC is also authorised by the Board to investigate or commission investigations into the Group's accounting, auditing, internal controls, financial practices or any related matter thereto with full access to records, resources and personnel in order to discharge its functions effectively.

The AC has full access to co-operation by Management, unrestricted access to information relating to the Group and the full discretion to invite any Director or Management to attend its meetings.

CORPORATE GOVERNANCE REPORT

Duties of AC and Activities of the AC (Provision 10.1)

The AC met twice in FY2021 and performed its functions guided by AC's TOR as follows:

- (a) Assisted the Board in the discharge of its responsibilities on financial and reporting matters;
- (b) Reviewed, with the Company's internal and external auditors, the audit plans, scope of work, the evaluation of the system of internal accounting controls, their management letter and Management's response, and results of the audits compiled by the internal and external auditors, and shall review at regular intervals with the management on the implementation by the Group of the internal control recommendations made by the internal and external auditors;
- (c) Reviewed the periodic financial statements and results announcements, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards, the Catalist Rules and any other statutory/regulatory requirements, as well as concerns and issues arising from the audit, including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- (d) Reviewed significant financial reporting issues and judgments with the Chief Financial Officer and/or Financial Controller and the external auditor so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- (e) Reviewed and reported to the Board, at least annually, the effectiveness and adequacy of the Company's internal control and risk management systems, addressing financial, operational, information technology and compliance risks and discuss issues and concerns, if any, arising from the internal audits;
- (f) Reviewed the adequacy, effectiveness, independence and objectivity of the internal and external auditors as well as consider the appointment or re-appointment of internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors;
- (g) Reviewed and discussed with the external auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;
- (h) Reviewed the Group's financial risk areas, with a view to providing an independent oversight of the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNET;
- (i) Review the assurance provided by the CEO and Financial Controller that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Company's operations and finances;
- (j) Reviewed the cooperation given by Management to the Company's internal and external auditors;
- (k) Made recommendations to the Board on (i) the proposals to the shareholders on the appointment, re-appointment and removal of the external auditor; and (ii) the remuneration and terms of engagement of the external auditor;

CORPORATE GOVERNANCE REPORT

- (l) Reviewed and approved transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalyst Rules (if any);
- (m) Reviewed any potential conflicts of interest and interested person transactions;
- (n) Reviewed the cash management processes of the Group;
- (o) Reviewed any whistle-blowing complaints at its meetings; and
- (p) Met once with the Company's external and internal auditors without the presence of Management and reviewed the overall scope of the external audit, the internal audit and the assistance given by Management to the auditors.

Internal Audit (Provision 10.4)

The Company has outsourced its internal audit function to Nexia TS Risk Advisory Pte Ltd ("Nexia TS"), to assist the Company in reviewing the design and effectiveness of key internal controls which address financial, operational, compliance and information technology risks and the Company's risk management policy and system as a whole. Nexia TS reports directly to the AC on audit matters and CEO on administrative matters.

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Company's business and assets while Management is responsible for implementing the internal control procedures in a timely and appropriate manner. The internal auditor has unfettered access to the documents, records, properties and personnel of the Group including the AC and procedures are in place for the internal auditor to report their findings and recommendations to the AC for its review. Management will update the AC on the implementation and status of action plans recommended by the internal auditor.

The AC will review and approve the annual internal audit plan and the appointment and remuneration of the internal auditor to ensure the adequacy and effectiveness of the internal audit function of the Company. For FY2021, a comprehensive internal audit was performed and completed in accordance with the approved internal audit plan by Nexia TS. The AC has conducted a meeting with Nexia TS without the presence of Management to review the Company's internal controls and risk management.

The AC is of the opinion that the internal audit function is independent, effective and that Nexia TS is adequately resourced and staffed by suitably qualified and experienced professionals who has appropriate standing in the Company. Nexia TS is a member of the Institute of Internal Auditors ("IIA"). The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by IIA.

External Audit

RSM Chio Lim LLP is the external auditor of the Company. The external auditor provides regular updates and briefings to the AC and changes to accounting standards and other financial issues to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any. AC members are encouraged to attend seminars on updates to Financial Reporting Standards ("FRS"), when required. In the review of the financial statements for FY2021, the AC is of the view that the financial statements are fairly presented in conformity with the relevant FRS of Singapore in all material respects.

CORPORATE GOVERNANCE REPORT

The AC has considered and accepted the report from the external auditor, including their findings and discussions with Management on significant risks and audit focus areas which have been set out as Key Audit Matters in the audit report for FY2021 and in pages 85 to 87 of this Annual Report.

Independence of External Auditor

The AC has considered the independence of the external auditor and undertaken a review of all the non-audit services performed by the external auditor. The AC is satisfied that the non-audit fees incurred does not, in the opinion of the AC, affect the independence and objectivity of the external auditor who have carried out these non-audit services efficiently and with the relevant knowledge and skills required. The aggregate amount of fees paid to the external auditor and a breakdown of the fees paid in total for audit and non-audit services are set out in page 115 of this Annual Report.

The Company has complied with Rules 712 and 715 of the Catalist Rules in the appointment of its external auditor and has recommended to the Board the re-appointment of RSM Chio Lim LLP as its external auditor at the forthcoming AGM.

Whistle Blowing Policy

The Group has in place a whistle blowing policy through which employees, external parties who have business relations with the Company such as customers, suppliers or any other person, may, without fear of reprisals and in good faith raise concerns or report on irregularities with regards to financial reporting or suspected acts of misconduct or any other improprieties, through a confidential channel and well defined process to the Chairman of the AC, the Head of Human Resource and/or the Chief Operating Officer. The policy has been communicated to all employees and details of the policy may also be found at the Company's website at www.res.com.sg. New employees are briefed on the policy. The Group is committed to a high standard of ethics and adopts a zero tolerance approach towards fraud or other improprieties. The AC ensures that there are unobstructed channels for investigations to be overseen by the AC, where necessary and will review appropriate follow-up action as warranted.

No whistle blowing reports were received in FY2021.

Meeting with External Auditor and Internal Auditor (Provision 10.5)

The AC has met with internal and external auditors without the presence of Management once during FY2021 to review various audit matters, including reviewing the audit plans, and evaluating the internal accounting controls, the audit reports, and the assistance given by Management to the internal and external auditors.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

CORPORATE GOVERNANCE REPORT

Conduct of Shareholders' Meetings (Provision 11.1)

All shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Shareholders are informed of general meetings through notices published in the newspapers, through reports or circulars released via SGXNET. At general meetings, shareholders are given the opportunity to participate effectively and vote, where relevant rules and procedures governing such meetings, such as voting procedure, are clearly communicated prior to the start of the meeting.

Absentia voting (Provision 11.4)

The Company is not implementing absentia voting methods (such as voting via mail, email or fax) until issues such as the authentication of shareholder identity and other related security and integrity of such information can be resolved. Notwithstanding the foregoing, the Company's Constitution allows the shareholder to appoint proxies to attend and vote on behalf of him/her/it, if he/she/it is unable to attend the general meetings.

Separate Resolutions at General Meetings on Each Substantially Separate Issue (Provision 11.2)

Each item of special business included in the notice of the general meetings will be accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions will be proposed for substantially separate issues at a general meeting.

Attendance at General Meetings (Provision 11.3)

The Directors including Chairman of the Board and Board Committees, the CEO, Management and the external auditor, will endeavor to be present at the general meeting. The attendance of the Directors at the Company's general meeting(s) held in FY2021 is disclosed on page 53 of the annual report.

All resolutions at general meetings are put to vote by poll. The detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET after the general meetings.

As permitted under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company will be conducting the AGM via electronic means.

Shareholders will have to appoint the Chairman of the meeting as proxy to vote on their behalf at the AGM and submit questions relating to the business of the meeting in advance. Please refer to the notice of the AGM dated 11 October 2021 for further information.

Minutes of General Meetings (Provision 11.5)

Substantial and relevant comments or queries from shareholders relating to the agenda of the AGM together with responses from the Board and Management will be prepared by the Company and announced via SGXNET prior to the AGM. The minutes of the AGM for FY2021 which capture the attendance of Board members at the meeting, matters approved by shareholders and voting results will be prepared by the Company and announced via SGXNET within one (1) month from the date of the AGM and shall be made available on the Company's website.

CORPORATE GOVERNANCE REPORT

Dividend Policy (Provision 11.6)

The Company does not have a fixed dividend policy. As announced via SGXNet on 25 August 2021, the Board intends to declare and/or recommend a dividend payout ratio of at least 60.0% of the Group's profit after tax to the shareholders for each financial year going forward, taking into account the Group's operating results, financial position, committed capital expenditures and any other relevant considerations the Board of Directors may deem appropriate in the best interest of the Company.

The Board is pleased to recommend a final one tier tax-exempt dividend of 0.85 Singapore cent for FY2021 to reward shareholders for their investment in the Company. Together with the tax-exempt one tier interim dividend of 0.50 Singapore cent per share and tax-exempt one tier special dividend of 0.35 Singapore cent declared and paid on 4 March 2021, the total dividend of 1.7 Singapore cents per share, will represent approximately 60% payout of the Group's FY2021 net profit.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Communication with Shareholders (Provision 12.1)

The Company upholds the best practices of transparency and accountability to its shareholders. The Board ensures that all shareholders are treated fairly and equitably and the rights of all investors including non-controlling shareholders are safeguarded and protected.

The Company does not practice selective disclosure and ensures that all shareholders are informed on a timely basis via SGXNET of all major developments that impact the Group or could materially affect its share price.

In accordance with the Catalist Rules, the Board is committed to keeping the Company's shareholders informed of all major developments that affect the Group. The Company ensures that its shareholders are informed of all major developments, financials and price sensitive information relating to the Group on a timely basis through SGXNET and the press. In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors.

Investor Relations Policy (Provisions 12.2 & 12.3)

Communication with shareholders is made through:

- Annual reports and/or circulars issued to all shareholders within the mandatory period;
- Results announcements containing a summary of the financial information and affairs of the Group via the press and SGXNET;
- Public announcements via SGXNET;
- Press releases on major developments;
- Notices of shareholders' meetings advertised in a newspaper in Singapore; and
- Company's corporate website at www.res.com.sg

CORPORATE GOVERNANCE REPORT

The Group does not have a formal investor relations policy. Notwithstanding, the Group's investor relations is led by the CEO and when necessary and appropriate, Management of the Company will meet investors, analysts and shareholders who seek to have a better understanding of the Group's business and operations. This effort enables the Company to receive feedback and insights from the investment community that are relevant to the Company's strategic plans and development. There was 1 session of analyst briefing held for FY2021. The Company will review the need for analyst briefings, investor road shows or Investors' Day Briefing when necessary. Shareholders may contact the Company via its corporate website at www.res.com.sg.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Group are served.

Material Stakeholder Groups (Provisions 13.1)

The Group has identified key stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations such as customers, suppliers, employees, regulators, shareholders and investors.

Management of Stakeholder Relationships (Provision 13.2)

The Company ensures engagement and communication with the relevant stakeholders through the various means to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. Details of the areas of focus, methods of engagement and stakeholders' response can be found in our Sustainability Report on pages 28 to 49 of this Annual Report.

Corporate Website to Communicate and Engage with Stakeholders (Provision 13.3)

The Company maintains a corporate website www.res.com.sg to communicate and engage with stakeholders.

(F) CODE OF CONDUCT AND ETHICS

All employees of the Group are required to observe and maintain high standard of integrity, as well as to comply with laws, regulations and the Group's policies. The Group's employee handbook and internal policies set out the standards of ethical conduct which covers all aspects of the business operation of the Group such as work ethics, personal conflicts of interest, and confidentiality of information, related party transactions, gifts and dealings in the Company's securities.

CORPORATE GOVERNANCE REPORT

(G) DEALINGS IN SECURITIES

In compliance with Rule 1204(19) Catalist Rules, the Company has adopted an internal compliance code on dealings in the Company's securities. All Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing two (2) weeks before the announcement of the Group's quarterly financial results (whether on a voluntary basis or if required to do so under the relevant Catalist Rules) and the period commencing one (1) month before the announcement of its half-year results (if the Company does not announce its quarterly financial statements) and full-year results. They are expected to observe insider trading laws at all times even during the permitted trading periods or when they are in possession of unpublished price sensitive information and are also not to deal in the Company's securities on short term considerations. Directors and the CEO are required to notify their dealings in the Company's securities within two business days.

(H) INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons ("IPTs") and has established procedures for review and approval of IPTs entered into by the Group. All IPTs will be reviewed by the AC to ensure that they were conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

There was no interested person transaction with value of more than S\$100,000 entered into during FY2021. The Group does not have a general mandate for interested person transactions.

(I) MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiaries involving the interests of the CEO, any Director or controlling shareholder of the Company which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

(J) NON-SPONSOR FEES

The Company is currently under the SGX-ST Catalist sponsor supervised regime. The current continuing sponsor of the Company, PrimePartners Corporate Finance Pte. Ltd. ("PPCF") was appointed in place of DBS Bank Ltd. ("DBS") with effect from 22 November 2020. No non-sponsor fees were paid/payable to both DBS and PPCF during their respective tenure of service for FY2021.

CORPORATE GOVERNANCE REPORT

Information of Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Catalyst Rule 720(5):

Details	Name of Directors		
	Mr. Foo Kah Lee	Mr. Lim Shyang Zheng	Mr. Guok Chin Huat, Samuel
Date of Appointment	1 July 2019	1 July 2019	24 October 2017
Date of last re-appointment (if applicable)	24 October 2019	24 October 2019	24 October 2019
Age	53	40	65
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company accepts the recommendation of the NC, who has reviewed and considered Mr. Foo's qualifications, work experience, skills and contribution as Executive Director and Chief Executive Officer of the Company.	The Board of the Company accepts the recommendation of the NC, who has reviewed and considered Mr. Lim's qualifications, work experience, skills and contribution as Executive Director and Chief Operating Officer of the Company.	The Board of the Company concurs with the NC that Mr. Guok is objective in expressing his views, participating in deliberation and decision making of the Board and exercising his judgement as the Independent Director on the corporate affairs of the Group, independent of the Management and therefore accepts the recommendation of the NC on the re-appointment of Mr. Guok as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive, Chief Executive Officer of the Group	Executive, Chief Operating Officer of the Group	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer and Executive Director	Chief Operating Officer and Executive Director	Independent Director, Chairman of Remuneration Committee and member of Audit Committee, Nominating Committee and Administration Committee

CORPORATE GOVERNANCE REPORT

Details		Name of Directors	
	Mr. Foo Kah Lee	Mr. Lim Shyang Zheng	Mr. Guok Chin Huat, Samuel
Professional Qualifications	Bachelor of Commerce, University of Queensland	Bachelor of Civil Engineering (Hons), National University of Singapore	Bachelor of Science in Business Administration, Boston University
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> RE&S Holdings Limited (2019 - Present), Chief Executive Officer Started as Chief Financial Officer with RE&S Group in 2016 ISDN Resources Pte Ltd (2014 - 2016), General Manager PSL Holdings Limited (2011 - 2014), Chief Executive Officer RE & S Enterprises Pte. Ltd. (2008 - 2011), Deputy Director 	<ul style="list-style-type: none"> RE&S Holdings Limited (2019 - Present), Chief Operating Officer Started as Assistant Director with RE&S Group in 2010 and rose through the ranks and was appointed as Chief Operating Officer and Executive Director with effect from 1 July 2019 	<ul style="list-style-type: none"> StarHealth Pte. Ltd. (1995 - Present), Director SingXpress Land Ltd (2008 - 2009), Chief Executive Officer
Shareholding interest in the listed issuer and its subsidiaries	9,000,000 shares	7,834,000 shares	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing businesses)	Nil	Nil	Nil

CORPORATE GOVERNANCE REPORT

Details	Name of Directors		
	Mr. Foo Kah Lee	Mr. Lim Shyang Zheng	Mr. Guok Chin Huat, Samuel
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#			
* "Principal Commitments" has the same meaning as defined in the Code.			
# These fields are not applicable for announcements of appointments pursuant to Catalyst Rule 704(8)			
Past (for the last 5 years)	<p>Directorships:</p> <ul style="list-style-type: none"> • Boulton Capital Asia Pte. Limited (dissolved) • ISDN Bantaeng Pte. Ltd. • Jin Zhao Yu Pte. Ltd. • Myanmar Imperial Marble & Granite Pte. Ltd. • Oteno Foods Services Pte. Ltd. (dissolved) • PSL Holdings Ltd. 	<p>Directorships:</p> <ul style="list-style-type: none"> • Oteno Foods Services Pte. Ltd. (dissolved) 	<p>Directorships:</p> <ul style="list-style-type: none"> • Bukit Sembawang Estates Limited • Paterson One Pte. Ltd. • Paterson Collection Pte. Ltd. • Sembawang Estates (Private) Limited • Singapore United Estates (Private) Limited • Datapulse Technology Limited • AsiaTravel.com Holdings Ltd
Present	<p>Principal Commitments:</p> <ul style="list-style-type: none"> • RE&S Holdings Limited, Chief Executive Officer <p>Directorships:</p> <ul style="list-style-type: none"> • RE&S Holdings Limited • R E & S Enterprises Pte Ltd • R E & S Enterprises (M) Sdn. Bhd. • Kabe No Ana Pte. Ltd. • Promote Japan Enterprise Pte. Ltd. • Ebisu Private Limited 	<p>Principal Commitments:</p> <ul style="list-style-type: none"> • RE&S Holdings Limited, Chief Operating Officer <p>Directorships:</p> <ul style="list-style-type: none"> • RE&S Holdings Limited • R E & S Enterprises Pte Ltd • Kabe No Ana Pte. Ltd. • Promote Japan Enterprise Pte. Ltd. • Ebisu Private Limited 	<p>Directorships:</p> <ul style="list-style-type: none"> • Campbelltown Asia Pte. Ltd. • Campbelltown Investment Holdings Pte. Ltd. • Global Palm Resources Holdings Limited • Redwood Group Limited • Starhealth Pte. Ltd. • Tellus Asset Management Pte. Ltd. • International Cement Group Ltd

CORPORATE GOVERNANCE REPORT

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.

- (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?
- (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?
- (c) Whether there is any unsatisfied judgment against him?
- (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?
- (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?
- (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?
- (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?
- (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?
- (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?

CORPORATE GOVERNANCE REPORT

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—

- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
- (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
- (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

Mr. Foo, Mr. Lim and Mr. Guok have individually given a negative disclosure on each of the above items (a) to (k).

Disclosure applicable to the appointment of Director only.

Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience.

If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

Not applicable for each of Mr. Foo, Mr. Lim and Mr. Guok as this is a re-election of Director.

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 30 June 2021.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Hiroshi Tatara	(Executive Director and President)
Yek Hong Liat John	(Non-Executive and Non-Independent Director)
Ben Yeo Chee Seong	(Chairman and Independent Director)
Lee Lap Wah, George	(Independent Director)
Guok Chin Huat Samuel	(Independent Director)
Foo Kah Lee	(Executive Director and Chief Executive Officer)
Lim Shyang Zheng (Lin Xiangzheng)	(Executive Director and Chief Operating Officer)

STATEMENT BY DIRECTORS

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

Name of directors and companies in which interests are held	Direct interests		Deemed interests	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
The company				
			Number of shares of no par value	
Hiroshi Tataru	–	–	219,000,030	219,167,130
Yek Hong Liat John	60,000,000	60,000,000	–	–
Ben Yeo Chee Seong	2,999,985	2,999,985	–	–
Foo Kah Lee	9,000,000	9,000,000	–	–
Lim Shyang Zheng (Lin Xiangzheng)	7,834,000	7,834,000	–	–

By virtue of section 7 of the Act, Hiroshi Tataru is deemed to have an interest in all the related body corporates of the company.

The directors' interests as at 21 July 2021 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate except as mentioned below.

5. Employee Share Option Scheme

At a shareholder meeting held on 26 October 2017, the shareholders of the company approved the "RE&S Employee Share Option Scheme" (the "ESOS").

The ESOS provides eligible participants with an opportunity to participate in the equity of the company as well as to motivate them to perform better through increased loyalty and dedication to the group. The ESOS, which forms an integral and important component of the group's remuneration and compensation plan, is designed to primarily reward and retain executive directors and employees whose services are essential to the group's well being and prosperity.

STATEMENT BY DIRECTORS

5. Employee Share Option Scheme (cont'd)

Executive and independent directors and full-time employees of the group are eligible to participate in the ESOS. Directors who are controlling shareholders of the company and their associates are not eligible to participate in the ESOS.

The total number of shares over which options may be granted shall not exceed 15% of the issued share capital of the company on the day preceding the date of the relevant grant.

The Administration Committee is charged with the administration of the ESOS in accordance with the rules of the ESOS. The Administration Committee consists of members of the Nominating Committee and Remuneration Committee of the company, with powers to make and vary the regulations (not being inconsistent with the ESOS) for the implementation and administration of the ESOS as they think fit. A member of the Administration Committee who is also a participant of the ESOS must not be involved in its deliberation in respect of options granted or to be granted to him.

The exercise price for each share in respect of which an option is exercisable shall be determined by the Administration Committee at its absolute discretion at: (a) a price equal to the average of the last dealt prices for a share on the Catalist for the period of five consecutive trading days immediately prior to the relevant date of the grant ("market price") but not less than its par value ("market price options"); or (b) a price which is set at a discount to the market price, provided that the maximum discount shall not exceed 20% of the market price. Options granted at a discount are exercisable after 2 years from the date of grant. Other options are exercisable after one year from date of grant.

Options must be exercised before the expiry of 10 years from the date of grant in the case of employees and before the expiry of 5 years in the case of independent directors or such earlier date as may be determined by the Administration Committee.

During the reporting year, no option to take up unissued shares of the company was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

STATEMENT BY DIRECTORS

7. Report of Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Ben Yeo Chee Seong	(Chairman of Audit Committee and Independent Director)
Lee Lap Wah, George	(Independent Director)
Guok Chin Huat Samuel	(Independent Director)

The Audit Committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the Corporate Governance Statement included in the annual report of the company. It also includes an explanation of how independent external auditor's objectivity and independence are safeguarded where the independent external auditor provides non-audit services.

The Audit Committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor for the ensuing year at the forthcoming annual general meeting of the company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, the Audit Committee and the board are of the opinion that the company's internal controls, addressing financial, operational, compliance risks and information technology, are adequate and effective as at 30 June 2021.

STATEMENT BY DIRECTORS

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 25 August 2021, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

Hiroshi Tataru
Director

Foo Kah Lee
Director

30 September 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RE&S HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of RE&S Holdings Limited (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (“the Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RE&S HOLDINGS LIMITED

Key audit matters (cont'd)

(1) **Assessment of impairment of property, plant and equipment and right-of-use assets of non-performing outlets**

Refer to Note 2 for the relevant accounting policy and Notes 14 and 15 for the disclosure of property, plant and equipment and right-of-use assets respectively.

Key Audit Matter

The carrying amounts of property, plant and equipment and right-of-use assets were \$29,501,000 and \$62,938,000 respectively, which represents 22.6% and 48.2% of the group's total assets respectively as at the end of the reporting year.

The group operates restaurants in Singapore and Malaysia and has certain restaurant outlets that incurred losses during the reporting year. Management performed impairment tests on the property, plant and equipment of these outlets and measured their recoverable amounts based on the value in use method. The process for measuring and recognising impairment by management under SFRS(I) 1-36 Impairment of Assets is complex and highly judgemental, particularly as each individual sales outlet is treated as a separate cash-generating unit for assessment of impairment purposes. We therefore identified the assessment of impairment of property, plant and equipment and right-of-use assets as an area significant to our audit.

How we addressed the matter in our audit

Our audit procedures focused on evaluating the key assumptions and estimates used by the management in their assessment of impairment. These procedures included:

- Reviewed the evidence on which management based their assessment as to when an impairment indicator exists for loss making outlets and therefore a need for impairment testing arises and by evaluating management's review of the financial performance on the individual outlet basis; and
- Reviewed management's disclosures of property, plant and equipment and right-of-use assets, and the assumptions used in the impairment tests and the outcome of the impairment tests in the consolidated financial statements.

For those property, plant and equipment and right-of-use assets that are subjected to impairment assessment, we found that the assumptions and estimates used are within a reasonable range of our expectations. We also found the disclosures in the consolidated financial statements are appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RE&S HOLDINGS LIMITED

Key audit matters (cont'd)

(2) Completeness of revenue

Refer to Note 2 for the relevant accounting policy and Notes 5 and 22 for the disclosure of revenue and cash respectively.

Key Audit Matter

The group's revenue from sale of food and beverages amounted to \$123,859,000, which represents 99.9% of the group's total revenue for the reporting year.

Revenue from sale of food and beverages is recognised based on actual amounts billed to customers. It is transacted via a large volume of low-value cash and credit card transactions. As cash is susceptible to theft to misappropriate cash, we have focused on the completeness of cash.

How we addressed the matter in our audit

Our audit procedures focused on the design and the operating effectiveness of internal controls surrounding sales and in particular cash sales and obtain evidence that postings to the accounts were reliable. These procedures included:

- Reviewed management's assessment of monthly outlet operating margins for completeness of revenue recorded, and by testing the monitoring controls over the revenue cycle comprising billings, cash collections and credit card receivables;
- Performed the test of completeness and revenue cut-off procedures using data analytics tools to test the correlation of sales transactions from point-of-sales system to general ledger to evaluate the completeness of revenue and cash recorded for all outlets for the reporting year; and
- Assessed the adequacy of the disclosures related to total revenue, trade receivables and cash on hand.

We also found the disclosures in the consolidated financial statements are appropriate.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RE&S HOLDINGS LIMITED

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RE&S HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements (cont'd)

- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Pang Hui Ting.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

30 September 2021

Engagement partner - effective from year ended 30 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
Revenue	5	123,948	110,649
Other operating income	6	9,388	10,603
Raw materials and consumables used		(34,097)	(31,416)
Changes in inventories of finished goods		(294)	(82)
Employee benefits expense	7	(44,455)	(46,335)
Depreciation of property, plant and equipment	14	(5,899)	(6,839)
Depreciation of right-of-use assets	15	(19,646)	(20,542)
Operating lease expenses	28	(1,712)	(1,301)
Utilities expenses		(3,437)	(3,860)
Finance costs	8	(2,986)	(3,661)
Other operating expenses	9	(8,566)	(9,804)
Other expenses	10	(1,367)	(3,032)
Profit (loss) before income tax		10,877	(5,620)
Income tax (expense) income	11	(1,387)	274
Profit (loss), net of income tax		9,490	(5,346)
Other comprehensive (loss) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of income tax		(19)	21
Other comprehensive (loss) income for the year, net of income tax		(19)	21
Total comprehensive income (loss) for the year		9,471	(5,325)
Profit (loss) attributable to owners of the parent, net of income tax		9,478	(5,238)
Profit (loss) attributable to non-controlling interest, net of income tax		12	(108)
Profit (loss), net of income tax		9,490	(5,346)
Total comprehensive income (loss) attributable to owners of the parent		9,459	(5,217)
Total comprehensive income (loss) attributable to non-controlling interest		12	(108)
Total comprehensive income (loss)		9,471	(5,325)
		Cents	Cents
Basic and diluted earnings (loss) per share	13	2.7	(1.5)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	29,501	32,573	–	–
Right-of-use assets	15	62,938	76,085	–	–
Investment in subsidiaries	16	–	–	21,868	21,636
Other receivables, non-current	17	–	–	10,671	10,671
Other non-financial assets, non-current	18	3,767	3,825	–	–
Deferred tax assets	11	54	23	–	–
Total non-current assets		96,260	112,506	32,539	32,307
Current assets					
Inventories	19	3,272	2,978	–	–
Trade and other receivables, current	20	1,908	2,019	3,642	5,096
Other non-financial assets, current	21	3,269	2,412	8	6
Cash and cash equivalents	22	25,878	14,918	777	312
Total current assets		34,327	22,327	4,427	5,414
Total assets		130,587	134,833	36,966	37,721
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	32,307	32,307	32,307	32,307
Merger reserve	24	(18,149)	(18,149)	–	–
Retained earnings		22,262	15,808	3,800	3,702
Foreign currency translation reserve		(53)	(34)	–	–
Equity, attributable to owners of the parent		36,367	29,932	36,107	36,009
Non-controlling interest		–	(27)	–	–
Total equity		36,367	29,905	36,107	36,009
Non-current liabilities					
Deferred tax liabilities	11	972	962	–	–
Provisions, non-current	26	1,488	1,641	–	–
Other financial liabilities, non-current	27	7,462	8,415	–	–
Lease liabilities, non-current	28	48,813	61,955	–	–
Total non-current liabilities		58,735	72,973	–	–

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	Group		Company	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Current liabilities					
Income tax payable		1,211	215	2	5
Trade and other payables, current	29	12,735	10,265	853	1,689
Other financial liabilities, current	27	921	875	–	–
Other non-financial liabilities, current	30	979	1,051	4	18
Lease liabilities, current	28	19,639	19,549	–	–
Total current liabilities		35,485	31,955	859	1,712
Total liabilities		94,220	104,928	859	1,712
Total equity and liabilities		130,587	134,833	36,966	37,721

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2021

Group:	Total equity	Attributable to owners of the company sub-total	Share capital	Merger reserve	Retained earnings	Foreign currency translation reserve	Non-controlling interests
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current year:							
Opening balance at 1 July 2020	29,905	29,932	32,307	(18,149)	15,808	(34)	(27)
Movement in equity:							
Total comprehensive income (loss) for the year	9,471	9,459	–	–	9,478	(19)	12
Acquisition of a non-controlling interest without a change in control (Note 16)	–	(15)	–	–	(15)	–	15
Dividends paid (Note 12)	(3,009)	(3,009)	–	–	(3,009)	–	–
Closing balance at 30 June 2021	36,367	36,367	32,307	(18,149)	22,262	(53)	–
Previous year:							
Opening balance at 1 July 2019	34,115	34,079	32,307	(18,149)	19,976	(55)	36
Movement in equity:							
Total comprehensive (loss) income for the year	(5,325)	(5,217)	–	–	(5,238)	21	(108)
Capital contribution from a non-controlling interest	45	–	–	–	–	–	45
Non-controlling interest other payables waived	38	38	–	–	38	–	–
Share-based payments (Note 25)	2,625	2,625	–	–	2,625	–	–
Dividends paid (Note 12)	(1,593)	(1,593)	–	–	(1,593)	–	–
Closing balance at 30 June 2020	29,905	29,932	32,307	(18,149)	15,808	(34)	(27)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2021

Company:	Total equity	Share capital	Retained earnings
	\$'000	\$'000	\$'000
Current year:			
Opening balance at 1 July 2020	36,009	32,307	3,702
Changes in equity:			
Dividends paid (Note 12)	(3,009)	–	(3,009)
Total comprehensive income for the year	3,107	–	3,107
Closing balance at 30 June 2021	36,107	32,307	3,800
Previous year:			
Opening balance at 1 July 2019	34,604	32,307	2,297
Changes in equity:			
Dividends paid (Note 12)	(1,593)	–	(1,593)
Share-based payments (Note 25)	2,625	–	2,625
Total comprehensive income for the year	373	–	373
Closing balance at 30 June 2020	36,009	32,307	3,702

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2021

	2021 \$'000	2020 \$'000
Cash flows from operating activities		
Profit (loss) before income tax	10,877	(5,620)
Adjustments for:		
Interest income	(21)	(280)
Interest expense on borrowings	98	237
Interest expense on lease liabilities	2,888	3,424
Depreciation of property, plant and equipment	5,899	6,839
Depreciation of right-of-use assets	19,646	20,542
Share-based payment	–	2,625
Covid-19 related rent concessions from lessors	(1,924)	(4,823)
Gain on remeasurement of right-of-use assets	(132)	–
Loss on disposal of plant and equipment	–	44
Plant and equipment written off	273	1,038
Net effect of exchange rate changes in consolidating foreign operations	(60)	33
Operating cash flows before changes in working capital	37,544	24,059
Inventories	(294)	(82)
Trade and other receivables, current	111	608
Other non-financial assets, current	(857)	1,354
Reinstatement cost utilised	(194)	(46)
Trade and other payables, current	2,470	(1,098)
Other non-financial liabilities, current	(72)	964
Net cash flows from operations	38,708	25,759
Income taxes paid	(412)	(1,467)
Net cash flows from operating activities	38,296	24,292
Cash flows from investing activities		
Purchase of plant and equipment (Note 22B)	(3,067)	(6,754)
Disposal of plant and equipment	5	13
Other non-financial assets, non-current	58	(798)
Interest received	21	280
Net cash used in investing activities	(2,983)	(7,259)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2021

	2021	2020
	\$'000	\$'000
Cash flows from financing activities		
Cash restricted in use	2,038	(40)
Dividend paid to equity owners	(3,009)	(1,593)
Capital contribution from a non-controlling interest	–	45
Decrease in other financial liabilities	(907)	(689)
Lease liabilities – principal portion paid	(20,339)	(17,862)
Non-controlling interest other payables waiver	–	38
Interest paid	(98)	(237)
Net cash flows used in financing activities	(22,315)	(20,338)
Net increase (decrease) in cash and cash equivalents	12,998	(3,305)
Cash and cash equivalents, statement of cash flows, beginning balance	12,714	16,019
Cash and cash equivalents, statement of cash flows, ending balance (Note 22A)	25,712	12,714

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

1. General

RE&S Holdings Limited (the “company”) is incorporated in Singapore with limited liability. It is listed on the Catalist Board (the “Catalist”) of Singapore Exchange Securities Trading Limited.

The financial statements are presented in Singapore Dollar and they cover the company (referred to as “parent”) and its subsidiaries (“group”). All financial information have been rounded to the nearest thousand (“000”), except when otherwise stated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the company are those of investment holding and providing management services to the subsidiaries in the group.

The principal activities of the subsidiaries are disclosed in the Note 16 to the financial statements.

The registered office is: 32 Tai Seng Street, #07-00 RE&S Building, Singapore 533972. The company is situated in Singapore.

Uncertainties relating to the Covid-19 pandemic:

The group’s revenue increased in the reporting year compared to the last reporting year primarily due to the increase in revenue contribution from the full-service and quick-service restaurants due to, improved customer sentiments, increase in delivery sales due to on boarding of more delivery platforms and re-opening of an outlet. There were also assistance from property owners’ support on rentals and government support in relation to the Covid-19 pandemic. As at the end of the reporting year, the group had a negative working capital of approximately \$1,158,000 due to the adoption of SFRS(I) 16 on leases. Excluding lease liabilities of approximately \$19,639,000 arising from the adoption of this SFRS(I), there would be a positive working capital of \$18,481,000.

Management has reviewed the estimated potential impact and plausible downside scenarios, along with its responses because of the Covid-19 pandemic. With the successful rollout of national vaccination programmes and the significant rise in the vaccination rate in Singapore, the market is expected to normalise gradually. Management will continue to monitor the situation closely and be prepared to react quickly to the evolving landscape. No material uncertainties were identified in connection with the reporting entity’s ability to continue in operational existence for the foreseeable future.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

1. General (cont'd)

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with the financial reporting standards on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient, the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sales of food and beverage – Revenue is recognised upon the satisfaction of each performance obligation which is usually on serving or delivery of food and beverages to customers at a point in time.

Rental income – Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Interest income – Recognised using the effective interest method.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold property	–	Over lease term or 3.33%
Plant and equipment	–	5% to 20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 26 on provisions.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment.

The annual rates of depreciation are as follows:

Restaurant premises – Over the terms of lease that are from 10.8% to 50.0%

Leases of lessee

Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded in property, plant and equipment. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as an expense. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Leases of lessor

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. There were no business combinations during the reporting year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at fair value through profit or loss ("FVTPL"): There were no financial assets classified in this category at reporting year end date.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss ("FVTPL") in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segments performance and deciding how to allocate resources to operating segments.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of carrying amounts of property, plant and equipment:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by assumption is disclosed in the Note on property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Assessment of carrying amounts of right-of-use assets:

Significant judgement is applied by management when determining impairment allowance of the right-of-use assets. Impairment allowance is assessed for separable parts of leased buildings that have been or will be vacated in the near future. The impairment allowance is sensitive to changes in estimated future expected sublease income and sublease period. Judgement is also involved when determining whether sublease contracts are financial or operational, as well as when determining lease term for contracts that have extension or termination options. The carrying amount at the end of the reporting year is disclosed in the Note on right-of-use assets.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset at the end of the reporting year affected by the assumption is disclosed in the Note on property, plant and equipment.

Critical judgement over the lease terms:

The lease liabilities are initially measured by discounting the lease payments over the lease terms. For leases with extension or renewal options, management applied judgement in determining whether such extension or renewal options should be reflected in measuring the lease liabilities. This requires the consideration of whether the facts and circumstances created an economic incentive for the exercise of the lease extension or renewal option. The amount of the lease liabilities at the end of the reporting year is disclosed in Note on lease liabilities.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Hiroshi Tatara, a director and substantial shareholder.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

3. Related party relationships and transactions (cont'd)

3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3B. Key management compensation:

	Group	
	2021	2020
	\$'000	\$'000
Salaries and other short-term employee benefits	1,821	1,437
Share-based payments (Note 25)	–	2,625
	<u>1,821</u>	<u>4,062</u>

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	Group	
	2021	2020
	\$'000	\$'000
Remuneration of directors of the company	1,513	1,110
Fees to directors of the company	189	189
Fees to directors of the subsidiaries	20	26
Share-based payments	–	2,625

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

3. Related party relationships and transactions (cont'd)

3C. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from related parties are as follows:

Company	Subsidiary	
	2021 \$'000	2020 \$'000
<u>Other receivables</u>		
Balance at beginning of year	13,671	10,671
Dividend received	(3,000)	–
Dividend receivable	3,000	3,000
Balance at end of the year	<u>13,671</u>	<u>13,671</u>
Presented in the statement of financial position as:		
Other receivables, non-current (Note 17)	10,671	10,671
Other receivables, current (Note 20)	3,000	3,000
Balance at end of the year	<u>13,671</u>	<u>13,671</u>

4. Financial information by operating segments

4A. Primary analysis by business segment

For management purposes, the group is organised into the following two major operating segments that offer different products:

- 1) The full-service restaurants segment (“Restaurants”) which caters to customers seeking the full dining experience where they may sit down to have their meals and are provided with table service; and
- 2) The quick-service restaurants, convenience and others segment (“Quick services”) which caters to customers seeking a quicker meal experience and / or in which they may order their meals for take-away. This segment also includes the preparation of Japanese food products, such as bento and onigiri (Japanese rice balls), for third party businesses in Singapore.

This is determined by the nature or risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It also represents the basis on which management reports the primary segment information.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

4. Financial information by operating segments (cont'd)

4A. Primary analysis by business segment (cont'd)

Inter-segment sales are measured on the basis that the entity actually uses to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, right-of-use assets, inventories, trade and other receivables, other assets and cash and cash equivalents. Segment liabilities comprise trade and other payables, lease liabilities, other financial liabilities, provisions and other liabilities.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before income taxes and other unallocated items (called "ORBT").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

The information on each business segment is as follows:

	2021	2020
	\$'000	\$'000
Revenue by segment:		
Restaurants	74,475	72,202
Quick services	49,473	38,447
Total	123,948	110,649

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations

	Restaurants \$'000	Quick services \$'000	Unallocated \$'000	Elimination \$'000	Total \$'000
2021					
Revenue by segment					
Total revenue by segment	74,475	49,473	–	–	123,948
Inter-segment sales	–	6,429	–	(6,429)	–
Total revenue	74,475	55,902	–	(6,429)	123,948
Recurring EBITDA					
Recurring EBITDA	31,965	16,562	(9,119)	–	39,408
Depreciation	(13,485)	(9,758)	(2,302)	–	(25,545)
Finance costs	(1,735)	(1,153)	(98)	–	(2,986)
ORBT	16,745	5,651	(11,519)	–	10,877
Income tax expense	–	–	(1,387)	–	(1,387)
Profit, net of income tax					9,490
2020					
Revenue by segment					
Total revenue by segment	72,202	38,447	–	–	110,649
Inter-segment sales	–	6,057	–	(6,057)	–
Total revenue	72,202	44,504	–	(6,057)	110,649
Recurring EBITDA					
Recurring EBITDA	26,129	8,160	(8,867)	–	25,422
Depreciation	(16,017)	(8,939)	(2,425)	–	(27,381)
Finance costs	(2,234)	(1,190)	(237)	–	(3,661)
ORBT	7,878	(1,969)	(11,529)	–	(5,620)
Income tax income	–	–	274	–	274
Loss, net of income tax					(5,346)

The unallocated expenses mainly included the group's headquarters expenses such as employee benefits expenses, operating lease expenses and utilities expenses.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

4. Financial information by operating segments (cont'd)

4C. Assets and reconciliations

	Restaurants	Quick services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
Total assets for reportable segments:				
2021	62,031	45,626	22,930	130,587
2020	69,791	40,849	24,193	134,833

The unallocated assets mainly included the group's headquarters property, plant and equipment.

4D. Liabilities and reconciliations

	Restaurants	Quick services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
Total liabilities for reportable segments:				
2021	47,694	33,493	13,033	94,220
2020	59,129	32,641	13,158	104,928

The unallocated liabilities mainly included the other financial liabilities, income tax payables and deferred tax liabilities.

4E. Other material items and reconciliations

	Restaurants	Quick services	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
Expenditures for non-current assets:				
2021	184	2,148	776	3,108
2020	1,151	5,123	535	6,809

4F. Geographical information

The group operates primarily in Singapore with revenue generated in Singapore. Accordingly, analysis of revenue and assets of the group by geographical distribution has not been presented.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

4. Financial information by operating segments (cont'd)

4G. Information on major customers

There is no single customer with revenue transactions more than 10% of the group's total revenue. The revenue is spread over a broad base of customers.

5. Revenue

	Group	
	2021 \$'000	2020 \$'000
Sale of food and beverages	123,859	110,577
Rental income	89	72
	<u>123,948</u>	<u>110,649</u>

Revenue from sale of food and beverages is recognised at point in time.

Rental income is accounted for on a straight-line basis over the lease terms.

6. Other operating income

	Group	
	2021 \$'000	2020 \$'000
Interest income	21	280
Jobs Support Scheme grants ^(a)	6,211	4,184
Other government grants	740	881
Other income	492	435
Rent concessions received from lessors ^(b)	1,924	4,823
	<u>9,388</u>	<u>10,603</u>

(a) The purpose of the Jobs Support Scheme is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid Covid-19 for specific periods.

(b) The rental rebate is Covid-19 related rent rebates received from lessors of \$1,924,000 (2020: \$4,823,000) to which the group applied the practical expedient as disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

7. Employee benefits expense

	Group	
	2021 \$'000	2020 \$'000
Short-term employee benefits	33,863	35,466
Contributions to defined contribution plan	4,867	5,034
Other benefits	5,725	5,835
	<u>44,455</u>	<u>46,335</u>

8. Finance costs

	Group	
	2021 \$'000	2020 \$'000
Interest expense on lease liabilities (Note 28)	2,888	3,424
Interest expense on borrowings	98	237
	<u>2,986</u>	<u>3,661</u>

9. Other operating expenses

	Group	
	2021 \$'000	2020 \$'000
The major components include the following:		
Credit card commission	1,725	2,709
Delivery and transportation	2,189	2,244
Repair and maintenance	1,166	1,124

NOTES TO THE FINANCIAL STATEMENTS

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10. Other expenses

	Group	
	2021	2020
	\$'000	\$'000
The major components include the following:		
Audit services:		
Independent auditors of the company	116	102
Other independent auditors	22	16
Non-audit services:		
Independent auditors of the company	28	16
Loss on disposal of plant and equipment	–	44
Plant and equipment written off	273	1,038
Consultancy expenses	102	547
Legal and professional fees	395	475

11. Income tax

11A. Components of tax expense (income) recognised in profit or loss include:

	Group	
	2021	2020
	\$'000	\$'000
<u>Current tax expense (income):</u>		
Current tax expense (income)	1,329	(26)
Under (over) adjustments to current tax in respect of prior periods	65	(5)
Withholding tax	14	24
Subtotal	1,408	(7)
<u>Deferred tax income:</u>		
Deferred tax income	(116)	(287)
Under provision to deferred tax in respect of prior periods	95	20
Subtotal	(21)	(267)
Total income tax expense (income)	1,387	(274)

NOTES TO THE FINANCIAL STATEMENTS

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11. Income tax (cont'd)

11A. Components of tax expense recognised in profit or loss include (cont'd):

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2020: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2021 \$'000	2020 \$'000
Profit (loss) before income tax	10,877	(5,620)
Income tax expense (income) at the above rate	1,849	(955)
(Income not taxable) expenses not deductible for tax purposes	(602)	672
Tax exemptions and rebate	(23)	(14)
Under provision to tax in respect of prior years	160	15
Unrecognised deferred tax assets	(32)	(8)
Effect of different tax rates in different countries	20	17
Withholding tax	14	24
Others	1	(25)
Total income tax expense (income)	1,387	(274)

There are no income tax consequences of dividends to owners of the company.

The major not deductible (taxable) items are as follows:

	Group	
	2021 \$'000	2020 \$'000
Depreciation expense of non-qualifying assets	2,355	2,656
Contractual lease payment	329	1,265
Plant and equipment written off of non-qualifying assets	114	377
Non-taxable government grants	(6,211)	(3,495)
Share-based payment expense	–	2,625

NOTES TO THE FINANCIAL STATEMENTS

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11. Income tax (cont'd)

11B. Deferred tax income recognised in profit or loss includes:

	Group	
	2021 \$'000	2020 \$'000
Excess of net book value of plant and equipment over tax value	(326)	90
Excess of tax values over net book value of plant and equipment	(9)	14
Provisions	600	(392)
Tax loss carryforwards	(283)	(4)
Others	(35)	17
Unrecognised deferred tax assets	32	8
Total deferred tax income recognised in profit or loss	(21)	(267)

11C. Deferred tax balance in the statement of financial position:

	Group	
	2021 \$'000	2020 \$'000
<u>From deferred tax assets (liabilities) recognised in profit or loss:</u>		
Excess of net book value of plant and equipment over tax values	(1,141)	(1,467)
Excess of tax values over net book value of plant and equipment	16	7
Provisions	133	733
Tax loss carryforwards	344	61
Others	35	–
Unrecognised deferred tax assets	(305)	(273)
Net balance liabilities	(918)	(939)

NOTES TO THE FINANCIAL STATEMENTS

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11. Income tax (cont'd)

11C. Deferred tax balance in the statement of financial position (cont'd):

Presented in the statement of financial position as follows:

	Group	
	2021 \$'000	2020 \$'000
Deferred tax liabilities	(972)	(962)
Deferred tax assets	54	23
Net balance	<u>(918)</u>	<u>(939)</u>

It is impracticable to estimate the amount expected to be settled or used within one year.

The above deferred tax assets have not been recognised in respect of the remaining balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carry forward and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

12. Dividends on equity shares

	Group			
	Rate per share – dollars		2021 \$'000	2020 \$'000
	2021	2020		
Interim and tax exempt (one-tier) dividend	0.0085	–	3,009	–
Final tax exempt (one-tier) dividend	–	0.0045	–	1,593
			<u>3,009</u>	<u>1,593</u>

In respect of the current reporting year, the directors have proposed that a final dividend of 0.85 cent per share with a total of \$3,009,000 be paid to shareholders after the annual general meeting to be held in future. There are no income tax consequences on the company. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable.

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13. Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing profit for the year, net of tax, attributable to the owners of the company by the weighted average number of shares outstanding during the financial year.

The following illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2021 \$'000	2020 \$'000
<u>Numerator</u>		
Profit (loss) attributable to owners of the company, net of income tax	9,478	(5,238)
	'000	'000
<u>Denominator</u>		
Weighted average number of equity shares: At beginning and end of the year	354,000	354,000
	Cents	Cents
Basic and diluted earnings (loss) per share	2.7	(1.5)

NOTES TO THE FINANCIAL STATEMENTS

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14. Property, plant and equipment

Group	Leasehold property \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost:</u>			
At 1 July 2019	19,505	62,802	82,307
Additions	–	6,809	6,809
Disposals	–	(8,777)	(8,777)
Foreign exchange adjustments	–	5	5
At 30 June 2020	19,505	60,839	80,344
Additions	–	3,108	3,108
Disposals	–	(1,089)	(1,089)
Foreign exchange adjustments	–	32	32
At 30 June 2021	19,505	62,890	82,395
<u>Accumulated depreciation:</u>			
At 1 July 2019	3,407	45,189	48,596
Depreciation for the year	707	6,132	6,839
Disposals	–	(7,682)	(7,682)
Foreign exchange adjustments	–	18	18
At 30 June 2020	4,114	43,657	47,771
Depreciation for the year	707	5,192	5,899
Disposals	–	(811)	(811)
Foreign exchange adjustments	–	35	35
At 30 June 2021	4,821	48,073	52,894
<u>Carrying amount:</u>			
At 1 July 2019	16,098	17,613	33,711
At 30 June 2020	15,391	17,182	32,573
At 30 June 2021	14,684	14,817	29,501

The leasehold property is mortgaged as security for the bank facilities (see Note 27).

NOTES TO THE FINANCIAL STATEMENTS

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15. Right-of-use of assets

Group	Restaurant premises \$'000
<u>Cost:</u>	
At 1 July 2019	124,947
Additions	9,890
Foreign exchange adjustments	(27)
At 30 June 2020	134,810
Additions	7,251
Disposals	(783)
Remeasurements	(816)
Foreign exchange adjustments	(38)
At 30 June 2021	140,424
<u>Accumulated depreciation:</u>	
At 1 July 2019	38,205
Depreciation for the year	20,542
Foreign exchange adjustments	(22)
At 30 June 2020	58,725
Depreciation for the year	19,646
Disposals	(783)
Remeasurements	(76)
Foreign exchange adjustments	(26)
At 30 June 2021	77,486
<u>Carrying amount:</u>	
At 1 July 2019	86,742
At 30 June 2020	76,085
At 30 June 2021	62,938

NOTES TO THE FINANCIAL STATEMENTS

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15. Right-of-use of assets (cont'd)

Other information about the leasing activities relating to the right-to-use assets are summarised as follows:

	Restaurant premises	
	2021	2020
Number of right-to-use assets	40	42
Remaining term – range (years)	1.0 to 8.3	2.0 to 9.3
Remaining term – average (years)	4.6	5.7
Weighted average incremental borrowing rate applied to lease liabilities	4%	4%

The leases are for restaurant premises. The lease contracts are for fixed periods of three to six years. Lease terms contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 2).

NOTES TO THE FINANCIAL STATEMENTS

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16. Investments in subsidiaries

	Company	
	2021 \$'000	2020 \$'000
Movements during the year. At cost:		
Balance at beginning of the year	21,738	21,738
Addition	232	–
Deregistered ^(N1)	(102)	–
Allowance for impairment ^(N2)	–	(102)
Cost at the end of the year	<u>21,868</u>	<u>21,636</u>
Total cost comprising:		
Unquoted equity shares at cost	<u>21,868</u>	<u>21,636</u>
Net book value of subsidiaries	<u>20,806</u>	<u>17,241</u>
Analysis of above amount denominated in non-functional currency:		
Malaysian ringgit	447	447
Japanese yen	<u>240</u>	<u>240</u>
Movement in allowance for impairment:		
At beginning of the year	102	–
Impairment loss charge to profit or loss included in other losses ^(N2)	–	102
Impairment allowance written off ^(N1)	(102)	–
At end of the year	<u>–</u>	<u>102</u>

(N1) The company's subsidiary, Otento Food Services Pte. Ltd. has been deregistered during the reporting year ended 30 June 2021.

(N2) The continuous losses of the subsidiary, Otento Food Services Pte. Ltd. was considered sufficient evidence to trigger the impairment test. The impairment test has resulted in the recognition of a loss. Accordingly, the cost of investment in the subsidiary concerned has been fully impaired in reporting year ended 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

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16. Investments in subsidiaries (cont'd)

The subsidiaries held by the company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Costs in books of company		Effective percentage of equity held by company	
	2021	2020	2021	2020
	\$'000	\$'000	%	%
R E & S Enterprises Pte Ltd ^(a) Singapore Restaurateur	20,949	20,949	100	100
Kabe No Ana Pte. Ltd. ^(a) Singapore Restaurateur	232	– ^(d)	100	100
Promote Japan Enterprise Pte. Ltd. ^(a) Singapore Event organiser	– ^(d)	– ^(d)	100	100
R E & S Enterprises (M) Sdn. Bhd. ^(b) Malaysia Restaurateur	447	447	100	100
RE&S Japan Co., Ltd. ^(c) Japan Providing raw food supply	240	240	100	100
Otento Food Services Pte. Ltd. ^(e) Singapore Restaurateur	–	102	–	51
	<u>21,868</u>	<u>21,738</u>		
<u>Held by R E & S Enterprises Pte Ltd</u>				
Ebisu Private Limited ^{(a) (f)} Singapore Restaurateur	<u>100</u>	<u>55</u>	100	55

(a) Audited by RSM Chio Lim LLP in Singapore.

(b) Audited by RSM Malaysia, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(c) Audited by RSM Japan, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(d) Cost of investment is less than \$1,000.

NOTES TO THE FINANCIAL STATEMENTS

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16. Investments in subsidiaries (cont'd)

- (e) On 17 December 2020, Otento Food Services Pte. Ltd. has been deregistered from the Register of Companies. It does not have any material impact on the net tangible assets and net earnings per share of the group for the reporting year ended 30 June 2021.
- (f) On 31 March 2021, the company's subsidiary, R E & S Enterprises Pte Ltd acquired an additional 45% equity interest in Ebisu Private Limited from its non-controlling interest for a cash consideration of \$45,000. As a result of this acquisition, Ebisu Private Limited became a wholly-owned subsidiary of the group. The carrying value of the net assets of Ebisu Private Limited as at 31 March 2021 was \$67,000 and the carrying value of the additional interest acquired was \$30,000. The difference of \$15,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "acquisition of non-controlling interests without a change in control" within equity of the group.

17. Other receivables, non-current

	Company	
	2021	2020
	\$'000	\$'000
Loans receivable from subsidiary (Note 3)	10,671	10,671

The loans receivable has no terms or interest and is not expected to be settled in the foreseeable future, as repayment is dependent on cash flows of the subsidiary. The fair value is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably. The amount is stated at cost.

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Other receivables are normally with no fixed terms and therefore there is no maturity. All other receivables are regarded as of low credit risk if they are guaranteed with the ability to settle the amount. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

18. Other non-financial assets, non-current

	Group	
	2021	2020
	\$'000	\$'000
Deposits to secure services	3,767	3,825

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19. Inventories

	Group	
	2021 \$'000	2020 \$'000
Raw materials and consumables	3,272	2,978

There are no inventories pledged as security for liability.

20. Trade and other receivables, current

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade receivables:</u>				
Outside parties	1,612	1,343	–	–
Subsidiaries (Note 3)	–	–	642	2,096
Net trade receivables – subtotal	1,612	1,343	642	2,096
<u>Other receivables:</u>				
Outside parties	167	–	–	–
Rental remission and property tax rebates from landlord	129	676	–	–
Subsidiary (Note 3)	–	–	3,000	3,000
Net other receivables – subtotal	296	676	3,000	3,000
Total trade and other receivables	1,908	2,019	3,642	5,096

Trade and other receivables at amortised cost shown above are subject to the expected credit losses (“ECL”) model under the financial reporting standard on financial instruments. The ECL on the trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the Covid-19 pandemic. Trade receivables comprises mainly creditworthy debtors with good payment record, NETS and credit card receivables that will be settled in a few days that are considered to have low credit risk and customers which can be graded as low risk individually. No loss allowance is necessary.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There are no collateral held as security and other credit enhancements for the trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

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20. Trade and other receivables, current (cont'd)

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 days (2020: 30 days). But some customers take a longer period to settle the amounts.

- (a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of the reporting year but not impaired:

	Group	
	2021 \$'000	2020 \$'000
<u>Trade receivables:</u>		
31 to 60 days	18	207
61 to 90 days	8	81
Over 90 days	34	36
Total	60	324

- (b) As at the end of reporting year there were no amounts that were impaired.

There is no significant concentration of credit risk with respect to trade receivables as the exposure is spread over a large number of counter-parties and customers.

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Other receivables are normally with no fixed terms and therefore there is no maturity. All other receivables are regarded as of low credit risk if they are guaranteed with the ability to settle the amount. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

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21. Other non-financial assets, current

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Deposits to secure services	2,423	1,403	–	–
Deposits for renovation of outlets	–	469	–	–
Prepayments	846	540	8	6
	<u>3,269</u>	<u>2,412</u>	<u>8</u>	<u>6</u>

22. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Not restricted in use	25,712	12,714	777	312
Cash restricted in use	166	–	–	–
Cash pledged for bank facilities #	–	2,204	–	–
	<u>25,878</u>	<u>14,918</u>	<u>777</u>	<u>312</u>
Interest earning balances	<u>166</u>	<u>4,205</u>	<u>–</u>	<u>–</u>

The rate of interest for the cash on interest balances is 0.25% (2020: 0.28% and 0.50%) per annum.

#: This is for amounts held by bankers to cover the bank facilities granted for reporting year ended 30 June 2020. During the reporting year, the cash pledged for bank facilities has been replaced with corporate guarantee from the company to the subsidiaries.

22A. Cash and cash equivalents in the statement of cash flows:

	Group	
	2021	2020
	\$'000	\$'000
Amount as shown above	25,878	14,918
Cash restricted in use over 3 months	(166)	–
Cash pledged for bank facilities	–	(2,204)
Cash and cash equivalents for statement of cash flows purposes at end of the year	<u>25,712</u>	<u>12,714</u>

NOTES TO THE FINANCIAL STATEMENTS

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22. Cash and cash equivalents (cont'd)

22B. Reconciliation of purchase of property, plant and equipment arising from investing activities:

	Group	
	2021 \$'000	2020 \$'000
Purchase of property, plant and equipment (Note 14)	(3,108)	(6,809)
Additions in provision for restoration (Note 26)	41	55
	<u>(3,067)</u>	<u>(6,754)</u>

22C. Reconciliation of liabilities arising from financing activities:

Group:	At beginning of the year \$'000	Cash flows \$'000	Non-cash changes \$'000	At end of the year \$'000
<u>2021</u>				
Long-term borrowings	8,415	(953)	–	7,462
Short-term borrowings	875	46	–	921
Lease liabilities	81,504	(20,339) ^(a)	7,287 ^{(a) (b)}	68,452
Total liabilities from financing activities	<u>90,794</u>	<u>(21,246)</u>	<u>7,287</u>	<u>76,835</u>
<u>2020</u>				
Long-term borrowings	9,353	(938)	–	8,415
Short-term borrowings	626	249	–	875
Lease liabilities	–	(17,862) ^(a)	99,366 ^{(a) (c)}	81,504
Total liabilities from financing activities	<u>9,979</u>	<u>(18,551)</u>	<u>99,366</u>	<u>90,794</u>

(a) Net of Covid-19 related rent concessions from lessors of \$1,924,000 (2020: \$4,823,000).

(b) Interest expense and modification of lease liabilities.

(c) Capitalisation of its existing lease arrangements (except for lease less than 12 months and lease of low-value assets as right-of-use assets and lease liabilities as at 1 July 2019) in accordance with SFRS(I) 16.

NOTES TO THE FINANCIAL STATEMENTS

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23. Share capital

	Group		Company	
	Number of shares issued	Share capital	Number of shares issued	Share capital
	'000	\$'000	'000	\$'000
Balance at 1 July 2019, 30 June 2020 and 30 June 2021	354,000	32,307	354,000	32,307

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2021	2020
	\$'000	\$'000
Net debt:		
All current and non-current borrowings excluding leases	8,383	9,290
Lease liabilities	68,452	81,504
All current and non-current borrowings including leases	76,835	90,794
Less cash and cash equivalents	(25,878)	(14,918)
Net debt	50,957	75,876
Adjusted capital:		
Total equity	36,367	29,905
Debt-to-adjusted capital ratio	140.1%	253.7%

There was a favourable change with reduction in net debt and improved retained earnings.

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24. Merger reserve

This represents the difference between the consideration paid and the equity acquired under common control.

25. Share-based payment

During the reporting year ended 30 June 2020, a non-recurring, non-cash expense incurred in accordance with SFRS(I) 2 relating to the transfer of shares from Yek Hong Liat John, Executive Director ("ED"), to Foo Kah Lee, Chief Executive Officer and ED, as well as Lim Shyang Zheng, Chief Operating Officer and ED, by way of gift on 29 August 2019. This transaction was accounted for under SFRS(I) 2 as a share-based payment transaction, as the shares were transferred to employees of the company in exchange for services, although the shares were not transferred by the company directly. The fair value of the shares of \$2,625,000 has been recorded as an expense in the profit or loss with a corresponding increase in retained earnings.

26. Provisions, non-current

	Group	
	2021	2020
	\$'000	\$'000
Provision for restoration	1,488	1,641
Movements in above provision:		
Balance at beginning of year	1,641	1,632
Additions (Note 22B)	41	55
Utilisation	(194)	(46)
At end of the year	1,488	1,641

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leasehold properties. The estimate is based on quotation from external contractors. The unwinding of discount is not significant.

NOTES TO THE FINANCIAL STATEMENTS

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27. Other financial liabilities

	Group	
	2021 \$'000	2020 \$'000
<u>Non-current:</u>		
<u>Financial instruments with floating interest rates:</u>		
Bank loan (secured)	7,462	8,415
Non-current	7,462	8,415
<u>Current:</u>		
<u>Financial instruments with floating interest rates:</u>		
Bank loan (secured)	921	875
Current	921	875
Total	8,383	9,290

The non-current portion is repayable as follows:

	Group	
	2021 \$'000	2020 \$'000
Due within 2 to 5 years	3,768	3,660
After 5 years	3,694	4,755
Total non-current portion	7,462	8,415

The range of floating rate interest rates were as follows:

	Group	
	2021 %	2020 %
Bank loan (secured)	1.08 – 1.25	2.07

The bank term loan is secured by legal mortgage over the group's property. The loan is repayable over 120 monthly instalments commencing April 2020.

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28. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group	
	2021 \$'000	2020 \$'000
Lease liabilities, current	19,639	19,549
Lease liabilities, non-current	48,813	61,955
	<u>68,452</u>	<u>81,504</u>

Movements of lease liabilities for the reporting year are as follows:

	Group	
	2021 \$'000	2020 \$'000
Total lease liabilities at beginning of reporting year	81,504	90,881
Additions	7,251	9,890
Remeasurement	(872)	–
Accretion of interest	2,888	3,424
Lease payments – principal portion paid	(22,263)	(22,685)
Foreign exchange adjustments	(56)	(6)
Total lease liabilities at end of reporting year	<u>68,452</u>	<u>81,504</u>

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

A summary of the maturity analysis of lease liabilities is disclosed in Note 33E. Total cash outflows from leases are shown in the consolidated statement of cash flows. The related right-of-use assets are disclosed in Note 15.

At reporting year date there were no commitments on leases which had not yet commenced.

The future cash outflows commitments to which the lessee is potentially exposed are not reflected in the measurement of lease liabilities above. This includes exposure arising from: (1) variable lease payments and (2) extension options and termination options.

NOTES TO THE FINANCIAL STATEMENTS

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28. Lease liabilities (cont'd)

For the Covid-19 related rent concessions, the practical expedient was applied for reflecting the adjustment in profit or loss rather than as a lease modification as permitted by the amendment to the financial reporting standard on leases. It allows lessees to account for such rent concessions as variable lease payments. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; (iii) there is no substantive change to other terms and conditions of the lease.

The following are the amounts recognised in profit or loss:

Lease under SFRS(I) 16	Notes	Group	
		2021 \$'000	2020 \$'000
Depreciation of right-of-use assets	15	19,646	20,542
Interest on lease liabilities	8	2,888	3,424
Fixed rental expense on short-term leases and low-value assets		993	813
Contingent rental expense on operating leases		719	488
Total amount recognised in profit or loss		24,246	25,267

29. Trade and other payables, current

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade payables:</u>				
Outside parties	5,629	4,634	38	15
Accrued liabilities	5,576	4,984	704	117
Subsidiaries (Note 3)	–	–	91	1,531
Trade payables – subtotal	11,205	9,618	833	1,663
<u>Other payables:</u>				
Outside parties	714	419	20	26
For purchase of non-current assets	816	228	–	–
Other payables – subtotal	1,530	647	20	26
Total trade and other payables	12,735	10,265	853	1,689

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

30. Other non-financial liabilities, current

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Deferred income	979	1,051	4	18

Deferred income mainly relates to Jobs Support Scheme announced by the Singapore Government to assist company in retaining its local employees during this period of economic uncertainty.

31. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2021 \$'000	2020 \$'000
Commitments to purchase plant and equipment	898	175

32. Operating lease income commitments – as lessor

Operating lease income is for rentals receivables for its operating premises. The lease to the tenant is on a month-to-month basis with no commitment terms. At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are not significant.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

33. Financial instruments: information on financial risks

33A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	27,786	16,937	15,090	16,079
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	89,570	101,059	853	1,689

Further quantitative disclosures are included throughout these financial statements.

33B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposure to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain strategies for the management of financial risks. However, these are not documented in formal writing. The following guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following the acceptable market practices.

There have been no changes to the exposures to risks; the objectives, policies and processes for managing the risks and the methods used to measure the risks.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

33. Financial instruments: information on financial risks (cont'd)

33C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

33D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, a simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables and contract assets. For credit risk on trade receivables, contract assets and other financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 22 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

Other receivables are normally with no fixed terms and therefore there is no maturity.

33E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 60 days (2020: 30 to 60 days). The other payables are with short-term durations except for advances from subsidiaries. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

33. Financial instruments: information on financial risks (cont'd)

33E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year \$'000	2 – 5 years \$'000	After 5 years \$'000	Total \$'000
Group				
Non-derivative financial liabilities:				
<u>2021:</u>				
Gross borrowing commitments	1,007	4,026	3,775	8,808
Trade and other payables	12,735	–	–	12,735
Lease liabilities	21,982	50,856	3,048	75,886
At end of the year	<u>35,724</u>	<u>54,882</u>	<u>6,823</u>	<u>97,429</u>
<u>2020:</u>				
Gross borrowing commitments	1,052	4,207	4,996	10,255
Trade and other payables	10,265	–	–	10,265
Lease liabilities	22,346	60,852	5,752	88,950
At end of the year	<u>33,663</u>	<u>65,059</u>	<u>10,748</u>	<u>109,470</u>
Company				
Non-derivative financial liabilities:				
<u>2021:</u>				
Trade and other payables	853	–	–	853
At end of the year	<u>853</u>	<u>–</u>	<u>–</u>	<u>853</u>
<u>2020:</u>				
Trade and other payables	1,689	–	–	1,689
At end of the year	<u>1,689</u>	<u>–</u>	<u>–</u>	<u>1,689</u>

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

33. Financial instruments: information on financial risks (cont'd)

33E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts – For financial guarantees contracts the maximum earliest period in which the guarantee could be called is used. At the end of the reporting year no claims on the financial guarantees are expected. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

Group	Less than 1 year \$'000	1 – 3 years \$'000	Total \$'000
<u>2021:</u>			
Bank guarantees	1,948	2,732	4,680
<u>2020:</u>			
Bank guarantees	541	3,006	3,547

The above bank guarantees were secured by legal mortgage over the group's property and guaranteed by the company.

Company	Less than 1 year \$'000	2 – 5 years \$'000	More than 5 years \$'000	Total \$'000
<u>2021:</u>				
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	1,390	5,685	5,568	12,643
<u>2020:</u>				
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	1,151	4,734	6,165	12,050

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

33. Financial instruments: information on financial risks (cont'd)

33F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2021	2020
	\$'000	\$'000
<u>Financial assets:</u>		
Fixed rate	166	4,205
Total at end of the year	166	4,205
<u>Financial liabilities:</u>		
Fixed rate	68,452	81,504
Floating rate	8,383	9,290
Total at end of the year	76,835	90,794

The floating rate debt instruments are with interest rates that are reset regularly at one month intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2021	2020
	\$'000	\$'000
<u>Financial liabilities:</u>		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have a decrease in pre-tax profit (loss) for the year by	84	93

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

33. Financial instruments: information on financial risks (cont'd)

33G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currencies:

Group	Japanese Yen \$'000	Others \$'000	Total \$'000
2021:			
<u>Financial assets:</u>			
Cash and cash equivalents	92	285	377
Total financial assets	92	285	377
<u>Financial liabilities:</u>			
Trade and other payables	(19)	(169)	(188)
Total financial liabilities	(19)	(169)	(188)
Net financial assets at end of the year	73	116	189
2020:			
<u>Financial assets:</u>			
Cash and cash equivalents	140	24	164
Total financial assets	140	24	164
<u>Financial liabilities:</u>			
Trade and other payables	(63)	(261)	(324)
Total financial liabilities	(63)	(261)	(324)
Net financial assets (liabilities) at end of the year	77	(237)	(160)

Sensitivity analysis: The effect on profit (loss) before tax is not significant.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

34. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the group are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS(I) No.	Title
SFRS(I) 3	Definition of a Business – Amendments
SFRS(I) 1-1 and 1-8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting
SFRS(I) 16	Covid-19 Related Rent Concessions – Amendment to (effective from 30 June 2020)

35. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the group for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the group's financial statements in the period of initial application.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-1	Presentation of Financial Statements – Amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2023
SFRS(I) 3	Definition of a Business – Reference to the Conceptual Framework – Amendments to	1 Jan 2022
Various	Annual Improvements to SFRS(I)s 2018-2020	1 Jan 2022

SHAREHOLDERS' INFORMATION

AS AT 22 SEPTEMBER 2021

Number of equity securities	:	354,000,000
Class of equity securities	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares and subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	68	9.33	50,800	0.01
1,001 - 10,000	351	48.15	1,705,200	0.48
10,001 - 1,000,000	297	40.74	20,167,800	5.70
1,000,001 AND ABOVE	13	1.78	332,076,200	93.81
TOTAL	729	100.00	354,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	223,174,230	63.04
2	YEK HONG LIAT JOHN	60,000,000	16.95
3	ORCHID 2 INVESTMENTS PTE LTD	16,000,000	4.52
4	FOO KAH LEE	9,000,000	2.54
5	LIM SHYANG ZHENG (LIN XIANGZHENG)	7,834,000	2.21
6	BEN YEO CHEE SEONG	2,999,985	0.85
7	TEO ENG KIM	2,999,985	0.85
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,915,000	0.82
9	CHAN MEI LIN	1,750,000	0.49
10	YEO WEE LIN NICHOLAS	1,750,000	0.49
11	CITIBANK NOMINEES SINGAPORE PTE LTD	1,328,000	0.38
12	TAN KOK CHING	1,200,000	0.34
13	CHAN CHEE MENG	1,125,000	0.32
14	SHUJI SEKIGUCHI	723,100	0.20
15	KAWABE KENTA	667,100	0.19
16	CHEAH PHI TEIK	523,000	0.15
17	OW CHEO GUAN	496,400	0.14
18	IFAST FINANCIAL PTE. LTD.	473,600	0.13
19	CHIA KIAH NGIAN (XIE JIAYANG)	460,000	0.13
20	NG SENG LEE	457,500	0.13
	TOTAL	335,876,900	94.87

SHAREHOLDERS' INFORMATION

AS AT 22 SEPTEMBER 2021

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 22 September 2021)

	Direct Interest	%	Deemed Interest	%
Tatara Hiroshi ⁽¹⁾	–	–	220,355,830	62.25
Yek Hong Liat John	60,000,000	16.95	–	–

Note:

(1) Mr. Tatara Hiroshi is deemed to be interested in 220,333,330 ordinary shares held under the name of DBS Nominees (Private) Limited.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Approximately 14.7% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual - Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**Meeting**” or “**AGM**”) of RE&S Holdings Limited (the “**Company**”) will be held by way of electronic means on Wednesday, 27 October 2021, at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2021 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final dividend (tax exempt one-tier) of 0.85 cent per ordinary share for the financial year ended 30 June 2021. **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Regulation 97 of the Constitution of the Company:

Mr. Foo Kah Lee	(Resolution 3)
Mr. Lim Shyang Zheng	(Resolution 4)
Mr. Guok Chin Huat Samuel	(Resolution 5)

 - *Mr. Foo Kah Lee will, upon re-election as a Director of the Company, remain as the Chief Executive Officer and Executive Director of the Company. Detailed information of Mr. Foo Kah Lee required pursuant to Rule 720(5) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”) can be found in the Annual Report.*
 - *Mr. Lim Shyang Zheng will, upon re-election as a Director of the Company, remain as the Chief Operating Officer and Executive Director of the Company. Detailed information of Mr. Lim Shyang Zheng required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report.*
 - *Mr. Guok Chin Huat Samuel will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee, Nominating Committee and Administration Committee and will be considered independent for the purpose of Rule 704(7) of Catalist Rules. Detailed information of Mr. Guok Chin Huat Samuel required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report.*
4. To approve the payment of Directors' fees of S\$210,000 for the financial year ending 30 June 2022, to be paid quarterly in arrears. (FY2021: S\$189,000) **(Resolution 6)**
5. To re-appoint RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. Authority to issue new shares

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Catalist Rules of SGX-ST, the Directors of the Company be authorised and empowered to:

NOTICE OF ANNUAL GENERAL MEETING

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. **(Resolution 8)**

[See Explanatory Note (i)]

NOTICE OF ANNUAL GENERAL MEETING

8. Authority to issue shares under the RE&S Employee Share Option Scheme

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant options under the prevailing RE&S Employee Share Option Scheme (the “**RE&S ESOS**”) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the RE&S ESOS, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the RE&S ESOS shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. **(Resolution 9)**

[See Explanatory Note (ii)]

By Order of the Board

Josephine Toh
Secretary

Singapore
11 October 2021

Explanatory Notes:

- (i) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holding, if any) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or the vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE:

- (1) The Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. A member of the Company ("**Member**") will not be able to attend the Meeting in person. A Member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such Member wishes to exercise his/her/its voting rights at the Meeting.
- (2) A Member who is a relevant intermediary entitled to vote at the Meeting must appoint the Chairman of the Meeting to attend and vote instead of the Member.

"**Relevant intermediary**" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) The Chairman of the Meeting, as proxy, need not be a Member.
 - (4) The instrument appointing the Chairman of the Meeting as proxy (the "**Proxy Form**") must be deposited with the Company's Share Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or sent by email to srs.team@boardroomlimited.com, not less than seventy-two (72) hours before the time appointed for the Meeting.

PERSONAL DATA PRIVACY:

By (a) submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a Member consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as a proxy for the AGM (including any adjournment thereof);
- (ii) the processing of the Pre-registration for purposes of granting access to Members (or their corporate representatives in the case of Members which are legal entities) to observe the AGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from Members received before the AGM and if necessary, following up with the relevant Members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

NOTICE OF ANNUAL GENERAL MEETING

Participation in the AGM of the Company (the “AGM”) via “live” webcast or “live” audio feed

1. As the AGM will be held by way of electronic means, Member will **NOT** be able to attend the AGM in person. All Members or their corporate representatives (in the case of Members which are legal entities) will be able to participate in the AGM proceedings by accessing a “live” webcast or listening to a “live” audio feed. To do so, Members are required to pre-register their participation in the AGM (“**Pre-registration**”) at this link: <https://septusasia.com/res-agm2021-registration> (“**AGM Registration and Q&A Link**”) by **10.00 a.m.** on **24 October 2021** (“**Registration Deadline**”) for verification of their status as Members (or the corporate representatives of such Members).
2. Upon successful verification, each such Member or its corporate representative will receive an email by **5.00 p.m.** on **25 October 2021**. The email will contain instructions to access the “live” webcast or “live” audio feed of the AGM proceedings. Members or their corporate representatives must not forward the email to other persons who are not Members and who are not entitled to participate in the AGM proceedings. Members or their corporate representatives who have pre-registered by the Registration Deadline in accordance with paragraph 1 above but do not receive an email by **5.00 p.m.** on **25 October 2021**, should contact the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, via email at srs.teamc@boardroomlimited.com.
3. Members holding shares through relevant intermediaries (other than CPF or SRS investors) will not be able to pre-register for the “live” webcast or “live” audio feed of the AGM. Such Members who wish to participate in the “live” webcast or “live” audio feed of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements.

Voting by proxy

4. Members may only exercise their voting rights at the AGM via proxy voting (see paragraphs 5 to 8 below).
5. Members who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the Meeting as their proxy to do so on their behalf, indicating how the Member wished to vote for or vote against or abstain from voting on each resolution.
6. The duly executed proxy form must be deposited with the Company’s Share Registrar’s Office at **Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623** or sent by email to srs.teamc@boardroomlimited.com not less than seventy-two (72) hours before the time appointed for the holding of the AGM.
7. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e.: by **18 October 2021**) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.
8. Please note that Members will not be able to vote through the “live” webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

NOTICE OF ANNUAL GENERAL MEETING

Submission of questions prior to the AGM

9. Members may submit questions related to the resolutions to be tabled at the AGM during Pre-registration via the AGM Registration and Q&A Link so that they may be addressed before or during the AGM proceedings. All questions must be submitted by **10.00 a.m. on 20 October 2021**.
10. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received in advance of the AGM before the AGM. The Company will publish the minutes of the AGM on SGXNET and the Company's website within one (1) month after the date of AGM.
11. Please note that Members will not be able to ask questions at the AGM "live" during the webcast and the audio feed, and therefore it is important for Members to pre-register their participation in order to be able to submit their questions in advance of the AGM.

Important reminder

12. **Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM. In view of the COVID-19 situation, which may make it difficult for Members to submit completed proxy forms by post, Members are strongly encouraged to submit completed proxy forms electronically via email.**

RE&S HOLDINGS LIMITED

(Company Registration No. 201714588N)

(Incorporated in Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A member will not be able to attend the Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as proxy as his/her/its behalf to attend, speak and vote on his/her/its behalf at the Meeting.
2. A relevant intermediary must appoint the Chairman of the Meeting to attend and vote at the Meeting (please see Note 2 for the definition of "relevant intermediary").
3. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment of the Chairman of the Meeting as proxy.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 October 2021.

I/We, _____ (Name) _____ (NRIC / Passport No. / Co Reg No.)

of _____ (Address)

being *a member/members of **RE&S HOLDINGS LIMITED** (the "**Company**"), hereby appoint the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held by way of electronic means on Wednesday, 27 October 2021 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy to vote for, against or abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. **If no specific direction as to voting is given or in the event of any other matters arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as *my/our proxy will be treated as invalid.**

No.	Resolutions relating to:	For ⁽¹⁾	Against ⁽¹⁾	Abstain ⁽¹⁾
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2021			
2	Declaration of final dividend			
3	Re-election of Mr. Foo Kah Lee as a Director			
4	Re-election of Mr. Lim Shyang Zheng as a Director			
5	Re-election of Mr. Guok Chin Huat Samuel as a Director			
6	Approval of Directors' fees amounting to S\$210,000 for the financial year ending 30 June 2022, to be paid quarterly in arrears			
7	Re-appointment of RSM Chio Lim LLP			
8	Authority to issue new shares			
9	Authority to allot and issue shares under the RE&S Employee Share Option Scheme			

(1) If you wish to abstain or exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable



IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. The Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. A member of the Company ("**Member**") will not be able to attend the Meeting in person and must appoint the Chairman of the Meeting to attend, speak and vote on his/her/its behalf at the Meeting.
2. A Member who is a relevant intermediary entitled to attend and vote at the Meeting must appoint the Chairman of the Meeting to attend and vote instead of the Member.
"Relevant intermediary" means:
 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e.: by 18 October 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.
4. The Chairman of the Meeting, as proxy, need not be a Member.
5. The instrument appointing the Chairman of the Meeting as proxy (the "**Proxy Form**") must be deposited with the Company's Share Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or sent by email to srs.teamc@boardroomlimited.com, not less than seventy-two (72) hours before the time appointed for the Meeting.
6. A Member should insert the total number of shares held. If the Member has shares entered against his/her/its name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she/it should insert that number of shares. If the Member has shares registered in his/her/its name in the Register of Members, he/she/it should insert that number of shares. If the Member has shares entered against his/her/its name in the said Depository Register and registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Member.
7. If the Member is shown to not have any shares entered against his name as at seventy-two (72) hours before the time fixed for the Meeting, the Proxy Form will be rejected.
8. The Proxy Form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
9. Where a Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must (failing previous registration with the Company) be lodged with the Proxy Form; failing which the instrument may be treated as invalid.
10. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the Member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by CDP to the Company.
11. All Members will be bound by the outcome of the Meeting regardless of whether they have attended or voted at the Meeting.
12. Personal data privacy: By submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the Meeting and/or any adjournment thereof, all Members accept and agree to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 October 2021.

RE&S

Food For Life

RE&S Holdings Limited

(Company Registration Number: 201714588N)

32 Tai Seng Street
07-00 RE&S Building
Singapore 533972
T : +65 6252 0810
F : +65 6253 4202
E : contactus@res.com.sg

www.res.com.sg