



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 experience. Since its incorporation, RE&S has grown from a single Fiesta restaurant into a network comprising its Corporate Headquarters which houses more than 1,600 employees across the corporate office, a central kitchen in Tai Seng, a procurement office in Japan, and more than 70 F&B outlets.

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.



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The contact person for the Sponsor is Ms. Andrea Chua, Vice President, at 12 Marina Boulevard Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone +65 6878 8888.

Chairman's Message

Ben Yeo Chee Seong

Non-Executive Chairman and Independent Director

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board") of RE&S Holdings Limited ("RE&S" or the "Company", or together with its subsidiaries, the "Group"), I am pleased to present to you our annual report for the financial year ended 30 June 2020 ("FY2020").

Our Company was listed on the Catalist of SGX in November 2017 and over the three years, we have witnessed how rapidly the F&B industry has evolved. This year has been a year of turbulence to a vast number of individuals and industries.

F&B is one of the greatly impacted industries, made to react and anticipate the fast-changing nationwide measures and a renewed set of market demands.



Increasing Reliance on E-Commerce in the F&B Industry

In light of the COVID-19 situation, changes in regulations for us, F&B operators, such as social distancing and the halt of dine-in services have taken their toll on our businesses. As most of the people turn to a digitalised social life to stay connected with their friends and loved ones, this has caused a sudden shift in their dining habits. When they are unable to meet and dine outside, many are turning to mobile apps to seek for food options via e-commerce delivery platforms. During the 2-month

Circuit Breaker period from April to June 2020, we saw it as a prime opportunity to expedite the process of digitalising our offerings by onboarding multiple brands on the online platforms. We are proud that we have made most of our brands including Ichiban Boshi, Ichiban Sushi, &JOY Dining Hall and Kuriya Japanese Market available online. They are now more visible and accessible on the major online ordering platforms to serve wider crowd of customers.

Post Circuit Breaker Recovery

As of mid-June 2020, we were delighted that dine-in services have been allowed to resume and this came to us as a welcome piece of good news amidst the tight situation since many of our outlets rely heavily on walk-in diners. We are cautiously optimistic that our businesses will gradually resume to its normal volume yet mindful that the road to recovery might be a long one. The current soft market sentiment will likely to linger until at least FY2021 as customers may still feel wary of staying out for a prolonged period of time. Those unsure of how the pandemic may continue to evolve, or those who have been affected by the job market, would think twice about spending more than necessary on meals.

Amidst the various measures that we have carried out, we have consistently highlighted two points: 1) safety of our customers and 2) safety of our employees. While safe distancing measures have directly affected our revenue opportunities, we firmly recognise that it is a necessary step to be put in place in order to safeguard our customers. Strict sanitisation and hygiene practices have also been placed as our top priorities for all staff to adhere to at the outlets. Lastly, paying close attention to both the physical and mental well-being of our employees is essential. The dedication, talent, hard work and proactiveness of our employees is and will always be the lifeblood of our business.



Perseverance is the Key

As a veteran operator in the F&B industry for more than 30 years, it is worth noting that one of our main leading brands Ichiban Boshi has been awarded the Epicurean Star Award 2019 for the category of "The Best Japanese Restaurant Chain" in Singapore in FY2020. This annual award presented by the Restaurant Association of Singapore (RAS) celebrates the milestone achievements of F&B establishments in the industry and recognises visionaries who have introduced innovative ideas and concepts through the years, inspiring others towards

achieving excellence. Our fine dining concept Kuriya Dining has also been honored with the title "2019/2020 Singapore Tatler T.Dining's Best Restaurants". These awards give us a boost of confidence that we are still keeping ourselves at the forefront to the consumers as one of the top choices for Japanese cuisine in the market. Amidst the challenging, ever-changing environment, we must persevere in all that we do, anticipate and react to the market landscape, in order to ride through the economic cycles and chart the Company's future for the long haul.

On behalf of the Board, I wish to convey my heartfelt appreciation to the members of Management and all staff for their resilience and perseverance in upholding the belief of bringing the best to the table for our customers. I would also like to extend my gratitude to my fellow Directors for consistently providing helpful insights on the industry trends that have contributed to our business direction. Lastly and most importantly, my deepest appreciation to all our valued customers, business partners and shareholders for believing that we can continue to do better. We look forward to have your unwavering faith and support to RE&S in the years to come.

CEO's Statement

Foo Kah Lee

CEO and Executive Director



Dear Shareholders,

FY2020 has been a year filled with stimulating challenges for RE&S and the F&B industry. First, I would like to express my gratitude to the Company and the Board for entrusting me with the important leadership role of taking the wheel for our businesses amidst uncertainties that arose from the COVID-19 pandemic. It is important that we continue to celebrate mini milestones as every step forward helps us to build a better tomorrow—we are glad to announce that we have successfully launched our multi-concept food hall '&JOY Dining Hall' in two locations, namely Jurong Point and Great World in FY2020.

Financial Highlights & Dividends

In FY2020, we revamped the Jurong Point and Great World outlets to launch &JOY Dining Hall in October 2019 and February 2020 respectively, which resulted in an interim closure for both locations to accommodate enhancement works. Amidst the COVID-19 pandemic, we had also closed a few outlets upon leases expiry including our buffet brand, Kuishin Bo and halted operations for 32 outlets due to Circuit Breaker measures. These outlets were progressively re-opened from 9 April 2020 to 22 June 2020 for takeaway and delivery sales, and subsequently resumed dine-in services.

During the Circuit Breaker period, we were operating without dine-in services and relied mainly on online delivery businesses. We are thankful that we received grants and reliefs from the government and landlords. At the same time, we appreciate the camaraderie of all our staff who supported the Company when it implemented a temporary salary reduction to tide through.

In view of the above, overall revenue for the Group for FY2020 was S\$110.6 million, a decrease of 21.5% from S\$141.0 million in FY2019. Despite the cost control measures together with the grants and reliefs received, the loss of revenue due to the COVID-19 pandemic was not fully offset. As a result, the Group recorded a loss after tax of S\$5.3 million for FY2020.

Considering the Group's loss position for FY2020 and challenging economic situation, the Board has taken a prudent stance to conserve its cash for operational needs and has not recommended dividend for FY2020.

On behalf of the Board, I would like to thank shareholders for your faith and patience in the Company. The Board would be willing to consider making an interim dividend payout for FY2021 should the Group's financial situation improves.

Sustaining Human Touch in Food Business

In giving our best to all customers, we continuously look at how we can improve on our service quality by shifting the focus of our staff from carrying out basic tasks to offering more value-added and customer-oriented service. For our latest concept &JOY Dining Hall, we implemented the BYOD (Bring-Your-Own-Device) for customers to place orders with their own devices for better comfort and hygiene. At the same time, we deployed our staff to take care of the needs of different customer groups for a wholesome dining experience.

In everything we do, ranging from food sourcing to the dining environment with top notch hygiene practices, the safety of our customers is our utmost priority. Precautionary measures were put in place and adhered by all staff to ensure the safety of all our customers.

In the face of the COVID-19 pandemic, working arrangements were also made to ensure the safety of our staff.

As one of the leading food service providers, we take pride in community involvement. As part of the engagement with the local communities, the Group actively participates in charity drives. In FY2020, we took part in the Food Bank donation drive where we donated cartons of daily groceries to their network of beneficiaries. We also organised our very own 'Walk for Rice' Corporate Social Responsibility ("CSR") activity where all our employees played their part in accumulating steps to raise rice for donation. As a veteran food business operator, giving back to the society in every way to improve people's lifestyles through food has been our continual effort.

Adapting to the 'New Economy'

Moving forward, the Group has prepared itself to take on new challenges in innovation and transformation to adapt to the new economy post COVID-19. We will be focusing on two key aspects; namely, (i) Identifying new opportunities in the 'Ready-Meals' market and (ii) Expanding the Quick Service Concepts.

(i) Identifying New Opportunities in the 'Ready-Meals' Market

With digitalisation taking over manual processes in the F&B industry over the past few years, FY2020 has accelerated the development of digitalisation for F&B operators including RE&S as we rapidly unfold our brands on e-commerce platforms to reach out to the online audience with existing offerings as well as new product lines for ready meals. Conscious efforts will continue to be made in the aspects of digital marketing and online sales channels for us to leap

onto the 'digital-first' environment. Today, with a variety of Japanese daily cuisines from our master brands Ichiban Boshi, Ichiban Sushi and our latest multi-concept platform &JOY Dining Hall made available and visible online, we are confident the Group will be able to serve our ready meals to many more diners well beyond today's dine-in crowd.

(ii) Expanding Quick Service Concepts

In FY2020, we have successfully launched &JOY Dining Hall - a multi-concept food hall where customers can enjoy a good selection of food from different concepts under one roof. There is room to unleash the untapped market potential for our food hall concepts. Moving forward, we hope to explore new markets through diversification of products and other quick service concepts by leveraging on our Central Kitchen capabilities.

Industry Outlook

Amidst the high cost pressures posed by tight labour and rental market, the F&B industry is expected to face even greater challenges, intensified by the uncertainties of the COVID-19 situation which may include a sudden surge in community cases and consequently the implementation of new measures that may affect dine-in services and impact market sentiment. Nonetheless, with the increased efforts to conserve cash coupled with various forms of support from the government such as the Jobs Support Scheme, the Group remains committed to overcome the challenges through cautious and strategic expansions and further improve labour shortage issues.

The Group seeks to improve its performance by building on its online sales channels and new 'Ready-to-Eat' products while continuing to explore new market opportunities for the current climate. The Group will also explore further cost reduction through less reliance on frontline labour and optimising the use of its Central Kitchen.



Acknowledgement

On behalf of the Board, we thank our employees and fellow colleagues for their relentless effort and commitment to tide through the challenges with us during this period. We also take this opportunity to thank our customers, partners and shareholders for your good faith in RE&S.

Board of Directors



Hiroshi Tatara
Executive Director and President



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



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



Lim Shyang Zheng
Executive Director and
Chief Operating Officer ("COO")



Lee Lap Wah, George
Independent Director



Foo Kah Lee
Executive Director and
Chief Executive Officer ("CEO")



Guok Chin Huat Samuel
Independent Director

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 and he was appointed to the Board on 30 October 2017 and last re-elected on 24 October 2018. 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 CEO

Mr. Foo is the Group's Executive Director and CEO and 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 while improving operational efficiency. He also actively steers the overall business development to consistently boost the Group's performance. As an affectionate 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.

**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 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.



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 24 October 2018. 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 the Group's Independent Director and he was appointed to the Board on 30 October 2017 and last re-elected on 24 October 2018. He is the Chairman of the Nominating Committee.

Mr. Lee has more than 35 years of experience working in the financial services industry. He had 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.

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

- PacificMas Bhd

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:

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

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

- Datapulse Technology Limited

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

RE&S Holdings Limited

100%
owned

**R E & S
Enterprises
Pte Ltd**

55%
owned

**Ebisu
Private Limited**

100%
owned

**RE&S Japan
Co., Ltd**

100%
owned

**R E & S
Enterprises (M)
Sdn. Bhd.**

100%
owned

**Kabe No Ana
Pte. Ltd.**

100%
owned

**Promote Japan
Enterprise
Pte. Ltd.**

51%
owned

**Otento
Food Services
Pte. Ltd.**



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

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 a melange of authentic Japanese cuisine and exquisitely unique creations that transcends the boundaries of Japanese gastronomy.

Outlet in Singapore:

- ① Great World



ICHIBAN BOSHI

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

Outlets 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



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.

Outlets 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.

Outlets in Singapore:

- ① AMK Hub
- ② Bugis Junction
- ③ Causeway Point
- ④ Great World
- ⑤ Jem
- ⑥ Jurong Point
- ⑦ NEX
- ⑧ Northpoint City
- ⑨ Paragon
- ⑩ Tampines 1
- ⑪ Tiong Bahru Plaza
- ⑫ Waterway Point
- ⑬ West Mall



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, gyo stamina don and all-time favourite Japanese curry while completing the meal with a comforting bowl of chawanmushi and miso soup.

Outlets in Singapore:

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



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.

Outlets in Singapore:

- ❶ Changi City Point
- ❷ CityLink Mall
- ❸ IMM
- ❹ NEX
- ❺ 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.

Outlets in Singapore:

- ❶ Causeway Point
- ❷ Jurong Point
- ❸ Tampines 1



GOKOKU JAPANESE BAKERY

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

Outlets in Singapore:

- ❶ Jurong Point
- ❷ Great World



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 80 sushi varieties, Sushi-GO will leave diners awed with taste and choices.

Outlet in Singapore:

- ① Jurong Point



PITTARINO

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

Outlets in Singapore:

- ① Jurong Point
- ② Great World



ROMAN.TEI

The meat specialist from Osaka serves up tender beef steak over rice. The signature savoury beef steak is juicy, tender and rich – leaving an unforgettable taste with the golden ratio of rice and tender beef steak.

Outlets in Singapore:

- ① Jurong Point
- ② Great World



RAMEN KIOU

The popular Osaka ramen chain RAMEN KIOU specialises in robustly delicious ramen characterised by its tasty pork bone broth and house-made tender roasted chashu.

Outlets 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



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

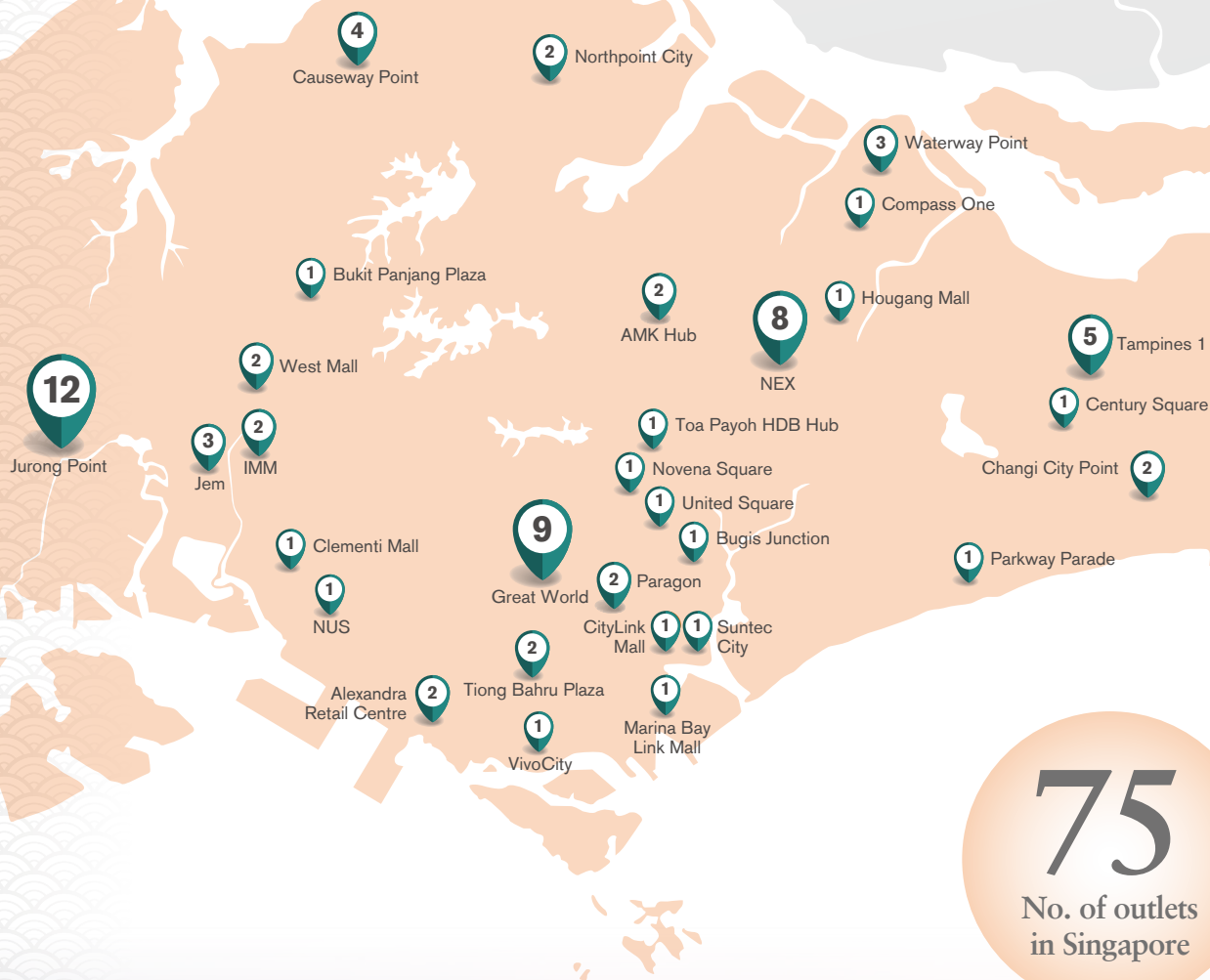


Our Network

(As at 30 June 2020)

4

No. of outlets
in Malaysia



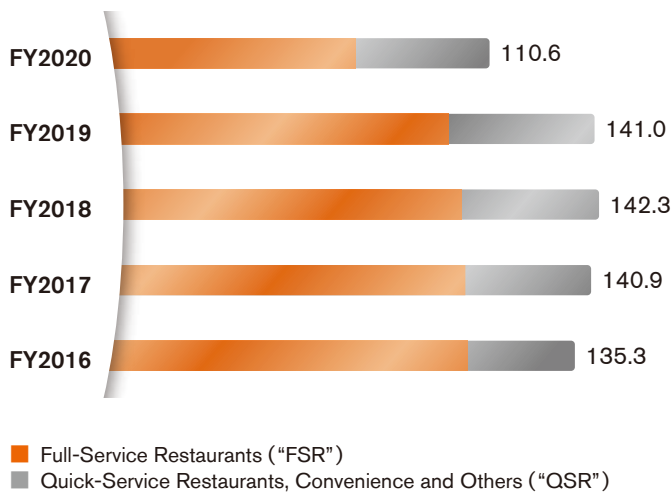
75

No. of outlets
in Singapore

Financial Highlights

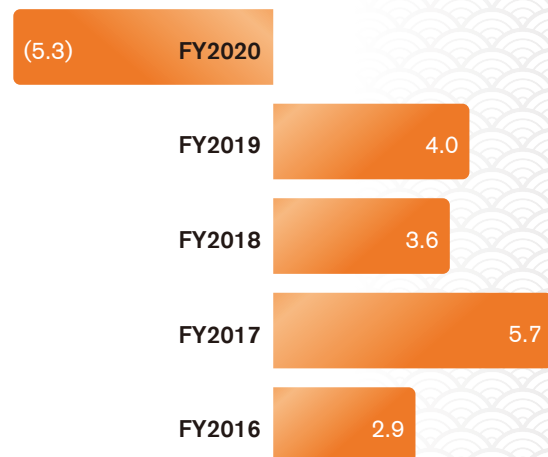
REVENUE

(\$' MILLION)



PROFIT (LOSS), NET OF INCOME TAX

(\$' MILLION)



INCOME STATEMENT (\$' 000)	FY2020	FY2019	FY2018	FY2017	FY2016
Revenue	110,649	141,004	142,294	140,892	135,257
Net (loss) profit before tax	(5,620)	5,344	5,291	7,322	3,809
Net (loss) profit after tax	(5,346)	3,979	3,568	5,692	2,913
EBITDA ¹	25,422	13,694	14,167	15,689	11,639

FINANCIAL POSITION (\$' 000)

Total Assets	134,833	64,210	64,499	58,675	65,520
Total Liabilities	104,928	25,956	28,899	33,980	33,032
Total Shareholders' Equity	29,905	38,254	35,600	24,695	32,488
Cash and Cash Equivalents	14,918	18,183	13,525	4,160	6,936
Basic and diluted (loss) earnings per share (cents) ²	(1.48)	1.14	1.01	1.61	0.82

Note 1 :
EBITDA increased significantly due to adoption of SFRS(I) 16 on 1 July 2019.

Note 2 :
For comparatives purposes, the EPS for the respective financial periods 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.
The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 30 June 2020 and 30 June 2019.

Operating and Financial Review

Revenue

The Group's revenue declined by 21.5% or approximately S\$30.4 million, from S\$141.0 million in FY2019 to S\$110.6 million in FY2020.

Revenue from FSR and QSR segments declined by 27.3% or S\$27.1 million and 7.9% or S\$3.3 million respectively in FY2020. The decline in revenue was mainly contributed by i) interim closure of Great World outlets due to the mall enhancement works since FY2019 and revamping of certain food concepts at Jurong Point in 1Q FY2020. The revamped outlets in Great World and Jurong Point have since re-opened in February 2020 and October 2019 respectively; ii) closure of 8 outlets comprising 3 FSR outlets and 5 QSR outlets during the year; iii) prohibition of dine-in services from 7 April 2020 to 18 June 2020, which resulted in a temporary closure of 32 outlets across all concepts. The closed outlets were progressively re-opened from 9 April 2020 to 22 June 2020 for takeaway and delivery sales, and subsequently dine-in services.

Raw materials and consumables used

Raw materials and consumables used (taking into account the changes in closing inventories) remained relatively constant, representing 28.5% and 27.6% of total revenue for FY2020 and FY2019 respectively.

Other operating income

Other operating income increased by 285.4% or approximately S\$7.9 million, from S\$2.8 million in FY2019 to S\$10.6 million in FY2020. This was mainly due to an increase in government support and rental remission amounting to S\$4.2 million and S\$4.8 million respectively, in relation to the COVID-19 pandemic.

Employee benefits expense

Employee benefits expenses decreased by 5.6%, or approximately S\$2.7 million, from S\$49.1 million in FY2019 to S\$46.3 million in FY2020. Employee benefits expense in FY2020 included a share-based payment amounting to approximately S\$2.6 million as a result of the transfer of shares from Mr. Yek Hong Liat John, Executive Director ("ED"), to Mr. Foo Kah Lee, CEO and ED, as well as Mr. Lim Shyang Zheng, COO 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.

Excluding the impact of this share-based payment, employee benefits expense in FY2020 would have decreased by 10.9% or approximately S\$5.4 million and as a proportion to revenue, employee benefits expense increased from 34.8% for FY2019 to 39.5% for FY2020. The increase was mainly due to continued payment of salaries despite the interim closures of the Group's outlets at Jurong Point and Great World and weaker consumer demand and measures imposed by the government due to the COVID-19 pandemic.

Operating lease expenses

Operating lease expenses decreased by 94.8% or approximately S\$23.6 million, from S\$24.9 million in FY2019 to S\$1.3 million in FY2020, mainly due to adoption of SFRS(I)16, where operating leases are accounted for as a "Right-of-use asset" and depreciated accordingly, with the expenses recognised as "Depreciation expense".

Utilities expenses

Utilities expenses decreased by 11.3%, or approximately S\$0.5 million, from S\$4.4 million in FY2019 to S\$3.9 million in FY2020, mainly attributable to decrease in usage of utilities as a result of lower revenue and closure of outlets during the year.

Depreciation expense

Depreciation expense increased by approximately S\$19.3 million, from S\$8.1 million in FY2019 to S\$27.4 million in FY2020, mainly due to adoption of SFRS(I)16, where operating leases are accounted for as a "Right-of-use asset" and depreciated accordingly, with the expenses recognised as "Depreciation expense".

Excluding the impact of SFRS(I)16, depreciation expense decreased from S\$8.1 million in FY2019 to S\$6.8 million in FY2020, mainly due to interim closure of outlets for revamp of certain food concepts at Jurong Point and Great World, which have since re-opened in October 2019 and February 2020 respectively.

Other operating expenses

Other operating expenses increased by 1.1%, or approximately S\$0.1 million, from S\$9.7 million in FY2019 to S\$9.8 million in FY2020 was mainly due to an increase in commission resulted from third party food delivery companies, offset by a decrease in general expenses such as repair, maintenance and cleaning expenses.

Other expenses – Non-operating

Other expenses – non-operating decreased by 2.2%, or approximately S\$0.1 million, from S\$3.1 million in FY2019 to S\$3.0 million in FY2020. This was mainly attributable to a decrease in plant and equipment written off of approximately S\$0.6 million, offset with an increase in professional fees of approximately S\$0.3 million, of which were in relation to the revamping of outlets at Jurong Point and Great World.

Finance costs

Finance costs increased by approximately S\$3.4 million, from S\$0.3 million in FY2019 to S\$3.7 million in FY2020 mainly due to adoption of SFRS(I)16, where interest expense on lease liabilities is a component of finance cost. Excluding the impact of SFRS(I)16, finance costs remained relatively constant at approximately S\$0.2 million and S\$0.3 million for FY2020 and FY2019 respectively.

(Loss) / Profit before tax

The Group recorded a loss before tax of S\$5.6 million in FY2020, largely attributable to (i) share-based payment of approximately S\$2.6 million which is non-recurring and non-cash expense, (ii) prohibition of dine-in services as a result of the COVID-19 pandemic and (iii) plant and equipment written off in relation to the partial revamp of certain food concepts at Jurong Point of approximately S\$0.9 million.

Income tax expense

Income tax expense decreased by approximately S\$1.6 million as the Group registered a loss for FY2020.

(Loss) / Profit net of income tax

As a result of the foregoing, the Group recorded a loss after tax of S\$5.3 million in FY2020.

Non-current assets

The Group's non-current assets increased by S\$75.8 million from S\$36.7 million as at 30 June 2019 to S\$112.5 million as at 30 June 2020 mainly due to (i) an increase in other non-financial assets, non-current of S\$0.8 million; and (ii) an increase in the right-of-use assets of S\$76.1 million, partially offset by a decrease in property, plant and equipment of S\$1.1 million.

Right-of-use assets increased by S\$76.1 million largely arising from the adoption of the SFRS(I) 16 on 1 July 2019. Other non-financial assets, non-current increased by S\$0.8 million mainly due to refundable rental deposits placed with the lessors for both renewal of existing leases and new leases. The decrease in property, plant and equipment was mainly due to the write-off of renovation and fixture for the closure of outlets of S\$1.0 million and depreciation of S\$6.8 million, partially offset by an addition of assets amounting to S\$6.8 million.

Current assets

The Group's current assets decreased by S\$5.1 million from S\$27.5 million as at 30 June 2019 to S\$22.3 million as at 30 June 2020. This was mainly due to (i) a decrease in cash and cash equivalents of S\$3.3 million; (ii) a decrease in trade and other receivables, current of S\$0.6 million; and (iii) a decrease in other non-financial assets, current of S\$1.4 million partially offset by an increase in inventories of S\$0.1 million.

The decrease in cash and cash equivalents was mainly attributable to fixtures paid for the revamped outlets at Jurong Point in 2Q FY2020 and re-opening of outlets at Great World in 3Q FY2020. The decrease in trade and other receivables, current was mainly due to decreases in amount owing from credit card companies and corporate customers. The decrease in other non-financial assets, current was mainly attributable to the renewal of existing leases for more than a year and refunds pending from lessors for the closed outlets in 4Q FY2020.

Non-current liabilities

The Group's non-current liabilities increased by S\$60.8 million from S\$12.2 million as at 30 June 2019 to S\$73.0 million as at 30 June 2020. This was mainly due to increase in lease liabilities arising from the adoption of SFRS(I) 16 of S\$62.0 million; partially offset by a decrease in other financial liabilities, non-current due to the repayment of bank borrowings of S\$0.9 million.

Current liabilities

The Group's current liabilities increased by S\$18.2 million from S\$13.8 million as at 30 June 2019 to S\$32.0 million as at 30 June 2020. This was mainly attributable to (i) an increase in lease liabilities of S\$19.5 million arising from the adoption of SFRS(I) 16; (ii) an increase of other financial liabilities, current of S\$0.2 million; and (iii) an increase in other non-financial liabilities of S\$1.0 million mainly attributable to the accounting treatment of deferring the Jobs Support Scheme Grant received in 4Q FY2020; partially offset by (i) a decrease in trade and other payables of S\$1.1 million mainly attributable to the decrease in GST payables, and (ii) a decrease in the provision for income tax of S\$1.5 million.

The Group's negative working capital as at 30 June 2020 was mainly due to the adoption of SFRS(I) 16 on 1 July 2019 where lease liabilities were accounted as both current liabilities and non-current liabilities and its corresponding entry in right-of-use assets was accounted as non-current assets. Excluding the effects of SFRS(I) 16, the Group's net working capital as at 30 June 2020 was S\$9.9 million.

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 – 2020
ICHIBAN BOSHI

FOOD SAFETY EXCELLENCE AWARDS Singapore Food Agency

GRADE 'A' CERTIFICATION, 2015 – 2020
RE&S SINGAPORE

EXCELLENT SERVICE AWARD

Restaurant Association of Singapore and other industry lead bodies

2005, 2006, 2014 – 2019
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

FY2020 SUSTAINABILITY REPORT



SUSTAINABILITY REPORT

Board Statement

DEAR VALUED STAKEHOLDERS,

On behalf of the Board of Directors ("Board"), we are pleased to present RE&S Holdings Limited's ("RE&S", or the "Group") Sustainability Report for the financial year ended 30 June 2020 ("FY2020"). This is a testament to our commitment in upholding good governance and sustainable development. RE&S senior management had considered sustainability issues as part of its strategic formulation and determined the material Environmental, Social and Governance ("ESG") factors that are material to the continuity of the Group's business for the Board's review. The Board provides oversight on the implementation of sustainability initiatives by senior management.

FY2020 was a dynamic and eventful year for the Group, and we faced a very challenging operating environment in view of the COVID-19 pandemic. Both the global and local economies have been severely impacted, resulting in weaker consumer sentiments especially for the local food and beverage ("F&B") industry. With the announcement of the circuit breaker measures in April 2020, we were not allowed to have customers dine in at our restaurants and this had adversely affected our operational and financial performance. Nonetheless, it is important to provide a safe environment for both our customers and employees, hence we have put in place necessary safe management measures in our headquarter and outlets.

Amidst this difficult period, we will continue to leverage on the infrastructure we have by redeploying our existing resources to build on our takeaway and delivery businesses. Our goal is to achieve a sustainable business in the long term and focusing solely on financial performance is not sufficient. Sustainability considerations are important to our long-term business strategy, especially in this uncertain period that we are in. We are committed to working closely with our stakeholders to better understand their concerns and ensure that their interests are protected. We will continue to maximise the strength of our employees by providing equal opportunities and equip them with relevant skills to contribute positively to the business operations. Likewise, we will continually seek new and innovative ways to reduce the environmental impact of our products and services while maintaining the highest levels of quality.

Though FY2020 had been a challenging year, we continue to embark on numerous initiatives that will continue to benefit the Group and our stakeholders today. Our achievements to date would not have been possible without our team of dedicated staff and the continuous support of our business partners. We would like to express our appreciation to our staff and all our stakeholders for contributing to this Sustainability Report.



SUSTAINABILITY REPORT

About this Report

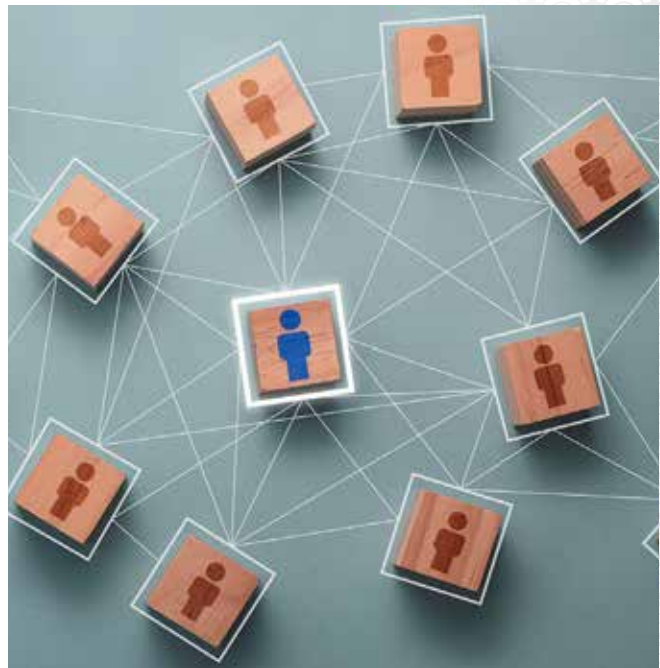
This is the annual sustainability report by RE&S Holdings Limited ("RE&S", or the "Group"), which covers the sustainability efforts, performance, strategies and goals for FY2020. The objective of this Sustainability Report is to provide stakeholders an overview of the Group's initiatives and strategies in relation to sustainability issues. Through these actions, we aim to address the key concerns and issues of our stakeholders. We are committed in upholding good governance and sustainable development, and we will continuously report on our progress annually.

The report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards: Core option and its reporting principles as well as in accordance with Listing Rule 711B of Singapore Exchange Securities Trading Limited ("SGX-ST"). To ensure the quality of the content in this Sustainability Report, we have applied GRI's principles of accuracy, balance, clarity, comparability, reliability and timeliness. The Group has not sought external independent assurance for the preparation of this report.

We are committed to sharing our sustainability journey with our stakeholders and welcome any feedback or questions regarding the report or any aspect of our sustainability performance. This Sustainability Report will also be available for download at <https://investor.res.com.sg>.

For comments and feedback,
please reach us at

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



Organisational Profile

Founded in 1988 by Osaka native Mr Hiroshi Tataru, RE&S is one of Singapore's leading Japanese food service companies. From a single Fiesta restaurant, RE&S has developed new brand concepts like Kuriya, Shimbashi Soba, Kuriya Japanese Market and Ichiban Boshi. 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 international food service company that develops innovative dining concepts as well as food ingredients specialist." Our portfolio comprises 20 distinct brands which cover the full spectrum of Japanese dining, ranging from fine dining (Kuriya Dining) to specialty (Shimbashi Soba), from family-style (Ichiban Boshi) to convenience (Kuriya Japanese Market). In FY2020, we launched a new multi-concept food hall (&Joy Dining Hall) at Jurong Point and Great World.

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 HR. On 22 November 2017, the Group was successfully listed on the Catalist Board of the SGX-ST.

SUSTAINABILITY REPORT

Supply Chain Management

The Group places utmost importance towards the quality of ingredients used in our F&B establishments. All ingredients are sourced from suppliers who are responsible and have undergone our stringent procurement evaluation process. We take necessary measures to ensure that their produce is safe for consumption and our approved suppliers are consistently being evaluated for their performance such as product quality and safety, compliance with environmental and social guidelines, timeliness of delivery as well as after sales service handling.

In order to achieve the freshness and quality of our ingredients, we review the local suppliers' Singapore Food Agency ("SFA") licensing and grading, SFA importer license (if applicable) and Certificate of Analysis. Such certification requirements are crucial, and we will cease to procure from the supplier if any of these certifications are missing or the quality of products procured is not up to standards. 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.

At RE&S, we diversify our sourcing and seek to procure directly from farmers for better quality and cost efficiency. We have a procurement office where we source for our ingredients from Japan. Some of our key ingredients which include seafood, meat and vegetables are imported directly from their respective countries of origin, such as salmon which is imported from Norway. During the COVID-19 pandemic where many countries faced lockdowns, we remained agile and reduced potential supply disruption through purchasing from a wide range of suppliers. With our diversification of suppliers as a sourcing strategy, we adjusted our recipes and food menu accordingly to the ingredients which were procured.

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. There were no substantial changes to our supply chain in FY2020.



SUSTAINABILITY REPORT

External Initiatives

Through empowerment and engagement, we hope to make a positive impact on the underprivileged in the community. In FY2020, we had undertaken some external initiatives such as donating to Food Bank, and also participating in the annual Fairprice Walk for Rice.

Donation to Food Bank

The Food Bank Singapore is a charity that aims to fight hunger and reduce food wastage in Singapore. We showed our support by donating non-perishable food items such as coffee and milo powder, biscuits, condiments, instant noodles and white rice. The donated food is distributed to a network of 360 beneficiary centres that assist families on financial assistance, low-income elderly as well as those living in rental flats.



Fairprice Walk for Rice @ South East

Held on 25 September 2019, Fairprice Walk for Rice @ South East is an annual walking initiative that rallies the community to stay active and also give back to underprivileged families. We are proud to have participated in this yearly event for the sixth continuous year. Through our participation, the Group clocked a total of 23,810.26km and successfully helped raise rice to be distributed to 9,524 needy families.

Singapore-Industry Scholarships (SgIS) Site Visit @RE&S

The SgIS is an undergraduate scholarship targeting young Singaporean talents who are keen to contribute to leading organisations in Singapore's strategic sectors. On 12 March 2020, we invited the SgIS undergraduates to join us for a half day site visit and tour to learn about the food services industry, as well as engage in rewarding conversations over lunch with some of our colleagues at &Joy Dining Hall.



SUSTAINABILITY REPORT

Membership of Associations

RE&S has established strategic partnerships and linkages with a diverse range of corporate members and public bodies as listed above. 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 partner and form collaborations with industry bodies to grow our experience and exposure to prepare for further growth.



Our Sustainability Approach

Our sustainability approach mirrors our business approach to balancing business growth and ensuring stability. RE&S senior management periodically assesses focus areas where the Group can have the greatest economic, social and governance impact, as well as areas that are most important to our stakeholders. Senior management is responsible for on-going communication of such assessments to the Board of Directors, whose duties are to review and approve RE&S sustainability matters.

We understand the need to enhance our sustainability performance in order to increase our competitiveness. As a business that strives toward growth and development, we remain vigilant for emerging trends and developments that may present business opportunities. In building sustainable value for our stakeholders, we consider their expectations through our regular engagements with them. We are committed







to ensure our business operations and processes are managed in a way that the impact on our environment is kept to a minimum. 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

The core of the Group's sustainability practices is the understanding of the needs of our stakeholders. We engage key internal and external stakeholders to understand and examine the ESG factors that are important to them. It is through engaging and fostering strong relationships that we can better understand their needs and concerns. We actively interact with our stakeholders through various channels and encourage feedback from them to promote fair and open communications with our stakeholders. The key stakeholders that we engage are the groups that our business has a significant impact on, and those with a vested interest in our operations. By assessing the significance and impact of their interest on our businesses, we have identified six key stakeholder groups.

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 quarterly results on a timely basis to report economic performance.	Profitability, transparency, timely reporting, and fair purchasing practices.	Quarterly
 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

RE&S recognises that having good corporate governance is key to the sustainability of our business. The Board is committed to ensuring that high standards of corporate governance are practised throughout the Group to protect the interest of our stakeholders and enhance shareholders' value through the growth of the organisation.

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 ESG factors together with the management and the assistance of external professional service providers.

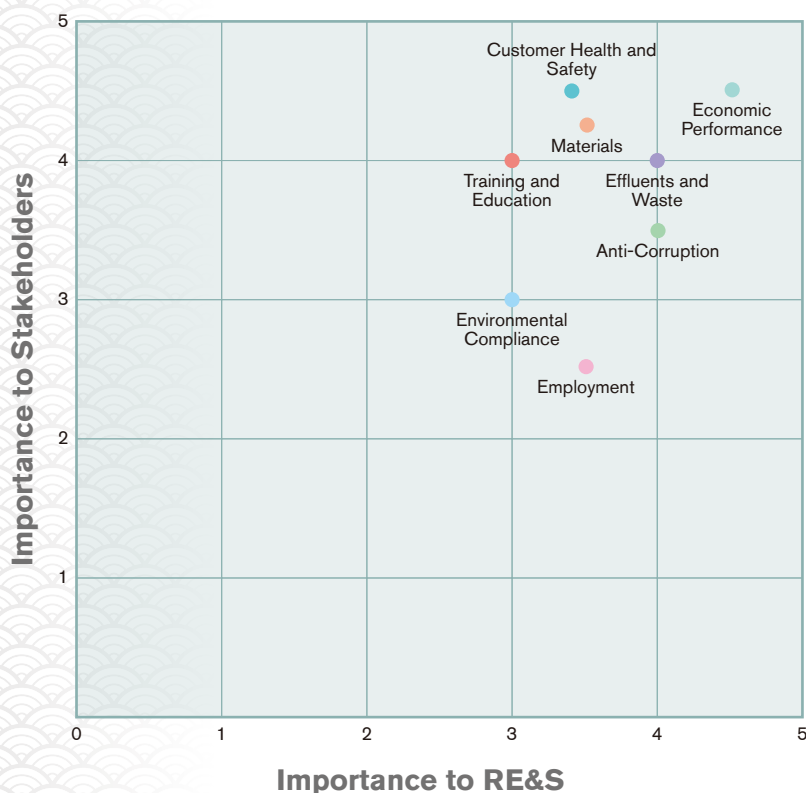
The Board will evaluate the effectiveness of the existing sustainability practices, review ESG performance and set goals on an annual basis. Senior management continues to oversee, coordinate and revise

sustainability strategies which would then be reported to the Board on any updates. Department Heads will conduct meetings on a periodic basis to discuss any updates from time to time and the Board will be updated of any material developments.

The Group has adopted the Revised Code of Corporate Governance 2018. We will continue to update ourselves on developments in corporate governance by improving our practices and operating frameworks.



Key Topics Assessment



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

Our material issues are identified based on its significance of the economic, environmental and social impacts and the degree of influence they have on stakeholder assessments and decisions. When considering topics that are material to our stakeholders, we have taken into account of several factors: stakeholders' feedback, challenges facing by the industry, experts' views and our own business goals. Thereafter, we focused our sustainability efforts and reporting on these issues.

SUSTAINABILITY REPORT

Anti Corruption

We adopt a zero-tolerance stance against bribery and corruption. All our employees must comply with all applicable prevention of corruption laws, including the Singapore Prevention of Corruption Act. Unethical conducts or malpractices in relation to corruption and fraud will be met with formal disciplinary proceedings.

Policies and procedures on conflict of interest are established 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, the employees are encouraged to seek advice and raise concerns through the HR feedback loop. In addition, the Group has organised anti-corruption workshops for employees to emphasise the importance of maintaining ethical standards across the Group and to strengthen anti-corruption messages amongst its employees.

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. This whistle-blowing policy has been communicated to all employees and details can be found on our corporate website (www.res.com.sg).

In FY2020, 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.

TARGETS FOR FY2021

For FY2021, the Group targets to maintain its zero-incident record on non-compliance with laws and regulations relating to corruption or fraud.

SUSTAINABILITY REPORT

Economic Performance

Sustaining healthy profits provides us with a competitive edge which has a direct impact on our stakeholders. Good economic performance generates tangible value for our employees in terms of better remuneration, enhanced share value for the shareholders, as well as value creation for the customers and society at large.

As an operator of F&B outlets that provides customers with authentic Japanese cuisine and dining experiences, it is crucial to invest and leverage on technology to gain an edge in this competitive food service industry.

As mentioned in our FY2019 sustainability report, we are progressively implementing digitalisation initiatives to part of our business operations and processes to reduce reliance on labour in order to remain cost effective. In October 2019, we launched a new multi-concept food hall – &JOY Dining Hall which provides a fully-digitalised ordering experience for our customers. Customers are able to browse and order their meals through their mobile phones while sitting comfortably by scanning a QR code on the tables, using the free Wi-Fi provided. As part of the revamp in Jurong Point, we also launched Sushi-Go, which is a buzzing, fun quick-service restaurant serving a delicious array of sushi and other Japanese food on Shinkansen (Japanese bullet train).

In addition, we have also successfully launched our customer relationship management application (“CRM”) during the year. With CRM, the Group will be able to understand customer behaviors more effectively and improve customer dining experience through menu improvements. We are also committed to understand the current market demand and customer preference to improve all established concepts.

Since the outbreak of the COVID-19 pandemic, the local F&B industry has been severely impacted. Amidst this uncertain and challenging period, the Group had shifted focus to refining our takeaway and delivery businesses. We had also conserved our cash and controlled our expenses across the board. The Group’s sentiment remains positive and we will seek to overcome the challenges lying ahead. In addition, we are continuously innovating and strengthening our core competencies and robust business model to achieve sustainable growth.

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

TARGETS FOR FY2021

- Digitalisation of businesses and processes
- Continuous innovation for new concepts
- Enhancement of existing established concepts by understanding and introducing menu items that suit the current market demand

SUSTAINABILITY REPORT

Customer Health and Safety

At RE&S, we exercise stringent controls on maintaining food hygiene to ensure that we are in compliance with all the applicable laws and regulations concerning food safety and hygiene. In such a competitive market that we are in, we do not compromise on quality and strive to deliver the utmost standard for our customers.






Operations

Food safety and hygiene is of utmost importance in our commitment to deliver quality products and services to our customers. 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, and operations, in achieving our set targets. Our operations are supported by our Central Kitchen which is certified to the ISO22000 standards. In addition, we have also achieved Grade "A" certification from SFA, which is testament to our good manufacturing practices and proper food safety systems.

Perishable ingredients such as seafood, meat and vegetables are purchased in accordance to a production plan to control the quantities ordered and minimise wastage. 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.

In a bid to meet and exceed our stakeholders' expectation, we ensure relevant personnel are adequately trained in food safety, including ISO certification training, GMP training, and hazard analysis and critical control points (HACCP) training. To uphold our high standards of cleanliness, employees are instructed to wear hair nets and masks while 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.

In view of the COVID-19 crisis, safeguarding the health of our customers 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 to create a safe dining experience for our customers and employees.

 Contact Tracing Form	<ul style="list-style-type: none"> Compulsory for every customer to scan Safe Entry QR code to check in before entering
 Temperature Screening	<ul style="list-style-type: none"> Customers, staffs and delivery driver/suppliers to be screened prior to entering
 Queue Management	<ul style="list-style-type: none"> Allowing only 1 person in a group to queue Clear marking (1 Meter) on the queuing path
 Social Distancing Seating Arrangement	<ul style="list-style-type: none"> Reconfiguration to ensure separation of at least a meter between patrons
 Sanitizer and Cleanliness	<ul style="list-style-type: none"> Tables and chairs to be sanitised after each customer meal



Quality Assurance

A final product can only be as good as the ingredients put into it. At RE&S, each ingredient is sourced from our approved suppliers. We perform periodic evaluation of our suppliers to review their capabilities in many aspects, such as performance, reputation, track record, and the quality of the ingredients supplied. With this in mind, we will continuously uphold high standards of practices to maintain the quality and food safety of our products throughout our supply chain.

We understand the importance of food quality control procedures to keep our products safe and reliable for our consumers. Regular food hygiene and safety audits are conducted at outlets and the Central Kitchen to ensure consistency in product quality and food safety. Furthermore, our in-house food laboratory does constant sampling of our food to ensure that products from our central facility are safe for consumption and are of high quality.

There were no significant fines and warnings relating to non-compliance with health, hygiene and safety standards in FY2020.

TARGETS FOR FY2021

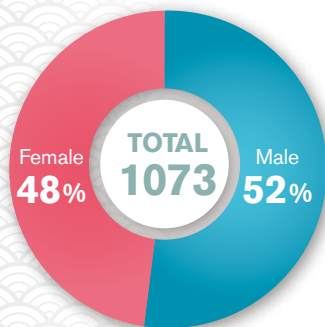
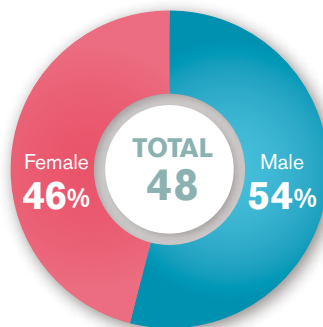
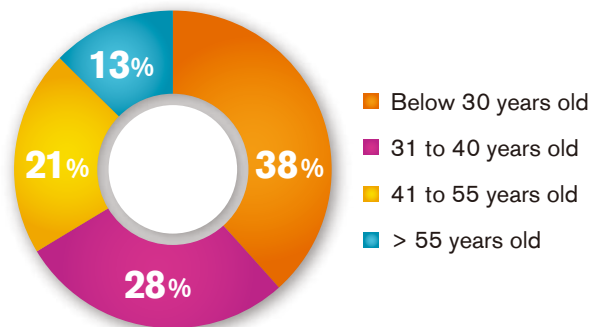
For FY2021, we aim to maintain zero major non-compliance with health, hygiene and safety standards. In addition, we set our sights on receiving less than 10 negative feedback on food quality. We will continue to schedule at least 1 supplier assessment per month to ensure that the supplier meets our food safety and quality requirements.



SUSTAINABILITY REPORT

Employment

Our employees are at the centre of all RE&S operations and our most valuable assets. Thus, attracting and retaining talent are part of the Group's strategy for ensuring sustainable growth for our business. We are committed towards fair and inclusive workplace that supports local employment in Singapore. We strongly believe that diversity within our workforce is a significant differentiator in our industry and do not base our hiring preferences on age, gender, race, marital status, nationality or religion.

EMPLOYEES
BY GENDEREMPLOYEES BY GENDER
IN SENIOR MANAGEMENTEMPLOYEES
BY AGE GROUP

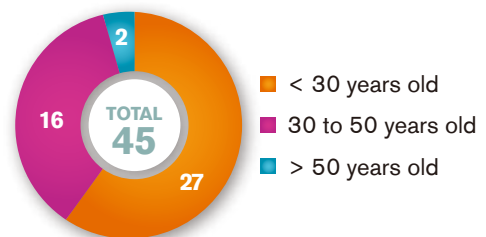
Due to the Group's nature of business in the F&B industry, we are subjected to high rates of employee new hires and turnover. In order to facilitate recruitment and retention of talent, we review our remuneration packages regularly, ensuring that they are in line with market rates. Beyond compensation, we also provide our employees with various benefits, including insurance, medical benefits, welfare benefits and family support. At RE&S, we ensure that all the required benefits and welfare are provided to each staff in compliance with the local laws. We believe that higher employee satisfaction leads to higher productivity and a more fulfilling experience for our employees. As our employees thrive, we do as well.

In addition, we have established a structured annual performance appraisal system where our employees are evaluated fairly. This performance appraisal provides our employees a gateway to reflect on their achievements accomplished during the year as well as their areas of improvement. Most importantly, it allows them to have insightful discussions on their career development and growth opportunities to achieve their full potential.

TARGETS FOR FY2021

For FY2021, we aim to continuously maintain diversity in our employment practices and achieve zero reported issues of gender discrimination.

EMPLOYEES TURNOVER

Retention rates of employees
that took parental leave by gender

Male	78%
Female	100%

Female 346

Female 467

Total number of employees
received annual performance
review by gender

SUSTAINABILITY REPORT

Training and Education

Employees are the backbone of any successful business. With the current rate of change and innovation, businesses that do not grow and develop their staff will be left behind. Hence, we make it a priority to ensure that our employees are adequately trained and continuously kept abreast of updates in the food and services industry.

New employees are provided on-the-job training and coaching to help familiarise themselves with the working environment as well as to enhance their sense of belonging. In addition, we encourage all employees to pursue professional development opportunities by sending our employees for external courses.

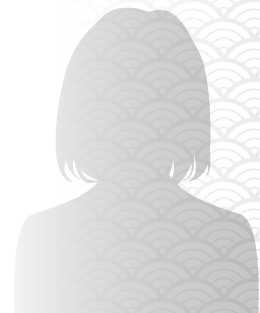
In FY2020, the average training hours clocked in by our employees by employee category are as follow:

Average hours of training provided (by category)	
Management level and above	4 hours
Executives	4 hours
Non-executives	7.5 hours

To help Singapore's workforce adapt, grow and develop, we partook in Singapore Workforce Skills Qualifications ("WSQ") as an Approved Training Organisation. Through our training programs, we promoted holistic development of the workforce, as well as supported economic development to drive industry transformation, productivity and innovation efforts.



Average hours of training provided
7.5 hours



Average hours of training provided
7.5 hours



TARGETS FOR FY2021

We will remain steadfast in the continuous development of our employees through internal/external courses and workshops (i.e. Family365 – Family Life Education programs, DISC workshop to create self-awareness and enhancement of communication skills, as well as service coaching course for our frontline staff).

SUSTAINABILITY REPORT

Environmental Performance

Besides the social considerations, the responsible management of our environmental impact is also important at RE&S. We are committed to operate in a green environment, to minimise impact of our operations to the environment.

Packaging

Single-use plastic disposables such as plastic bags, takeaway containers, cutlery, cups and bottles are commonly used in the F&B industry. With the growing concern of plastic use in Singapore, RE&S has also set out to implement various initiatives.

Our responsible environmental practices include using certified biodegradable paper packaging for some of our bento boxes, as well as reusable chopsticks and delivery containers in our outlets. During the year, we have converted to using reusable chopstick for all outlets, with the exception of take-away kiosks and outlets without seating. In addition, we have also stopped providing plastic straws unless the customer requests for 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.

As part of our ongoing effort to reduce paper usage through digitalisation, we have successfully rolled out the integrated point-of-sales system and payment terminals to all our outlets, excluding outlets which are planned for renovation. This allows for electronic receipt capturing of major credit cards, which replaces paper receipts for our recording purposes.

In light of the circuit breaker measures implemented by the Singapore Government to combat the spread of COVID-19, there was an upsurge in demand of takeaway services, resulting in the Group's overall plastic usage in FY2020 of approximately 235MT, an increase from 180MT in FY2019.

At the moment, there are 8 out of 80 types of plastic packaging that the Group uses which are biodegradable. One of the main advantages of using biodegradable plastic is a significant reduction in carbon emissions during the manufacturing process. Furthermore, since the materials used to create biodegradable plastics are plant-based, minimal carbon is emitted during the composting process.

We do not track our packaging footprints but we will continuously strive towards conducting our business in an environmentally friendly and sustainable manner by exploring viable "green" packaging solutions through engagement with suppliers who are environmentally friendly. For instance, one of our key paper packaging suppliers is Forest Stewardship Council (FSC) certified, which means that the paper we use is unlikely to have been harvested illegally in violation of traditional or civil rights, or in a way that threatens high conservation value areas.



TARGETS FOR FY2021

We foresee the demand for takeaway services to grow which will inevitably result in an increase in the packaging materials required in FY2021. However, we will stick at our plan to minimise usage by progressively introducing the use of paper bags or biodegradable packaging to all our outlets.

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, paper, 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 FY2020, the Group has put in place several initiatives to reduce waste such as strategic placement of recycle bins 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 engaged the services of appointed vendors by National Environment Agency ("NEA") to manage and dispose our food and general waste in an environmentally safe manner.

TARGETS FOR FY2021

We will continue to maintain the allowance limits for Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) set by NEA:

- BOD: 50mg/litre
- COD: 100mg/litre

In FY2021, the Group has plans to work with an external vendor to optimise energy usage for kitchen exhausts at selected outlets, through an intelligent energy manager to improve operations and eventually results in cost savings.

Environmental Compliance

We monitor compliance with regulations and guidelines developed by NEA on an ongoing basis and conduct regular refresher training for our employees to emphasise on the importance of complying with the relevant laws and regulation.

In FY2020, there was no incidence of non-compliance with environmental regulations.

TARGETS FOR FY2021

In FY2021, the Group aims to maintain zero major non-compliance with environmental regulations which may result in penalties, fines or warnings.



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	27
	102-2	Activities, brands, products, and services	27
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Strategy	102-14	Statement from senior decision maker	26
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Stakeholder engagement	102-40	List of stakeholder groups	31
	102-41	Collective bargaining agreements	Not applicable
	102-42	Identifying and selecting stakeholders	31
	102-43	Approach to stakeholder engagement	31
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	102-46	Defining report content and topic boundaries	27
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	102-48	Restatements of information	Not applicable
	102-49	Changes in reporting	Not applicable
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	102-51	Date of most recent report	Not applicable
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	102-53	Contact point for questions regarding the report	27
	102-54	Claims of reporting in accordance with the GRI Standards	27
	102-55	GRI content index	40, 41
	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.

GRI Standard	Disclosure Number	Disclosure Title	Page References and Reasons for Omission, if any
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CORPORATE GOVERNANCE

Report

RE&S Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are committed to achieving and maintaining high standard 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”) issued by Monetary Authority of Singapore (“MAS”) on 6 August 2018 effective for Annual Report covering financial years beginning on or after 1 January 2019. 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.

ACCOLADES

As a veteran operator in the F&B industry for more than 30 years, we are pleased that one of our main leading brands Ichiban Boshi has been awarded the Epicurean Star Award 2019 for the category of *The Best Japanese Restaurant Chain in Singapore* in FY2020. This annual award presented by the Restaurant Association of Singapore (RAS) celebrates the milestone achievements of F&B establishments in the industry and recognises visionaries who have introduced innovative ideas and concepts through the years inspiring others towards achieving excellence. Our fine dining concept Kuriya Dining has also been honored with the title of *“2019/2020 Singapore Tatler T.Dining's Best Restaurants”*.

This report sets out the corporate governance practices of the Group for the financial year ended 30 June 2020 (“FY2020”) with specific reference to the principles 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.

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 company. If there is any conflict of interest, Directors will voluntarily recuse themselves from all discussions and decisions involving the issues of conflict.

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 quarterly 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 and 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

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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 Committees members and Key Management Personnel;
6. Approves the release of the Group's quarterly and full year's financial results and interested party 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.

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.

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

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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 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. There were two new Directors appointed on 1 July 2019, namely Mr. Foo Kah Lee and Mr. Lim Shyang Zheng. Mr. Foo Kah Lee has had experience as director of listed company and Mr. Lim Shyang Zheng has attended the Listed Entity Director Essentials conducted by Singapore Institute of Directors.

During FY2020, Management has kept the Board up-to-date on all pertinent developments in the business of the Group during Board and/or Board Committees meetings to facilitate the discharge of duties by the Directors. The Board was briefed in areas such as updates on Catalist Rules of the SGX-ST, changes to accounting standards and regulatory developments. The Board is kept informed of the new updates regarding the amendments and requirements of the SGX-ST and other statutory and regulatory requirements from time to time.

From time to time, the Group's internal and external auditors, legal advisors and the Company Secretary may update or conduct briefings for the Directors on changes to the Catalist Rules or to the laws and guidance pertaining to corporate governance practices, risk management, insider trading and financial reporting standards so that the Directors may discharge their fiduciary duties effectively. In addition, articles, press releases, 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.

The Board and AC conduct at least four scheduled meetings each year 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

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The number of Board, Board Committees meetings and General Meeting(s) held during FY2020 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 FY2020	4	4	1	1	1
Directors	No. of Meetings attended in FY2020				
Ben Yeo Chee Seong	4	4	1	1	1
Hiroshi Tatara	4	4 ⁽¹⁾	–	–	1
Yek Hong Liat John	4	4 ⁽¹⁾	–	–	1
Lee Lap Wah, George	4	4	1	1	1
Guok Chin Huat Samuel	4	4	1	1	1
Foo Kah Lee	4	4 ⁽¹⁾	–	–	1
Lim Shyang Zheng	4	4 ⁽¹⁾	–	–	1

⁽¹⁾ By Invitation

Note: There was no Administration Committee Meeting held during FY2020.

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

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 Committees 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.

CORPORATE GOVERNANCE

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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 decision in the best interests of the company.

The Board currently comprises seven (7) Directors, three (3) of whom are Independent Directors; one (1) of whom is Non-Executive and Non-Independent Director; and three (3) of whom are Executive Directors. The Independent Directors and Non-Executive and Non-Independent Director made 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 and Non-Independent Director)
Mr. Lee Lap Wah, George (Independent Director)
Mr. Guok Chin Huat Samuel (Independent Director)

Key information regarding the Directors is set out on pages 8 to 11 of this Annual Report.

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.

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 was 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 Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition will be disclosed in the Corporate Governance Report annually. During the year, two Executive Directors were appointed as part of the succession planning for its Board, which also enhanced the age diversity of the Board.

CORPORATE GOVERNANCE

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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 of the scope of the Group's operations.

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.

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 Independent Directors, led by the Independent Chairman, meet periodically without the presence of the other Directors and Management where necessary and provide feedback to the Board and/or Chairman after such meetings.

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.

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

CORPORATE GOVERNANCE

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Mr. Ben Yeo Chee Seong, the Independent Chairman, is responsible for the high standards of corporate governance, 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 between the Executive and Independent Directors and ensures effective communication with shareholders.

Mr. Foo Lah Lee, who was appointed as CEO and Executive Director of the Company on 1 July 2019, 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 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.

Given the independence of the Chairman and the independence of three (3) Directors on the Board 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.

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.

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

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;

CORPORATE GOVERNANCE

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- (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 of Corporate Governance 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 programs 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;
- (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

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, all Directors shall retire from office at the Company's Annual General Meeting ("AGM") at least once every three (3) years 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. Ben Yeo Chee Seong, Mr. Yek Hong Liat John and Mr. Lee Lap Wah, George 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. Mr. Yeo, Mr. Yek and Mr. Lee had consented to and offered themselves for the re-election.

CORPORATE GOVERNANCE

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Each member of the NC shall abstain for voting on any resolutions in respect of his re-nomination as a Director.

Please refer to pages 64 to 66 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.

Directors' time commitments and multiple directorships

Although some of the Directors have other listed company board representations, the NC, having considered the full attendance and participation of the Directors at meetings for FY2020, 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).

The key information regarding the Directors up to the date of this report is disclosed in the "Board of Directors" section on pages 8 to 11 of the Annual Report.

Succession Planning

As part of the Company's succession planning for its Board and Key Management Personnel, Mr. Foo Kah Lee, was appointed as Executive Director to the Board of RE&S and officially took over the baton from Mr. Yek Hong Liat John as CEO of the Group on 1 July 2019. Mr. Foo is a people person who believes strongly in teamwork and is able to connect with stakeholders from all levels. The Board is confident that he can take the Group's business to the next level. In this gradual transition period, the Company is glad to have Mr. Yek remain on the Board as a Non-Executive and Non-Independent Director to provide overall guidance to his successor and the management team.

The Board also welcomed another key member, Mr. Lim Shyang Zheng, currently the Group's Chief Operating Officer, to the Board of RE&S as an Executive Director on 1 July 2019. He joined the Group in 2010 and since then, has been one of the Group's invaluable young and rising management personnel, who will continue to excel in his role in driving high operational performance for the Group.

Alongside the appointment of Mr. Foo as CEO, the Group promoted Ms. Yap Fang Ling, previously the Senior Finance Manager of the Company, to Financial Controller of the Group on 1 July 2019. Ms. Yap has been with the Group since 2014 and is familiar with the day-to-day finance procedures, policies and operations of the Group. Through her appointment, the Group demonstrated to its internal stakeholders that the Group takes effort in recognising talents who seek to improve and stay to bring value-added contributions in their roles.

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.

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.

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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 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 including a section on self-assessment 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 FY2020 completed by seven (7) Directors, the NC is satisfied that the Board, 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.

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

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);

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- 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.

No Director is involved in deciding his own remuneration.

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 FY2020.

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.

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 is commensurate with the performance of each employee, taking into account the respective key performance indicators and the Group's financial results and risk policies.

Each Independent Director was issued a letter of appointment. The RC 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 Directors' fees are subject to the approval of the shareholders at an AGM. 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, and they are not over-compensated to the extent that their independence may be compromised. As a substantial shareholder of the Company, Mr. Yek Hong Liat John, the Non-Executive and Non-Independent 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 provide to Management.

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The Executive Directors do not receive Directors' fees.

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 agreement (the "Service Agreement") dated 31 October 2017 with Mr. Hiroshi Tatara, 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. The Service Agreement 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 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.

The RC 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.

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.

A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration for FY2020 is set out below:

Name of Director	Salary (%)	Performance Bonus (%)	Director's Fees (%)	Total (%)
\$S\$250,000 – \$S\$500,000				
Mr. Hiroshi Tatara ⁽¹⁾	100%	–	–	100%
Mr. Foo Kah Lee ("CEO") ⁽²⁾	100%	–	–	100%
Mr. Lim Shyang Zheng ("COO") ⁽²⁾	100%	–	–	100%
Below \$250,000				
Mr. Ben Yeo Chee Seong ⁽³⁾	–	–	100%	100%
Mr. Lee Lap Wah, George ⁽³⁾	–	–	100%	100%
Mr. Guok Chin Huat Samuel ⁽³⁾	–	–	100%	100%
Mr. Yek Hong Liat John ⁽⁴⁾	100%	–	–	100%

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Notes:

- (1) In view of challenging business environment and taking the Company's performance into account, Mr. Hiroshi Tatara had taken a reduction of approximately 36% in remuneration in FY2020. In light of the COVID-19 pandemic, Mr. Hiroshi Tatara had taken a further reduction of approximately 18% in remuneration from February 2020.
- (2) In light of the COVID-19 pandemic, the CEO and COO had each taken a 18% reduction in remuneration for the 4-month period from March 2020 to June 2020.
- (3) In light of the COVID-19 pandemic, the Independent Directors had taken a 10% reduction from the Directors' fees for FY2020 approved at the annual general meeting held on 24 October 2019.
- (4) Mr. Yek Hong Liat John received salary during his tenure as Executive Director. He was re-designated as Non-Executive Director on 10 February 2020.

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

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

Notwithstanding Provision 8.1 of the Code, there was only 1 Key Management Person (who are not Directors or the CEO) during FY2020. 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 FY2020. Furthermore, the competition for talent in the Food and Beverage Industry is very keen 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.

Other than Mr. Hiroshi Tatara and Mr. Yek Hong Liat John, 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 FY2020.

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.

(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.

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.

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The Group has in place an enterprise risk management (“ERM”) framework. This ERM framework has four (4) principal risk categories, namely strategic, financial, 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.

In FY2020, 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 auditor with regards 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 FY2020, 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.

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 FY2020, 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 FY2020.

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

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. None of the members of the AC is a former partner or Director of the Company's current auditing firm.

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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.

The AC has met four (4) times in FY2020 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 CFO/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;

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- (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;
- (l) Reviewed and approved transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist 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 quarterly 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.

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 FY2020, a comprehensive internal audit was performed and completed 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 satisfied 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.

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 FY2020, 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.

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The AC has considered 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 FY2020 and in pages 73 to 75 of this Annual Report.

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 104 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.

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 made in FY2020.

(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.

Conduct of Shareholders' Meetings

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.

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/its is unable to attend the general meetings.

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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.

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.

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. While the minutes of general meetings might not be published on the Company's website, it will be made available to shareholders upon request.

In view of the COVID-19 situation, the Company will be conducting the AGM via electronic means and therefore, alternative arrangements will be made to take into account the online nature of the annual general meeting, further information of which is set out in the notice of the AGM dated 9 October 2020.

As shareholders are unable to attend the meeting in person, shareholders will 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 9 October 2020 for further information.

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. The minutes of AGM which capture the attendance of Board members at the meetings, matters approved by shareholders and voting results will be prepared by the Company. The minutes of the AGM for FY2020 will be released to the SGX-ST within one (1) month from the date of AGM and shall be made available on the Company website.

Dividend policy

The Board does not have a fixed dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit, growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as determined by the Board.

Due to the Company's loss position for FY2020 and in view of a challenging economic situation, the Board has taken a prudent stance to conserve its cash for operational use and has not recommended dividend for FY2020. The Board would like to thank shareholders for their faith and patience in the Company. The Board would be willing to consider making an interim dividend payment for FY2021 should its financial situation improves.

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.

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.

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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.

Following recent amendments to the Catalist Rules of SGX-ST ("Amended Listing Rules") which took effect from 7 February 2020, the Company had on 27 August 2020 announced that it will cease quarterly reporting ("QR") with effect from 7 February 2020. The Company has been practicing timely release of announcements and providing voluntary updates to shareholders and will continue to comply with its continuing disclosure obligations to keep shareholders updated when appropriate. In view of the cessation of QR, the Company and the Group will focus on long-term perspective on growth and will release the financial results on a half-yearly basis in accordance with the Amended Listing Rules.

While the Company does not have a formal investor relations policy, 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

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. 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.

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.

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The Company ensure 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 25 to 41 of this Annual Report.

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.

(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 day.

(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 are subject to review 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 which was more than S\$100,000 entered into during FY2020. The Group does not have a general mandate for interested party transactions.

(I) MATERIAL CONTRACTS

Save for the IPTs on indemnities provided by Mr. Hiroshi Tatara and Mr. Yek Hong Liat John prior to listing of the Company in relation to security bonds for foreign workers which had expired on 25 March 2020, there are no material contracts entered into by the Company or its subsidiaries involving the interest of the CEO, any Director or controlling shareholder during the year under review.

CORPORATE GOVERNANCE

Report

(J) USE OF INITIAL PUBLIC OFFERING (“IPO”) PROCEEDS

Pursuant to the Company's IPO, the Company received net proceeds of approximately S\$11.9m and as at 30 June 2020 the net proceeds had been fully utilised, in accordance with the intended use of IPO net proceeds stated in the Company's Offer Document dated 15 November 2017, as announced in the Company's financial results for the second quarter and half year ended 31 December 2019 released to SGX-ST on 10 February 2020.

(K) SPONSORSHIP

The Company is currently under the SGX-ST Catalist sponsor supervised regime. The continuing sponsor of the Company during FY2020 is DBS Bank Limited (the “Sponsor”). There are no non-sponsor fees paid to the Sponsor for FY2020.

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. Ben Yeo Chee Seong	Mr. Yek Hong Liat John	Mr. Lee Lap Wah, George
Date of Appointment	30 October 2017	26 May 2017	30 October 2017
Date of last re-appointment (if applicable)	24 October 2018	24 October 2018	24 October 2018
Age	69	62	67
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 concurs with the NC that Mr. Yeo is objective in expressing his views, participating in deliberation and decision making of the Board and exercising his judgement as the Non-Executive Chairman and 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. Yeo as an Non-Executive Chairman and Independent Director of the Company.	The Board of the Company accepts the recommendation of the NC, who has reviewed and considered Mr. Yek's qualifications, work experience, skills and contribution, on the re-appointment of Mr. Yek as Non-Executive and Non-Independent Director of the Company.	The Board of the Company concurs with the NC that Mr. Lee 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. Lee as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman and Independent Director, Chairman of Audit Committee, and Administration Committee and member of Nominating Committee and Remuneration Committee	Non-Executive and Non-Independent Director	Independent Director, Chairman of Nominating, member of Audit Committee, Remuneration Committee and Administration Committee

CORPORATE GOVERNANCE

Report

Details	Name of Directors		
	Mr. Ben Yeo Chee Seong	Mr. Yek Hong Liat John	Mr. Lee Lap Wah, George
Professional Qualifications	Institute of Singapore Chartered Accountants Association of Certified Accountants Institute of Chartered Accountants in England and Wales	Bachelor of Arts with Honours (Law)	Bachelor of Business Administration (Second Class Upper) Chartered Financial Analyst
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> Guthrie GTS Pte. Ltd. (1987 – 2014), Managing Director 	<ul style="list-style-type: none"> RE&S Holdings Limited (2017 – 2019), CEO R E & S Enterprises Pte. Ltd. (1988 – 2017), CEO 	<ul style="list-style-type: none"> OCBC Bank (Malaysia) Berhad (2016 – 2017), Advisor OCBC Bank Limited (2012 – 2016), Head (Global Corporate Bank) OCBC Bank Limited (1999 – 2012), Executive Vice President (Group Investment Banking)
Shareholding interest in the listed issuer and its subsidiaries	2,999,985 shares	60,000,000 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. Ben Yeo Chee Seong	Mr. Yek Hong Liat John	Mr. Lee Lap Wah, George
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)	Directorships: <ul style="list-style-type: none"> • Penni Investment Pte. Ltd. • Penni Office Pte. Ltd. • Simefield Pte. Ltd. 	Directorships: <ul style="list-style-type: none"> • NIL 	Directorships: <ul style="list-style-type: none"> • United Engineers Limited • PacificMas Bhd
Present	Directorships: <ul style="list-style-type: none"> • BHG Retail Trust • Management Pte. Ltd. • Angullia Department Pte. Ltd. • Muse (Carpenter) Pte. Ltd. • Muse Capital Pte. Ltd. • Tower Capital Real Estates Pte. Ltd. • T.K. Yeo (Private) Limited • Y Developments Pte. Ltd. • Y Hospitality Pte. Ltd • Y Properties Pte. Ltd. • Yeo Hiap Seng Holdings Pte. Limited 	Directorships: <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. 	Directorships: <ul style="list-style-type: none"> • Bunitama Agri 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. Yeo, Mr. Lee and Mr. Yek 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. Yeo, Mr. Yek and Mr. Lee 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 2020.

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) (Appointed on 1 July 2019)
Lim Shyang Zheng (Lin Xiangzheng)	(Executive Director and Chief Operating Officer) (Appointed on 1 July 2019)

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
<u>The company</u>	<u>Number of shares of no par value</u>			
Hiroshi Tatara	219,000,030	–	–	219,000,030
Yek Hong Liat John	75,000,000	60,000,000	–	–
Ben Yeo Chee Seong	2,999,985	2,999,985	–	–
Foo Kah Lee	1,500,000	9,000,000	–	–
Lim Shyang Zheng (Lin Xiangzheng)	334,000	7,834,000	–	–

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

The directors' interests as at 21 July 2020 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 disclosed in Note 25.

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.

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.

STATEMENT BY

Directors**5. Employee Share Option Scheme (cont'd)**

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 but not less than its par value. 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. Report of Audit Committee

The members of the Audit Committee ("AC") at the date of this report are as follows:

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

All members of AC are independent directors.

The AC 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;

STATEMENT BY Directors

6. Report of Audit Committee (cont'd)

- 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 report on Corporate Governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide 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.

7. 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 2020.

8. Independent auditor

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

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 27 August 2020, 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 Tatara
Director

Foo Kah Lee
Director

5 October 2020

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 2020, 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 2020 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 amount of property, plant and equipment and right-of-use assets were \$32,573,000 and \$76,085,000, which represents 24.2% and 56.4% 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 management's identification of impairment indicators relating to the outlets that incurred losses by evaluating management's review of the financial performance on the individual outlet basis;
- Tested the accuracy of management's forecasting through a comparison of budget to actual data and historical trends.
- Reviewed management's sensitivity analysis of the carrying amounts of property, plant and equipment and right-of-use assets to changes in certain key assumptions based on the overall industry outlook; 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 amounts to \$110,577,000, which amounts to 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, testing of monitoring controls over cash receipts cycle and the recognition of the related revenue;
- Performed sales cut-off procedures using data analytics tools to match sales generated from point-of-sales system to general ledger to evaluate the completeness of revenue recorded for all outlets for the reporting year; and
- Assessed the adequacy of the disclosures related to total revenue 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 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

5 October 2020

Engagement partner - effective from year ended 30 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND Other Comprehensive Income

Year Ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Revenue	5	110,649	141,004
Other operating income	6	10,603	2,751
Raw materials and consumables used		(31,416)	(38,702)
Changes in inventories of finished goods		(82)	(220)
Employee benefits expense	7	(46,335)	(49,060)
Depreciation of property, plant and equipment	14	(6,839)	(8,062)
Depreciation of right-of-use assets	15	(20,542)	–
Operating lease expenses	28	(1,301)	(24,933)
Utilities expenses		(3,860)	(4,350)
Finance costs	8	(3,661)	(288)
Other operating expenses	9	(9,804)	(9,697)
Other expenses	10	(3,032)	(3,099)
(Loss) profit before income tax		(5,620)	5,344
Income tax income (expense)	11	274	(1,365)
(Loss) profit, net of income tax		(5,346)	3,979
Other comprehensive income (loss):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of income tax		21	(7)
Other comprehensive income (loss) for the year, net of income tax		21	(7)
Total comprehensive (loss) income for the year		(5,325)	3,972
(Loss) profit attributable to owners of the parent, net of income tax		(5,238)	4,041
Loss attributable to non-controlling interest, net of income tax		(108)	(62)
(Loss) profit, net of income tax		(5,346)	3,979
Total comprehensive (loss) income attributable to owners of the parent		(5,217)	4,034
Total comprehensive loss attributable to non-controlling interest		(108)	(62)
Total comprehensive (loss) income		(5,325)	3,972
		Cents	Cents
Basic and diluted (loss) earnings per share	13	(1.5)	1.1

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

STATEMENTS OF Financial Position

As at 30 June 2020

	Notes	Group		Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	32,573	33,711	–	–
Right-of-use assets	15	76,085	–	–	–
Investment in subsidiaries	16	–	–	21,636	21,738
Other receivables, non-current	17	–	–	10,671	10,671
Other non-financial assets, non-current	18	3,825	3,027	–	–
Deferred tax assets	11	23	–	–	–
Total non-current assets		112,506	36,738	32,307	32,409
Current assets					
Inventories	19	2,978	2,896	–	–
Trade and other receivables, current	20	2,019	2,627	5,096	–
Other non-financial assets, current	21	2,412	3,766	6	7
Cash and cash equivalents	22	14,918	18,183	312	2,758
Total current assets		22,327	27,472	5,414	2,765
Total assets		134,833	64,210	37,721	35,174
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		15,808	24,115	3,702	2,297
Foreign currency translation reserve		(34)	(55)	–	–
Equity, attributable to owners of the parent		29,932	38,218	36,009	34,604
Non-controlling interest		(27)	36	–	–
Total equity		29,905	38,254	36,009	34,604
Non-current liabilities					
Deferred tax liabilities	11	962	1,206	–	–
Provisions, non-current	26	1,641	1,632	–	–
Other financial liabilities, non-current	27	8,415	9,353	–	–
Lease liabilities, non-current	28	61,955	–	–	–
Total non-current liabilities		72,973	12,191	–	–

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

STATEMENTS OF Financial Position

As at 30 June 2020

	Notes	Group		Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Current liabilities					
Income tax payable		215	1,689	5	12
Trade and other payables	29	10,265	11,363	1,689	558
Other financial liabilities, current	27	875	626	–	–
Other non-financial liabilities	30	1,051	87	18	–
Lease liabilities, current	28	19,549	–	–	–
Total current liabilities		31,955	13,765	1,712	570
Total liabilities		104,928	25,956	1,712	570
Total equity and liabilities		134,833	64,210	37,721	35,174

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

STATEMENTS OF Changes in Equity

Year Ended 30 June 2020

	Total equity	Attributable to owners of the company sub-total	Share capital	Merger reserve	Retained earnings	Foreign currency translation reserve	Non- controlling interests
Group:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current year:							
Opening balance at 1 July 2019	38,254	38,218	32,307	(18,149)	24,115	(55)	36
Impact of adopting SFRS(I) 16 (Note 36)	(4,139)	(4,139)	–	–	(4,139)	–	–
Opening balance at 1 July 2019 (Restated)	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	–	–
Dividend 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)
Previous year:							
Opening balance at 1 July 2018	35,600	35,600	32,307	(18,149)	21,490	(48)	–
Movement in equity:							
Total comprehensive income (loss) for the year	3,972	4,034	–	–	4,041	(7)	(62)
Capital contribution from a non-controlling interest	98	–	–	–	–	–	98
Dividend paid (Note 12)	(1,416)	(1,416)	–	–	(1,416)	–	–
Closing balance at 30 June 2019	38,254	38,218	32,307	(18,149)	24,115	(55)	36

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

STATEMENTS OF

Changes in Equity

Year Ended 30 June 2020

	Total equity	Share capital	Retained earnings
Company:	\$'000	\$'000	\$'000
Current 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
Previous year:			
Opening balance at 1 July 2018	35,882	32,307	3,575
Changes in equity:			
Dividends paid (Note 12)	(1,416)	–	(1,416)
Total comprehensive income for the year	138	–	138
Closing balance at 30 June 2019	34,604	32,307	2,297

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

CONSOLIDATED STATEMENT OF Cash Flows

Year Ended 30 June 2020

	2020	2019
	\$'000	\$'000
Cash flows from operating activities		
(Loss) profit before income tax	(5,620)	5,344
Adjustments for:		
Interest income	(280)	(111)
Interest expense on borrowings	237	288
Interest expense on lease liabilities	3,424	–
Depreciation of property, plant and equipment	6,839	8,062
Depreciation of right-of-use assets	20,542	–
Share-based payment	2,625	–
Rental remission from lessors	(4,823)	–
Loss (gain) on disposal of plant and equipment	44	(70)
Plant and equipment written off	1,038	1,638
Reinstatement cost written off	–	(161)
Net effect of exchange rate changes in consolidating foreign operations	33	4
Operating cash flows before changes in working capital	24,059	14,994
Inventories	(82)	(220)
Trade and other receivables, current	608	(1,124)
Other non-financial assets, current	1,354	(888)
Reinstatement cost utilised	(46)	(26)
Trade and other payables	(1,098)	412
Other non-financial liabilities	964	(14)
Net cash flows from operations	25,759	13,134
Income taxes paid	(1,467)	(1,812)
Net cash flows from operating activities	24,292	11,322
Cash flows from investing activities		
Purchase of plant and equipment (Note 22B)	(6,754)	(3,478)
Disposal of plant and equipment	13	83
Other non-financial assets, non-current	(798)	953
Interest received	280	111
Net cash used in investing activities	(7,259)	(2,331)

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

CONSOLIDATED STATEMENT OF Cash Flows

Year Ended 30 June 2020

	2020	2019
	\$'000	\$'000
Cash flows from financing activities		
Cash restricted in use	(40)	(504)
Dividend paid to equity owners	(1,593)	(1,416)
Capital contribution from a non-controlling interest	45	98
Decrease in other financial liabilities	(689)	(2,727)
Lease liabilities – principal portion paid*	(17,862)	–
Non-controlling interest other payables waiver	38	–
Interest paid	(237)	(288)
Net cash flows used in financing activities	(20,338)	(4,837)
Net (decrease) increase in cash and cash equivalents	(3,305)	4,154
Cash and cash equivalents, statement of cash flows, beginning balance	16,019	11,865
Cash and cash equivalents, statement of cash flows, ending balance (Note 22A)	12,714	16,019

* Net of rental remission of \$4,823,000

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

NOTES TO THE Financial Statements

30 June 2020

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. 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.

The group incurred a net loss of \$5,346,000 (2019: net profit of \$3,979,000) for the reporting year ended 30 June 2020 and as at that date, the group's current liabilities exceeded its current assets by \$9,628,000 (2019: net current assets of \$13,707,000) mainly attributable to an increase in lease liabilities of \$19,549,000 arising from the adoption of SFRS(I) 16. The net cash flows from operating activities was \$24,292,000 (2019: \$11,322,000). The COVID-19 pandemic has resulted in various measures including border restriction and social distancing being put in place by the government. Such measures, coupled with a significant decline in tourist arrival, has significantly disrupted and impacted both the food and beverages business segments which the group operates in. The prolonged disruptions arising from COVID-19 may materially affect the group's ability to generate sufficient cash flows from its operations. The management's assessment of the group's ability to generate sufficient cash flows from its operations and the availability of sufficient funds for its operations amidst the ongoing COVID-19 pandemic are important considerations in the use of going concern assumption to prepare the financial statements. The management is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing its cost by adopting an operating cost reduction strategy and conserving liquidity by working with major creditors and lenders to align repayment obligations with receivable collections.

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 2020

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 2020

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

COVID-19 pandemic and the aftermath

The COVID-19 pandemic and the aftermath of the pandemic globally forced the group to suspend or limit business operations during the reporting year and the aftermath is expected for the unforeseeable period ahead. Measures were taken by governments to contain the spread of COVID-19, including travel restrictions, social distancing and suspension of non-essential services. This resulted in an economic slowdown, which has adversely impacted on the business of the reporting entity. The economic uncertainties have created questions about the uncertainties relating to the impairment or recoverability of certain assets (including impairment allowances for inventories and receivables) and the completeness or valuation of certain assets and liabilities reflected in these financial statements. An assessment was made by Management whether for the current reporting year there were any indications that these assets and liabilities may be impacted adversely. If any such indication of uncertainties existed, an estimate was made of the realisable amount and or fair value of the relevant assets and the completeness of the liabilities (which balances are more fully disclosed in the relevant notes to these financial statements). As the pandemic continues to progress and evolve, it is extremely challenging to predict the full extent and duration of its impact on the entity's businesses and the countries where the reporting entity operates. Management will continue to monitor the situation as part of its risk management activities.

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, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales 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 beverages – Revenue is recognised when the food and beverages are delivered to the customer and all criteria for acceptance have been satisfied at a point in time.

Rental income – Rental income is recognised from operating leases as income on either a straight-line basis or another systematic basis which is used if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Other income – Interest income is recognised using the effective interest method.

NOTES TO THE Financial Statements

30 June 2020

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

2A. Significant accounting policies (cont'd)

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. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

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.

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 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.

Share-based compensation

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded). This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

NOTES TO THE Financial Statements

30 June 2020

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

2A. Significant accounting policies (cont'd)

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 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. 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.

NOTES TO THE Financial Statements

30 June 2020

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

2A. Significant accounting policies (cont'd)

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.

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%
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NOTES TO THE Financial Statements

30 June 2020

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

2A. Significant accounting policies (cont'd)

Leases of lessee

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-to-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and an interest expense on the recognised lease liability (included in finance costs). Short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard whereby the lease payments are expensed to profit or loss as incurred on a straight-line basis over the remaining lease term.

Leases of lessor

As a lessor the reporting entity classifies each of its leases as either an operating lease or a finance lease. 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. 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. Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis over the term of 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.

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.

Business combinations

There were no business combinations during the reporting year.

NOTES TO THE Financial Statements

30 June 2020

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

2A. Significant accounting policies (cont'd)

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.

Impairment 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 2020

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.

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.

NOTES TO THE Financial Statements

30 June 2020

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

2A. Significant accounting policies (cont'd)

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 2020

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 group discloses financial and descriptive information about its 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 segment 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 impairment of 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 the assumption is \$17,182,000.

NOTES TO THE Financial Statements

30 June 2020

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

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

Assessment of impairment of right-of-use asset:

Significant judgement is applied by management when determining impairment of the right-of-use asset. Impairment is assessed for separable parts of leased buildings that have been or will be vacated in the near future. The impairment is sensitive to changes in estimated future expected sub-lease income and sub-lease period. Judgement is also involved when determining whether sub-lease contracts are financial or operational, when determining lease term for contracts that have extension or termination options as well as when determine the implicit discount rate. The carrying amount at the end of the reporting year was \$76,085,000.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, 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 or class of assets at the end of the reporting year affected by the assumption is \$32,573,000.

Determination of lease term of contracts with extension options:

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has several lease contracts that include extension options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the group reassesses the lease term whenever there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased asset). The group included the extension option in the lease term for the lease of the certain restaurant premises because of the economic disincentive to not renew.

NOTES TO THE Financial Statements

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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.

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	
	2020	2019
	\$'000	\$'000
Salaries and other short-term employee benefits	1,437	1,915
Share-based payments	2,625	–
	<u>4,062</u>	<u>1,915</u>

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

	Group	
	2020	2019
	\$'000	\$'000
Remuneration of directors of the company	1,110	873
Fees to directors of the company	189	210
Fees to directors of the subsidiaries	26	40
Share-based payments	<u>2,625</u>	<u>–</u>

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 2020

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	Subsidiaries	
	2020	2019
	\$'000	\$'000
<u>Other receivables</u>		
Balance at beginning of year	10,671	14,171
Amounts paid in and settlement of liabilities on behalf of the company	–	(3,500)
Dividend receivable	3,000	–
Balance at end of the year	13,671	10,671
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	–
Balance at end of the year	13,671	10,671

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 2020

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:

	2020	2019
	\$'000	\$'000
Revenue by segment:		
Restaurants	72,202	99,259
Quick services	38,447	41,745
Total	110,649	141,004

NOTES TO THE Financial Statements

30 June 2020

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

4B. Profit or loss from continuing operations and reconciliations

	Restaurants	Quick services	Unallocated	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
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	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					(5,620)
Income tax income	–	–	274	–	274
Loss, net of income tax					(5,346)
2019					
Revenue by segment					
Total revenue by segment	99,259	41,745	–	–	141,004
Inter-segment sales	–	6,103	–	(6,103)	–
Total revenue	99,259	47,848	–	(6,103)	141,004
Recurring EBITDA	16,112	5,171	(7,589)	–	13,694
Depreciation	(3,963)	(1,760)	(2,339)	–	(8,062)
Finance costs	–	–	(288)	–	(288)
ORBT					5,344
Income tax expense	–	–	(1,365)	–	(1,365)
Profit, net of income tax					3,979

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 2020

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:				
2020	69,791	40,849	24,193	134,833
2019	26,536	12,080	25,594	64,210

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:				
2020	59,129	32,641	13,158	104,928
2019	7,257	4,105	14,594	25,956

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:				
2020	1,151	5,123	535	6,809
2019	1,952	829	717	3,498

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 2020

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	
	2020	2019
	\$'000	\$'000
Sale of food and beverages	110,577	140,871
Rental income	72	133
	<u>110,649</u>	<u>141,004</u>

Revenue from sale of food and beverage 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	
	2020	2019
	\$'000	\$'000
Interest income	280	111
Compensation from landlord	—	1,740
Gain on disposal of plant and equipment, net	—	70
Other income	435	125
Rental remission	4,823	—
Government grants under the COVID-19 (Temporary Measures) Act 2020 ^(a)	4,184	—
Government grants, other	881	705
	<u>10,603</u>	<u>2,751</u>

(a) Government grants funded by the Singapore Government under the COVID-19 (Temporary Measures) Act 2020. These grants consist mainly of the Jobs Support Scheme, foreign worker levy waiver and rebates.

NOTES TO THE Financial Statements

30 June 2020

7. Employee benefits expense

	Group	
	2020	2019
	\$'000	\$'000
Short-term employee benefits	35,466	39,930
Contributions to defined contribution plan	5,034	5,507
Other benefits	5,835	3,623
Total employee benefits expense	46,335	49,060

8. Finance costs

	Group	
	2020	2019
	\$'000	\$'000
Interest expense on lease liabilities	3,424	—
Interest expense on borrowings	237	288
Total	3,661	288

9. Other operating expenses

	Group	
	2020	2019
	\$'000	\$'000
The major components include the following:		
Credit card commission	2,709	2,223
Delivery and transportation	2,244	2,243
Repair and maintenance	1,124	1,288

NOTES TO THE Financial Statements

30 June 2020

10. Other expenses

	Group	
	2020	2019
	\$'000	\$'000
The major components include the following:		
Audit services:		
Independent auditors of the company	102	115
Other independent auditors	16	17
Non-audit services:		
Independent auditors of the company	16	19
Loss on disposal of plant and equipment	44	–
Plant and equipment written off	1,038	1,638
Consultancy expenses	547	227
Legal and professional fees	475	271

11. Income tax

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

	Group	
	2020	2019
	\$'000	\$'000
<u>Current tax (income) expense:</u>		
Current tax (income) expense	(26)	1,612
(Over) under adjustments to current tax in respect of prior periods	(5)	134
Withholding tax	24	21
Subtotal	(7)	1,767
<u>Deferred tax income:</u>		
Deferred tax income	(287)	(400)
Under (over) provision to deferred tax in respect of prior periods	20	(2)
Subtotal	(267)	(402)
Total income tax (income) expense	(274)	1,365

NOTES TO THE Financial Statements

30 June 2020

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% (2019: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2020	2019
	\$'000	\$'000
(Loss) profit before income tax	(5,620)	5,344
Income tax (income) expense at the above rate	(955)	908
Expenses not deductible for tax purposes	672	340
Tax exemptions and rebate	(14)	(31)
Under provision to tax in respect of prior years	15	132
Unrecognised deferred tax assets	(8)	–
Effect of different tax rates in different countries	17	15
Withholding tax	24	21
Others	(25)	(20)
Total income tax (income) expense	(274)	1,365

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

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

	Group	
	2020	2019
	\$'000	\$'000
Depreciation expense of non-qualifying assets	2,656	3,229
Contratual lease payment arising from adoption of SFRS(I) 16	1,265	–
Plant and equipment written off of non-qualifying assets	377	196
Non-taxable government grants	(3,495)	(173)
Share-based payment expense	2,625	–
Compensation from landlord	–	(1,400)

NOTES TO THE Financial Statements

30 June 2020

11. Income tax (cont'd)**11B. Deferred tax income recognised in profit or loss includes:**

	Group	
	2020	2019
	\$'000	\$'000
Excess of net book value of plant and equipment over tax value	90	(307)
Excess of tax values over net book value of plant and equipment	14	–
Provision	(392)	–
Tax loss carryforwards	(4)	(37)
Others	17	(58)
Unrecognised deferred tax assets	8	–
Total deferred tax income recognised in profit or loss	(267)	(402)

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

	Group	
	2020	2019
	\$'000	\$'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	(1,467)	(1,377)
Excess of tax values over net book value of plant and equipment	7	21
Provision	733	341
Tax loss carryforwards	61	57
Others	–	17
Unrecognised deferred tax assets	(273)	(265)
Net balance liabilities	(939)	(1,206)

Presented in the statement of financial position as follows:

	Group	
	2020	2019
	\$'000	\$'000
Deferred tax liabilities	(962)	(1,206)
Deferred tax assets	23	–
Net balance	(939)	(1,206)

NOTES TO THE Financial Statements

30 June 2020

11. Income tax (cont'd)

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

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		2020 \$'000	2019 \$'000
	Rate per share – dollars 2020	2019		
First and final tax exempt (one-tier) dividend	0.0045	0.0040	1,593	1,416

In respect of the current year, due to the company's loss position for FY2020 and in view of a challenging economic situation, the directors have taken a prudent stance to conserve its cash for operational use and have not recommended dividend.

13. (Loss) earnings per share

Basic (loss) earnings 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	
	2020 \$'000	2019 \$'000
<u>Numerator</u>		
(Loss) profit attributable to owners of the company, net of income tax	(5,238)	4,041
	'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 (loss) earnings per share	(1.5)	1.1

NOTES TO THE Financial Statements

30 June 2020

14. Property, plant and equipment

Group	Leasehold property \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost:</u>			
At 1 July 2018	19,505	67,230	86,735
Additions	–	3,498	3,498
Disposals	–	(7,884)	(7,884)
Foreign exchange adjustments	–	(42)	(42)
At 30 June 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
<u>Accumulated depreciation:</u>			
At 1 July 2018	2,700	44,098	46,798
Depreciation for the year	707	7,355	8,062
Disposals	–	(6,233)	(6,233)
Foreign exchange adjustments	–	(31)	(31)
At 30 June 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
<u>Carrying amount:</u>			
At 1 July 2018	16,805	23,132	39,937
At 30 June 2019	16,098	17,613	33,711
At 30 June 2020	15,391	17,182	32,573

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

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15. Right-of-use of assets

Group	Restaurant premises \$'000
<u>Cost</u>	
At 1 July 2019 – on adoption of SFRS(I) 16	124,947
Additions	9,890
Foreign exchange adjustments	(27)
At 30 June 2020	134,810
<u>Accumulated depreciation</u>	
At 1 July 2019 – on adoption of SFRS(I) 16	38,205
Depreciation for the year	20,542
Foreign exchange adjustments	(22)
At 30 June 2020	58,725
<u>Carrying amount</u>	
At 1 July 2019	86,742
As at 30 June 2020	76,085

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

	Restaurant premises
Number of right-to-use assets	42
Remaining term – range (years)	2.0 to 9.3
Remaining term – average (years)	5.7

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.

Management has elected to measure right-of-use assets at the amount of the lease liability on adoption (adjusted for any lease prepayments or accrued lease expenses, onerous lease provisions, and leased assets which have subsequently been sub-leased). For the leases management has elected to measure the right-of-use asset as if SFRS(I) 16 had been applied since the start of the lease, but using the incremental borrowing rate at 1 July 2019, with the difference between the right-of-use asset and the lease liability taken to retained earnings. The impact of this application is disclosed in Note 36.

NOTES TO THE Financial Statements

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

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 (Note 2).

16. Investments in subsidiaries

	Company	
	2020	2019
	\$'000	\$'000
Movements during the year. At cost:		
Balance at beginning of the year	21,738	21,636
Addition	–	102
Allowance for impairment ^(N1)	(102)	–
Cost at the end of the year	21,636	21,738
Total cost comprising:		
Unquoted equity shares at cost	21,636	21,738
Net book value of subsidiaries	17,241	24,160
Analysis of above amount denominated in non-functional currency:		
Malaysian ringgit	447	447
Japanese yen	240	240
Movement in allowance for impairment:		
At beginning of the year	–	–
Impairment loss charge to profit or loss included in other losses	102	–
At end of the year	102	–

^(N1) The continuous losses of a subsidiary 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	
	2020 \$'000	2019 \$'000	2020 %	2019 %
R E & S Enterprises Pte Ltd ^(a) Singapore Restaurateur	20,949	20,949	100	100
Kabe No Ana Pte. Ltd. ^(a) Singapore Restaurateur	— ^(d)	— ^(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	102	51	51
	<u>21,738</u>	<u>21,738</u>		
<u>Held by R E & S Enterprises Pte Ltd</u> Ebisu Private Limited ^(a) (Incorporated on 20 September 2019) Singapore Restaurateur	<u>55</u>	<u>—</u>	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.

^(e) The unaudited management financial statements at 30 June 2020 of subsidiary have been used for consolidation as the subsidiary is not material.

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17. Other receivables, non-current

	Company	
	2020	2019
	\$'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 receivable is 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	
	2020	2019
	\$'000	\$'000
Deposits to secure services	3,825	3,027

19. Inventories

	Group	
	2020	2019
	\$'000	\$'000
Raw materials and consumables	2,978	2,896

There are no inventories pledged as security for liability.

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20. Trade and other receivables, current

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables:</u>				
Outside parties	1,343	2,287	–	–
Subsidiaries (Note 3)	–	–	2,096	–
Net trade receivables – subtotal	1,343	2,287	2,096	–
<u>Other receivables:</u>				
Outside parties	–	340	–	–
Rental remission and property tax rebates from landlord	676	–	–	–
Subsidiaries (Note 3)	–	–	3,000	–
Net other receivables – subtotal	676	340	3,000	–
Total trade and other receivables	2,019	2,627	5,096	–

Trade and other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Trade receivables comprises mainly creditworthy debtors with good payment record, NETS and credit card payments that will be settled in a few days and 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.

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 (2019: 30 days). But some customers take a longer period to settle the amounts.

NOTES TO THE Financial Statements

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

- (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	
	2020	2019
	\$'000	\$'000
<u>Trade receivables:</u>		
31 to 60 days	207	325
61 to 90 days	81	8
Over 90 days	36	10
Total	324	343

- (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.

21. Other non-financial assets, current

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Deposits to secure services	1,403	2,477	—	—
Deposits for renovation of outlets	469	586	—	—
Prepayments	540	703	6	7
	2,412	3,766	6	7

NOTES TO THE Financial Statements

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22. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Not restricted in use	12,714	16,019	312	2,758
Restricted in use #	2,204	2,164	–	–
	14,918	18,183	312	2,758
Interest earning balances	4,205	12,354	–	–

The rate of interest for the cash on interest balances ranged between 0.28% and 0.50% (2019: 0.50% and 2.00%) per annum.

This is for amounts held by bankers to cover the bank facilities granted.

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

	Group	
	2020	2019
	\$'000	\$'000
Amount as shown above	14,918	18,183
Cash restricted in use over 3 months	(2,204)	(2,164)
Cash and cash equivalents for statement of cash flows purposes at end of the year	12,714	16,019

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

	Group	
	2020	2019
	\$'000	\$'000
Purchase of property, plant and equipment (Note 14)	(6,809)	(3,498)
Additions in provision for restoration (Note 26)	55	20
	(6,754)	(3,478)

NOTES TO THE Financial Statements

30 June 2020

22. Cash and cash equivalents (cont'd)

22C. Reconciliation of liabilities arising from financing activities:

	At beginning of the year	Cash flows	Non-cash changes	At end of the year
Group:	\$'000	\$'000	\$'000	\$'000
<u>2020</u>				
Long-term borrowings	9,353	(938)	–	8,415
Short-term borrowings	626	249	–	875
Lease liabilities	–	(17,862) *	99,366 #	81,504
Total liabilities from financing activities	9,979	(18,551)	99,366	90,794
<u>2019</u>				
Long-term borrowings	10,971	(1,618)	–	9,353
Short-term borrowings	1,735	(1,109)	–	626
Total liabilities from financing activities	12,706	(2,727)	–	9,979

* Net of rental remission of \$4,823,000

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.

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 2018, 30 June 2019 and 30 June 2020	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).

NOTES TO THE Financial Statements

30 June 2020

23. Share capital (cont'd)

Capital management: (cont'd)

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	
	2020	2019
	\$'000	\$'000
Net debt:		
All current and non-current borrowings including leases	90,794	9,979
Less cash and cash equivalents	(14,918)	(18,183)
Net debt (net cash)	75,876	(8,204)
Adjusted capital:		
Total equity	29,905	38,254
Debt-to-adjusted capital ratio	253.7%	N.M.

The unfavourable change of the group as shown by increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in net debt due to the adoption of the new financial reporting standards on leases effective from 1 July 2019 (see Note 36).

N.M.: The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings as the group is in net cash position.

24. Merger reserve

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

25. Share-based payment

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.

NOTES TO THE Financial Statements

30 June 2020

26. Provisions, non-current

	Group	
	2020	2019
	\$'000	\$'000
Provision for restoration	1,641	1,632
Movements in above provision:		
Balance at beginning of year	1,632	1,799
Additions (Note 22B)	55	20
Utilisation	(46)	(26)
Written off	–	(161)
At end of the year	1,641	1,632

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.

27. Other financial liabilities

	Group	
	2020	2019
	\$'000	\$'000
<u>Non-current:</u>		
<u>Financial instruments with floating interest rates:</u>		
Bank loan A (secured)	8,415	–
Bank loan B (secured)	–	1,943
Bank loan C (secured)	–	7,410
Non-current	8,415	9,353
<u>Current:</u>		
<u>Financial instruments with floating interest rates:</u>		
Bank loan A (secured)	875	–
Bank loan B (secured)	–	140
Bank loan C (secured)	–	486
Current	875	626
Total	9,290	9,979

NOTES TO THE Financial Statements

30 June 2020

27. Other financial liabilities (cont'd)

The non-current portion is repayable as follows:

	Group	
	2020	2019
	\$'000	\$'000
Due within 2 to 5 years	3,660	2,677
After 5 years	4,755	6,676
Total non-current portion	8,415	9,353

The range of floating rate interest rates were as follows:

	Group	
	2020	2019
	%	%
Bank loan A (secured)	2.07	–
Bank loan B (secured)	2.55 - 2.71	2.19 - 2.63
Bank loan C (secured)	2.55 - 2.71	2.19 - 2.63

The bank loan agreements for certain of the bank loans provide among other matters for the following:

- Bank loan A: The term loan is secured by legal mortgage over the group's property. The loan is refinanced from Bank loan B and Bank loan C and is repayable over 120 monthly instalments commencing April 2020.
- Bank loan B: The term loan is secured by legal mortgage over the group's property and guaranteed by the company. The loan is repayable over 240 monthly instalments commencing April 2012. The loan has been fully settled during the reporting year ended 30 June 2020.
- Bank loan C: The term loan is secured by legal mortgage over the group's property. The loan is repayable over 240 monthly instalments commencing February 2013. The loan has been fully settled during the reporting year ended 30 June 2020.

NOTES TO THE Financial Statements

30 June 2020

28. Lease liabilities

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

	Group 2020 \$'000
Lease liabilities, current	19,549
Lease liabilities, non-current	61,955
	<u>81,504</u>

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

	Group 2020 \$'000
Total lease liabilities recognised at 1 July 2019	90,881
Additions	9,890
Accretion of interest	3,424
Lease payments – principal portion paid	(22,685)
Foreign exchange adjustments	(6)
Total lease liabilities at end of reporting year	<u>81,504</u>

The new standard on leases has been applied using the modified retrospective transition approach. Therefore no comparative amounts for the year ended 30 June 2019 are presented.

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. The right-of-use assets are disclosed in Note 15.

On transition to the new standard on leases the weighted average incremental borrowing rate applied to lease liabilities recognised was 4% per year. The difference between the carrying amounts of the right-of-use assets and lease liabilities as at 1 July 2019 is adjusted directly to opening retained profits. Comparative information is not restated (see Note 36).

NOTES TO THE Financial Statements

30 June 2020

28. Lease liabilities (cont'd)

Reconciliation of lease commitments and lease liability at the date of initial application:

	Group 2020 \$'000
Operating lease commitments as at 30 June 2019	40,224
Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2020	72,154
Discounted using interest rate implicit in the lease	(21,497)
Total lease liabilities recognised at 1 July 2019	<u>90,881</u>

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
Group			
<u>2020</u>			
Minimum lease payments payable:			
Not later than one year	22,346	(2,797)	19,549
Between one and two years	20,589	(2,043)	18,546
Between two and three years	18,206	(1,349)	16,857
Between three and four years	14,028	(759)	13,269
Between four and five years	8,029	(349)	7,680
Later than five years	5,752	(149)	5,603
Total	<u>88,950</u>	<u>(7,446)</u>	<u>81,504</u>

Carrying amount of right-of-use assets under lease liabilities

76,085

Total cash outflows for leases for the year ended 30 June 2020 are shown in the statement of cash flows.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

30 June 2020

28. Lease liabilities (cont'd)

The following are the amounts recognised in profit or loss:

	Notes	Group \$'000
<u>2020 – Lease under SFRS(I) 16</u>		
Depreciation of right-of-use assets	15	20,542
Interest on lease liabilities	8	3,424
Fixed rental expense on short-term leases and low-value assets		813
Contingent rental expense on operating leases		488
Total amount recognised in profit or loss		<u>25,267</u>
<u>2019 – Operating lease under SFRS(I) 1-17</u>		
Lease expenses		24,310
Contingent rental expense on operating leases		623
Total amount recognised in profit or loss		<u>24,933</u>

29. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<u>Trade payables:</u>				
Outside parties	4,634	4,843	15	68
Related party	–	140	–	–
Accrued liabilities	4,984	5,637	117	188
Subsidiaries (Note 3)	–	–	1,531	299
Trade payables – subtotal	<u>9,618</u>	<u>10,620</u>	<u>1,663</u>	<u>555</u>
<u>Other payables:</u>				
Outside parties	647	743	26	3
Other payables – subtotal	<u>647</u>	<u>743</u>	<u>26</u>	<u>3</u>
Total trade and other payables	<u>10,265</u>	<u>11,363</u>	<u>1,689</u>	<u>558</u>

NOTES TO THE Financial Statements

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30. Other non-financial liabilities

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Deferred income	1,051	87	18	–

For the reporting year ended 30 June 2020, deferred income mainly relates to Jobs Support Scheme (“JSS”) announced by the Singapore Government to assist company in retaining its local employees during this period of economic uncertainty.

31. Capital commitments

(a) 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	
	2020	2019
	\$'000	\$'000
Commitments to purchase plant and equipment	175	251

(b) Operating lease commitments – as lessee

The group has entered into commercial leases relating to the restaurant premises. Lease terms do not contain restriction on the group's activities concerning dividends, additional debt or further leasing. As disclosed in Note 36, the group has adopted SFRS(I) 16 on 1 July 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 30 June 2020, except for short-term leases and low-value assets.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 June 2019 amounted to \$24,933,000.

Future minimum rental payable under non-cancellable operating leases at the end of the last reporting period are as follows:

	Group 2019 \$'000
Not later than one year	20,928
Later than one year but not later than five years	19,296
	40,224

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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.

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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	16,937	20,810	16,079	13,429
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	101,059	21,342	1,689	558

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.

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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 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. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables 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.

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33. Financial instruments: information on financial risks (cont'd)**33E. Liquidity risk – financial liabilities maturity analysis**

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

	Less than 1 year	2 – 5 years	After 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Group				
Non-derivative financial liabilities:				
<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	33,663	65,059	10,748	109,470
<u>2019:</u>				
Gross borrowing commitments	881	3,522	7,455	11,858
Trade and other payables	11,363	–	–	11,363
At end of the year	12,244	3,522	7,455	23,221
Company				
Non-derivative financial liabilities:				
<u>2020:</u>				
Trade and other payables	1,689	–	–	1,689
At end of the year	1,689	–	–	1,689
<u>2019:</u>				
Trade and other payables	558	–	–	558
At end of the year	558	–	–	558

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

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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:

	Less than 1 year	1 – 3 years	Total
Group	\$'000	\$'000	\$'000
<u>2020:</u>			
Bank guarantees	541	3,006	3,547
<u>2019:</u>			
Bank guarantees	570	2,637	3,207

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

	Less than 1 year	2 – 5 years	More than 5 years	Total
Company	\$'000	\$'000	\$'000	\$'000
<u>2020:</u>				
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	875	3,658	4,755	9,288
<u>2019:</u>				
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	626	2,674	6,676	9,976

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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	
	2020	2019
	\$'000	\$'000
<u>Financial assets:</u>		
Fixed rate	4,205	12,354
Total at end of the year	4,205	12,354
<u>Financial liabilities:</u>		
Fixed rate	81,504	—
Floating rate	9,290	9,979
Total at end of the year	90,794	9,979

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	
	2020	2019
	\$'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 (loss) profit for the year by	93	100

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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
<u>2020:</u>			
<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)
<u>2019:</u>			
<u>Financial assets:</u>			
Cash and cash equivalents	48	43	91
Total financial assets	48	43	91
<u>Financial liabilities:</u>			
Trade and other payables	(22)	(301)	(323)
Total financial liabilities	(22)	(301)	(323)
Net financial assets (liabilities) at end of the year	26	(258)	(232)

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

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30 June 2020

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 reporting entity are listed below. Adoption of the applicable new or revised standards has resulted in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement as disclosed in Note 36.

SFRS(I) No.	Title
SFRS(I) 16	Leases (and Leases – Illustrative Examples & Amendments to Guidance on Other Standards)
SFRS(I) 1-12	Improvements (2017) – Amendments: Income Taxes
SFRS(I) 1-23	Improvements (2017) – Amendments: Borrowing Costs
SFRS(I) 3	Improvements (2017) – Amendments: Business Combinations

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 company's financial statements in the period of initial application.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 3	Definition of a Business – Amendments	1 January 2020
SFRS(I) 1-1 and 1-8	Definition of Material – (Amendments to) throughout The Conceptual Framework for Financial Reporting	1 January 2020
SFRS(I) 16	Amendment to FRS 116: COVID-19 Related Rent Concessions	1 June 2020

NOTES TO THE Financial Statements

30 June 2020

36. Changes in accounting policies and restatements of comparative figures

Effective from beginning of the current reporting year certain new or revised financial reporting standards were adopted as disclosed in Note 34. Adoption of those policies and any other changes have resulted in some changes in the application of the accounting policies and some modifications to financial statement presentation and these changes are summarised below.

Adoption of SFRS(I) 16 Leases:

(a) When the group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The group's accounting policy on leases after the adoption of SFRS(I) 16 is disclosed in Note 2.

On initial application of SFRS(I) 16, the group has elected to apply the following practical expedients:

- i) For all contracts entered into before 1 July 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Leases, the group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- ii) On a lease-by-lease basis, the group has:
 - a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
 - d) excluded initial direct costs in the measurement of the right-of-use asset at the date of initial application; and
 - e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 July 2019.

NOTES TO THE Financial Statements

30 June 2020

36. Changes in accounting policies and restatements of comparative figures (cont'd)

Adoption of SFRS(I) 16 Leases: (cont'd)

(a) When the group is the lessee (cont'd)

For leases previously classified as operating leases on 1 July 2019, the group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the group chose to measure its right-of-use assets at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 July 2019.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 July 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- (iii) The difference between the carrying amounts of the right-of-use assets and lease liabilities as at 1 July 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

The effects of adoption of SFRS(I) 16 on the group's financial statements as at 1 July 2019 are as follows:

	Increase / (decrease)
	\$'000
Right-of-use assets (Note 15)	86,742
Lease liabilities (Note 28)	90,881
Retained earnings	<u>(4,139)</u>

(b) When the group is a lessor

There are no material changes to accounting by the group as a lessor.

SHAREHOLDERS'

Information

As at 21 September 2020

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	66	8.43	50,600	0.01
1,001 - 10,000	376	48.02	1,873,700	0.53
10,001 - 1,000,000	328	41.89	21,761,600	6.15
1,000,001 AND ABOVE	13	1.66	330,314,100	93.31
TOTAL	783	100.00	354,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	NOMURA SINGAPORE LIMITED	219,000,030	61.86
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	DBS NOMINEES (PRIVATE) LIMITED	2,511,600	0.71
10	PHILLIP SECURITIES PTE LTD	2,186,500	0.62
11	CHAN MEI LIN	1,750,000	0.49
12	YEO WEE LIN NICHOLAS	1,750,000	0.49
13	CITIBANK NOMINEES SINGAPORE PTE LTD	1,367,000	0.39
14	CHAN CHEE MENG	866,800	0.24
15	CHEAH PHI TEIK	523,000	0.15
16	OW CHEO GUAN	496,400	0.14
17	RAFFLES NOMINEES (PTE) LIMITED	493,300	0.14
18	NG SENG LEE	457,500	0.13
19	SUM AH LAM	450,000	0.13
20	SHUJI SEKIGUCHI	400,000	0.11
	TOTAL	334,001,100	94.34

SHAREHOLDERS' Information

As at 21 September 2020

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 21 September 2020)

	Direct Interest	%	Deemed Interest	%
Tatara Hiroshi ⁽¹⁾	–	–	219,000,030	61.86
Yek Hong Liat John	60,000,000	16.95	–	–

Note:

⁽¹⁾ Mr. Tatara Hiroshi is deemed to be interested in 219,000,030 ordinary shares held under the name of Nomura Singapore Limited.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Approximately 15.5% 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 Monday, 26 October 2020, 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 2020 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Regulation 97 of the Constitution of the Company:

Mr. Ben Yeo Chee Seong	(Resolution 2)
Mr. Yek Hong Liat John	(Resolution 3)
Mr. Lee Lap Wah, George	(Resolution 4)

 - *Mr. Ben Yeo Chee Seong will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and Administration Committee, and a member of the Nominating Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”). Detailed information of Mr. Ben Yeo Chee Seong required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report.*
 - *Mr. Yek Hong Liat John will, upon re-election as a Director of the Company, remain as the Non-Executive Director of the Company. Detailed information of Mr. Yek Hong Liat John required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report.*
 - *Mr. Lee Lap Wah, George will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee and Administration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information of Mr. Lee Lap Wah, George required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report.*
3. To approve the payment of Directors' fees of S\$189,000 for the financial year ending 30 June 2021, to be paid quarterly in arrears. (FY2020: S\$210,000) **(Resolution 5)**
4. 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 6)**
5. To transact any other ordinary business which may properly be transacted at an AGM.

NOTICE OF

Annual General Meeting**AS SPECIAL BUSINESS**

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

6. Authority to issue new shares

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

- (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

NOTICE OF

Annual General Meeting

- (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 7)**

[See Explanatory Note (i)]

7. 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) 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 8)**

[See Explanatory Note (ii)]

By Order of the Board

Josephine Toh
Secretary

Singapore
9 October 2020

Explanatory Notes:

- (i) The Ordinary Resolution 7 proposed in item 6 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 holdings, 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 and any subsequent bonus issue, consolidation or subdivision of shares.

NOTICE OF

Annual General Meeting

- (ii) 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 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.

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.teamc@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://septusiasia.com/res-agm-registration> (“**AGM Registration and Q&A Link**”) by **10.00 a.m. on 23 October 2020 (“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 24 October 2020**. 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 24 October 2020** may contact the Company for assistance at webcast@septusiasia.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 **10:00 a.m. on 15 October 2020**) 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 19 October 2020**.
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 either before or during 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. **Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM. Further, in light of the current COVID-19 measures, 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

(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 9 October 2020.

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 Monday, 26 October 2020 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 2020			
2	Re-election of Mr. Ben Yeo Chee Seong as a Director			
3	Re-election of Mr. Yek Hong Liat John as a Director			
4	Re-election of Mr. Lee Lap Wah, George as a Director			
5	Approval of Directors' fees amounting to S\$189,000 for the financial year ending 30 June 2021, to be paid quarterly in arrears			
6	Re-appointment of RSM Chio Lim LLP			
7	Authority to issue new shares			
8	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", "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020

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 10:00 a.m. on 15 October 2020) 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 name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of shares. If the Member has shares registered in his/her name in the Register of Members, he/she should insert that number of shares. If the Member has shares entered against his/her name in the said Depository Register and registered in his/her name in the Register of Members, he/she 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 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 9 October 2020.



Food For Life

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