

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

Report

In addition to its statutory duties, the Board also:

1. Provides entrepreneurial leadership and sets the strategic plans and performance objectives of the Group;
2. Reviews the adequacy and effectiveness of the Group's risk management and internal controls framework including financial, operational, compliance and information technology control and establishes risk appetite to safeguard shareholders' interests and the Group's assets;
3. Reviews the performance of the Group's Key Management Personnel;
4. Approves the annual budgets, significant capital expenditure, acquisitions and divestment proposals;
5. Approves the nomination and appointment/ re-appointment of Directors, Board 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

Report

The Company also ensures that any newly appointed Director who does not have prior experience or is not familiar with the duties and obligations required of a director of a listed company in Singapore, will undergo mandatory training pursuant to Rule 406(3)(a) of 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

Report

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

Report

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make 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

Report

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

Report

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

Report

- (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

Report

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.

CORPORATE GOVERNANCE

Report

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);

CORPORATE GOVERNANCE

Report

- 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.

CORPORATE GOVERNANCE

Report

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 (%)
\$250,000 – \$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%

CORPORATE GOVERNANCE

Report

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.

CORPORATE GOVERNANCE

Report

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.

CORPORATE GOVERNANCE

Report

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.

CORPORATE GOVERNANCE

Report

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;

CORPORATE GOVERNANCE

Report

- (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.

CORPORATE GOVERNANCE

Report

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.

CORPORATE GOVERNANCE

Report

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.

CORPORATE GOVERNANCE

Report

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.

CORPORATE GOVERNANCE

Report

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 – 017), 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.