



**Securities Investors Association (Singapore)**

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**Issuer:** RE&S Holdings Limited

**Stock code:** 1G1

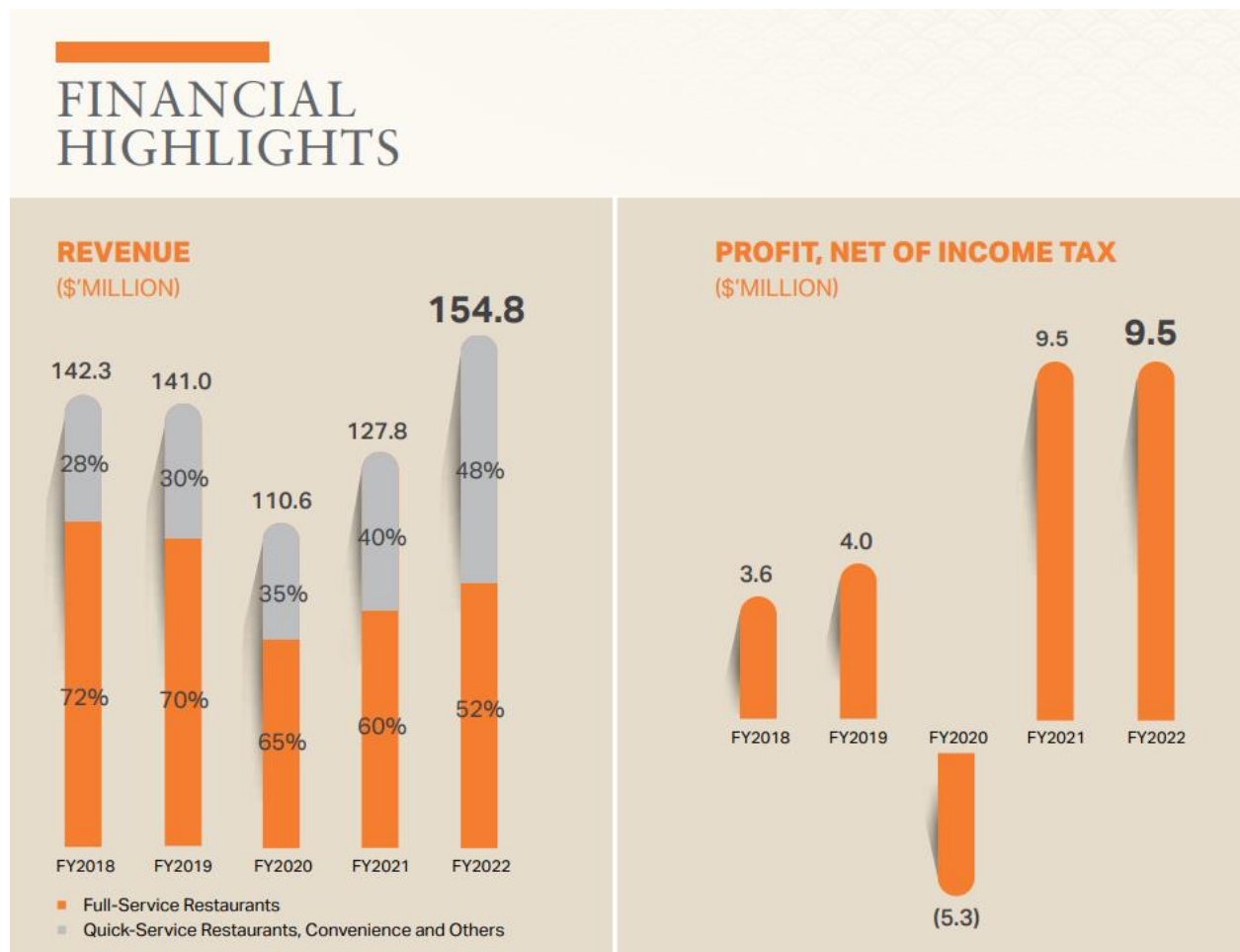
**Meeting details:**

Date: 26 October 2022

Time: 10.00 a.m.

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

**Q1.** Despite the challenging environment due to the pandemic, the group achieved a revenue of \$154.8 million, probably a record high for the group. The group has also delivered on its long-term business strategy to increase the revenue contribution from the Quick Service Restaurant, Convenience and Others (QSR) segment. Management has disclosed the QSR segment allowed the group to operate more efficiently in a tight labour market.



(Source: company annual report)

- (i) **Has the board set a target in terms of the revenue split between full-service restaurants and QSR?**
- (ii) **As an experienced operator, how long does it take and how much does it cost to set up a new typical QSR outlet?**
- (iii) **What are the plans in the next 12-18 months, in terms of opening new outlets? How do the current manpower shortage and the uncertainties in the global economy affect the group's expansion plans?**
- (iv) **Is the group looking to set up a loyalty programme to attract and retain its customers and to cross-sell across brands?**

**Q2.** Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **Leasehold building:** The group has a leasehold building at 32 Tai Seng Street which serves as the corporate headquarters (and houses the central kitchen). The group relocated to the 103,925 sq ft, seven-storey building in 2013. **What is the utilisation rate of the building? How much spare capacity is there to support the group's growth? What is the balance of the land lease?**
- (ii) **Deposits to secure services:** As shown in Note 18 (page 119), the carrying amount of the deposits increased to \$4.53 million as at 30 June 2022 from \$3.77 million a year ago. The deposits were just \$1.5 million in FY2017. **Can management elaborate further on the nature of these services to be procured?**
- (iii) **Trade and other payables:** Can management help shareholders better understand the reasons that trade payables to outside parties have increased to \$8.27 million from \$5.63 million a year ago (page 129 – Note 29 Trade and other payables)?

**Q3.** The group recognised financial assets at fair value through profit or loss (FVTPL) amounting to \$4.17 million as at 30 June 2022 (FY2021: \$0).

In addition, as shown in Note 21A (page 122 - Financial assets at FVTPL), the group suffered a loss on disposal of \$(276,000) and recognised a decrease in fair value of \$(843,000).

**21A. Financial assets at FVTPL**

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

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

(Source: company annual report; emphasis added)

Details of the investment portfolio is shown below:

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

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

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

(Source: company annual report)

- (i) **Were the investments in public equities approved by the board? If so, how is this aligned with the long-term plans of a F&B group?**

It would appear that the group has already suffered a realised and unrealised loss of \$(1.12) million in less than 12 months.

- (ii) **What is the investment mandate? How are investment/trading decisions made? Is there an investment committee that provides an appropriate level of oversight of the group's investment/trading activities?**
- (iii) **Would the investing/trading of listed equity securities distract management from the core business of F&B?**
- (iv) **Are there robust risk management frameworks in place?**

- (v) **Can the board help shareholders better understand the group’s competitive advantage in equity investment? If there is none, would the board oversee an orderly liquidation of the portfolio and return the excess capital to shareholders who can then make their own capital allocation and investment decisions?**

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

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

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

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

Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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