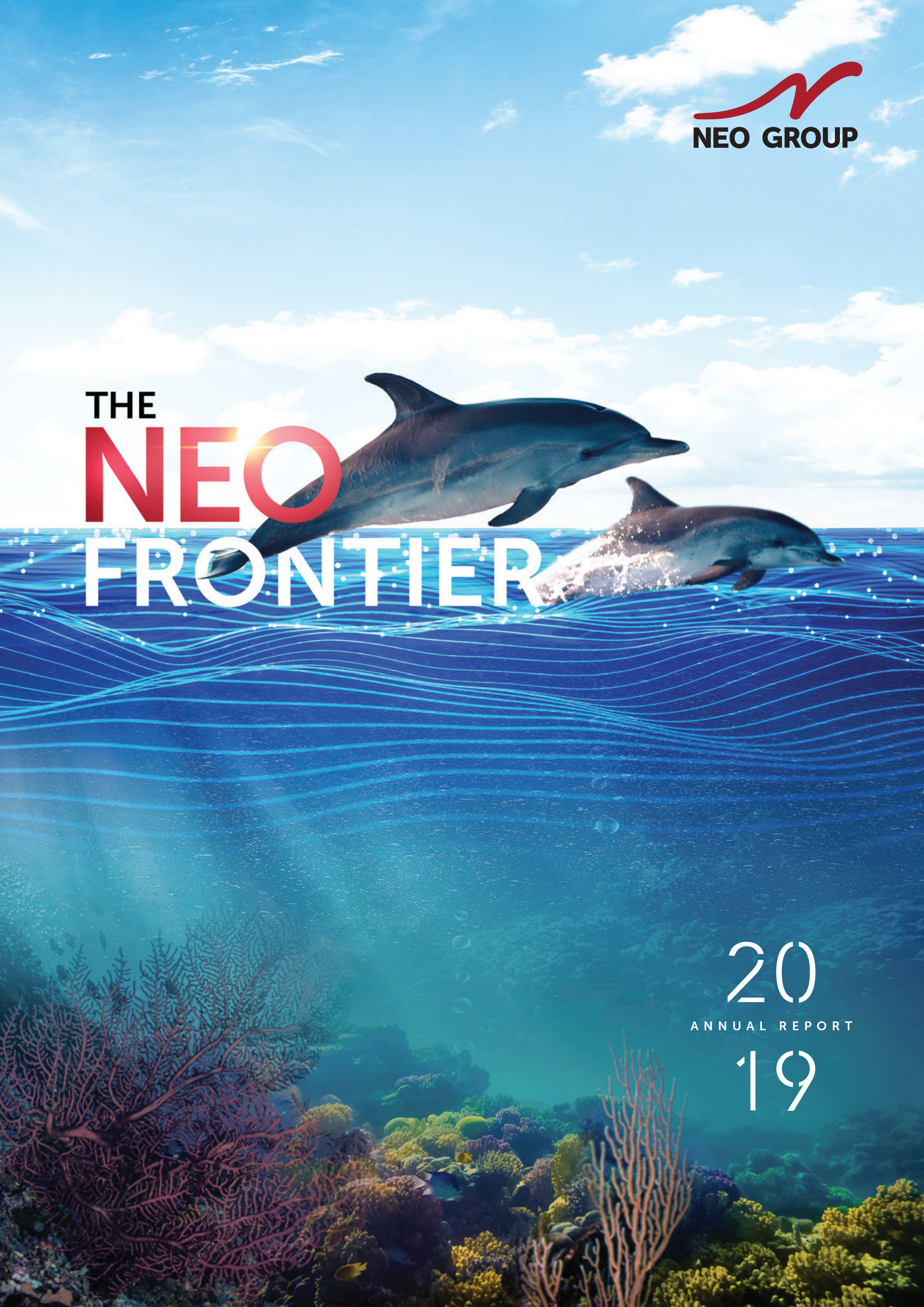

NEO GROUP

THE NEO FRONTIER

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ANNUAL REPORT
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NEO GROUP'S CORPORATE PROFILE

Neo Group Limited ("Neo Group", or together with its subsidiaries, the "Group") is Singapore's leading catering group backed by an integrated value chain and strong track record accumulated over 27 years. Listed on SGX since July 2012, Neo Group provides customers with end-to-end food and catering solutions through a comprehensive suite of capabilities and service offerings under four main business segments – Food Catering, Food Manufacturing, Food Retail, and Supplies and Trading. Its unique value proposition and strong commitment to constantly innovate and remain at the forefront of cutting-edge technologies and automation has enabled Neo Group to solidify its position as **Singapore's Number One Events Caterer**[1].

Neo Group supplies a large variety of quality food and buffets appealing to various market segments through its strong portfolio of brands including "Neo Garden", "Deli Hub", "Orange Clove", "Best Catering", "Gourmetz", "Kim Paradise", "Savoury Catering", "Chilli Manis", "Lavish Dine Catering", "How's Catering", "umisushi", "issho izakaya", "Joo Chiat Kim Choo" and "DoDo". The Group now owns a food retail network spanning more than 20 outlets islandwide.

Through its subsidiaries, the Group's trading network spans over 30 countries worldwide, while its operations in Singapore are supported by its central kitchens, manufacturing facilities, warehouses and over 1,600 dedicated employees.

1 Euromonitor International Report, 'Overview of Events Catering Services in Singapore', dated March 2019

INDUSTRY 4.0

REINVENTING OUR STRENGTHS TO RESHAPE OUR FUTURE

Riding the wave of Industry 4.0 towards an era of automation and digital transformation, Neo Group is set to transform our company into an intelligent organisation through the adoption of new technologies, progressive automation of our operational processes and application of data analytics to achieve the best business results. We are confident of creating higher value-added outcomes with less resources, improving reliability and enabling greater efficiencies as we elevate our business to the next level of growth.

(Left): An artist's impression of Neo Group's new headquarters and catering hub at 30B Quality Road

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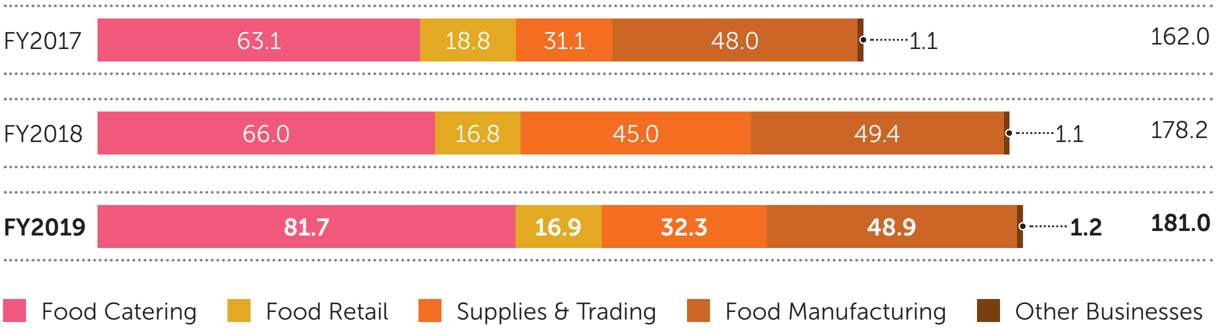
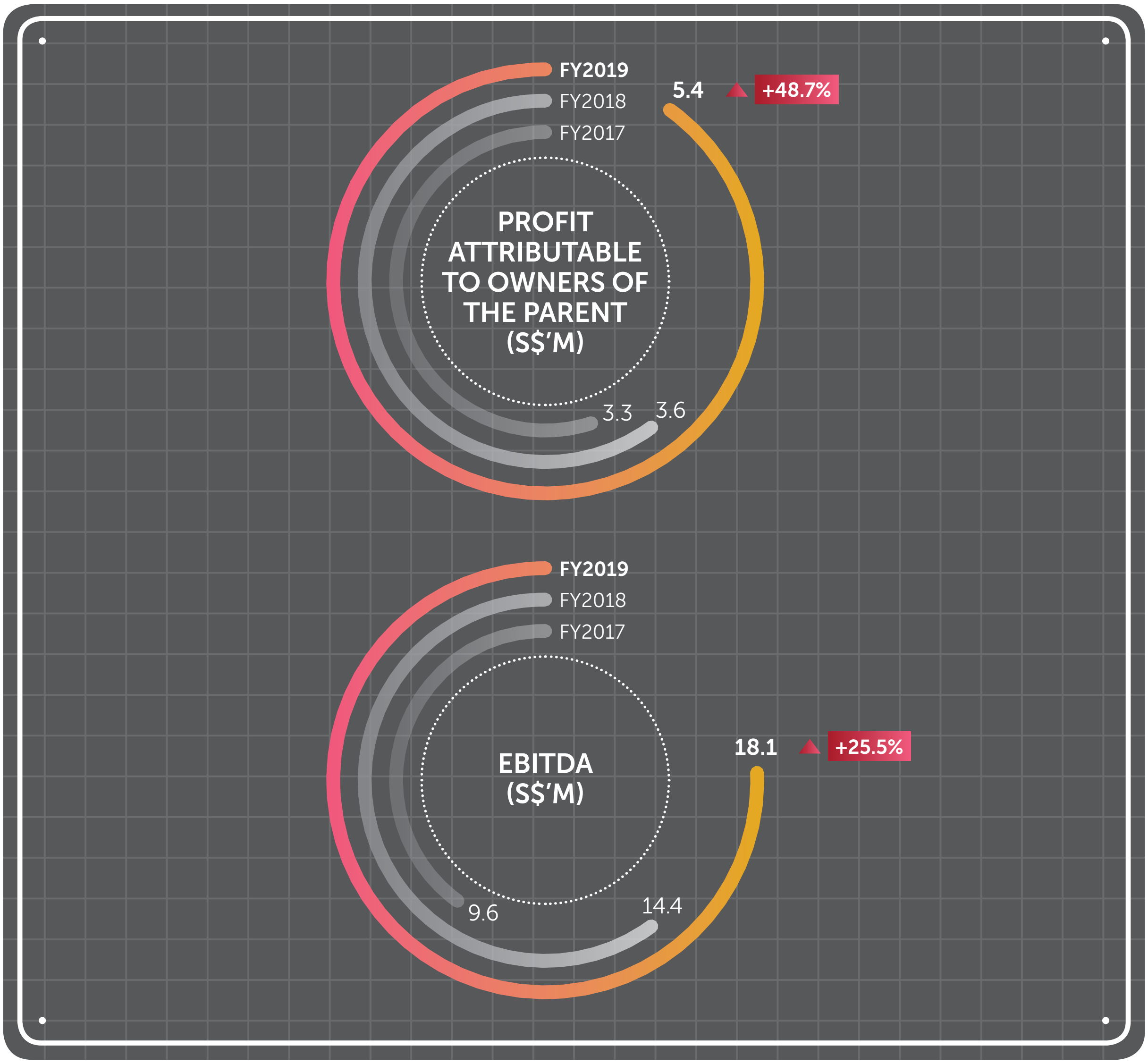
FINANCIAL HIGHLIGHTS

REVENUE (S$'M)





	FY2017	FY2018	FY2019
FINANCIAL PERFORMANCE (S$'M)			
Revenue	162.0	178.2	181.0
(Loss)/Profit Before Income Tax	(1.1)	3.3	6.2
Net Profit Attributable to Owners of the Parent (PATMI)	3.3	3.6	5.4
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	9.6	14.4	18.1
FINANCIAL POSITION (S$'M)			
Total Assets	139.1	147.3	163.1
Total Liabilities	101.6	107.9	121.4
Total Shareholders' Equity	33.2	35.3	38.5
Cash and Bank Balances at End of Financial Year	10.5	13.7	19.0
CASH FLOW (S$'M)			
Net Cash from Operating Activities	6.7	17.6	18.2
Capital Expenditure	(23.8)	(14.4)	(4.4)
KEY RATIOS			
Revenue Growth (%)	29.2	10.0	1.6
Net Profit (Decline)/Growth (%)	(46.2)	132.4	71.6
Net Gearing (times)[1]	1.91	1.81	1.65
Return on Shareholders' Equity (%)	9.8	10.3	14.0
Return on Total Assets (%)	2.3	2.5	3.3
PER SHARE INFORMATION (CENTS)			
Earnings Per Share	2.24[2]	2.49[2]	3.68[3]
Net Asset Value Per Share	22.73	24.22	26.12
MARKET CAPITALISATION (S$'M)			
Market Capitalisation[4]	84.6	89.7	60.4

1 Net Gearing is computed by dividing net debt by equity attributable to owners of the parent
2 Based on 145,907,100 actual number of ordinary shares
3 Based on 146,659,654 weighted average number of ordinary shares
4 As at the end of the financial year

SYNERGY IN

DIVERSITY

BUILDING A STRONG BRAND PORTFOLIO

To capture a greater market share, we have successfully expanded our brands and product offerings over the past years – complementary and with opportunities for cross-selling, all whilst maintaining a firm commitment towards food safety and quality, with full control of the value chain

REVENUE INCREASED TO A NEW RECORD OF

S$181 MILLION

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Neo Group Limited ("**Neo Group**" or together with its subsidiaries, the "**Group**"), it is my pleasure to present our Annual Report for the financial year ended 31 March 2019 ("**FY2019**").

BACK ON A FIRMER FOOTING

In FY2019, we delivered on our promise to focus on profitability and registered a 48.7% growth in net profit attributable to owners of the parent ("**PATMI**") to S$5.4 million on the back of a 1.6% increase in revenue to a new record of S$181.0 million.

Among the business segments, our Food Catering business reported the highest profitability, with profit before income tax ("**PBT**") of S$7.2 million while revenue grew 23.9% to S$81.7 million for FY2019, driven by our strong recurring income base from the childcare and elderly market segments, as well as the ramp up of our "tingkat" business and revenue contributed by newly acquired subsidiaries.

Our Food Retail business recorded a loss before income tax of S$0.6 million in FY2019, while revenue remained relatively stable. This was due to the introduction of new concepts and opening of outlets, which impacted the segment's near-term profitability due to the initial gestation period. Food Retail is positioned to be one of our growth engines and we will continue to monitor the performance of our retail outlets closely to focus on achieving profitability.

We intentionally reduced the low margin trading transactions of the Supplies and Trading business as part of our turnaround strategy. Notwithstanding the decrease in revenue for our Supplies and Trading business by 28.1% to S$32.3 million in FY2019, the segment achieved a return to profitability with a PBT of S$0.02 million in FY2019 as compared to a loss of S$3.3 million in FY2018.

Lastly, our Food Manufacturing business held firm in FY2019. However, the rising cost of raw materials resulted in a lower PBT of S$0.2 million for FY2019 as compared to S$1.5 million for FY2018.

Excluding the Food Retail segment that was affected by the initial costs of new outlets, all our core segments are now profitable.

HARVESTING THE FRUITS OF OUR LABOUR

Indeed, over the past five years we have invested significant time and effort in our business transformation. We focused on consolidating and building up our subsidiaries, and restructuring our businesses to nurture newer or weaker segments back to profitability.

The seeds that we had carefully sown have taken root and Neo Group is now ready to reap the fruits of our labour as we turn our focus towards a new frontier. This includes embracing technology as we work towards full automation and extracting further value from our highly synergistic business segments, through cross-selling strategies.

THE NEO FRONTIER

With our strong portfolio of brands, we have solidified our position as the No. 1 events caterer in Singapore for the 8th consecutive year since 2011; and we are pleased to share that we have grown our market share to 16.8%[1] in 2018, up from 14.9%[2] in 2017.

Moving ahead, to remain at the forefront of the food catering industry, we will continue to embrace technology to drive productivity and maintain consistent food quality.

Enhancing our synergistic business model

As we build and increase our presence in Singapore and globally, we continuously seek opportunities to add value to our existing business segments through complementary businesses.

The Group has achieved a high level of synergy between each of our business segments to form our value chain, from the sourcing of quality ingredients and materials to the delivery of catered food to our customers. By having full control across our value chain, we are able to deliver greater value to our customers while ensuring a high level of food safety and quality.

Building a new growth platform

To pursue our next step forward, we have set our sights on a new growth chapter with the groundbreaking of our new state-of-the-art headquarters and catering hub at 30B Quality Road.

Employing the use of automation and technology, we have designed the new facility with the objective of moving towards full automation. Through this new facility, we will reduce our reliance on manpower, one of the biggest challenges in the F&B industry, allowing us to soar above and beyond the immense competition.

In addition, with an expanded capacity, we will be able to better engage corporate clients and pursue institutional catering contracts to broaden our recurring income base. The new 300,000 square feet facility, which is expected to be completed in 4Q 2020, will be the key to unlocking the Group's next phase of expansion.

Charging forward

Cost rationalisation and process streamlining will continue to form part of our key focus areas as we gear up for growth. Part of our proven strategy involves turning a non-performing business lean, and thereafter achieve a breakeven position before allowing the business to take flight again.

Having made significant progress in our rationalising exercise to strengthen our business structure to build a stronger foundation, Neo Group is now ready to charge forward with renewed vigour in the coming years.

FOCUSING ON OUR GROWTH STRATEGY

Food Catering

Progressing with our multi-brand strategy, Neo Group added two catering brands to our portfolio, a premium caterer with fine dining catering expertise, Lavish Dine Catering; as well as an established

1 Euromonitor International Report, 'Overview of Events Catering Services in Singapore', dated March 2019
2 Euromonitor International Report, 'Overview of Events Catering Services in Singapore', dated April 2018

“

Additionally, our reputation and high-quality products allow us to secure contracts from schools and institutions, providing us with a growing base of recurring income while increasing the utilisation of our facilities.

”

corporate caterer, How's Catering. Both brands boast a proven track record spanning over two decades, and give our catering business access to new customer segments. In line with this strategy, the Group also incorporated Chilli Manis, which specialises in Peranakan cuisine in June 2018.

Neo Group's well-established value chain ranging from procurement to marketing and logistics will in turn deliver a positive impact to our newly added subsidiaries by lowering input costs and unlocking operational synergies to boost the overall financial performance.

Our expanded brand portfolio provides more options for both individual and corporate customers. Additionally, our reputation and high-quality products allow us to secure contracts from schools and institutions, providing us with a growing base of recurring income while increasing the utilisation of our facilities.

Food Manufacturing

The Group's surimi-based products continue to be well-received both locally and abroad. Using a recipe that has been carefully perfected over the past 40 years, the Group has a range of over 60 types of surimi-based products, distributed to over 24 countries worldwide.

Noting that the segment tends to be impacted by the cost of raw materials due to external factors, we will continue to focus on improving operational efficiencies and productivity through investments in automation. This will provide additional margin headroom to allow the Group to manage the fluctuations in the cost of raw materials.

Moving forward, Thong Siek has also introduced DoDo Express, to expand into the B2C market.

Food Retail

With over 20 outlets across Singapore covering brands such as umisushi, Joo Chiat Kim Choo, Kang Kar Noodles and issho izakaya, our Food Retail segment seeks to deliver innovative concepts, while maintaining a high level of food quality and service standards.

Apart from reaching out to a diverse range of consumers, our portfolio of brands also allows us to increase our overall brand awareness as we continue to expand our network of outlets and launch more innovative retail concepts.

We will continue to review the performance of our retail outlets to maximise returns as we look forward to the segment's stronger contribution towards the maturity of other new outlets.

Supplies and Trading

Our Supplies and Trading segment is the backbone of our business as it is through this channel where we import a significant proportion of raw materials, while providing us greater control over quality and costs. During the year, we actively reduced low margin trading transactions as we turned our focus toward higher margin sales in the B2B and B2C markets. Following the implementation of our turnaround strategy, we are pleased to report that this segment has returned to profitability.

CHAIRMAN'S STATEMENT

FOOD SAFETY

As we continue on our growth trajectory, we will always bear in mind that food safety is the cornerstone of all F&B businesses. Our operations are supported by our ISO 22000-certified kitchens, equipped with technology such as specialised cooking equipment designed to improve productivity and maintain our high product quality. As a testament to our commitment towards food safety, our central kitchens have been awarded Grade 'A' by the Singapore Food Agency.

GROWING A CATERING EMPIRE

Having put all the pieces in place, the puzzle is complete, and we can now work on the bigger picture to further develop our catering empire.

With the integration of our business in place, we are back on the focus of our catering division and will continue to build on our multi-brand strategy to capture more market share. Our growth strategies have been set out clearly, which we have executed over the past few years. Since our flagship brand, Neo Garden, was established in 1992, we have expanded to capture a wide spectrum of the catering industry with our extensive variety of product offerings.

With our strong fundamentals and expertise across our value chain of the food catering industry, Neo Group will continue to pursue sustainable growth.

APPRECIATION

Neo Group's achievements over the past few years has been built upon the hard work and commitment of our staff and management team, together with the support of various stakeholders. I would like to extend my thanks to our staff and management team for their dedication to the Group as well as my fellow Board members for their guidance and contributions.

On behalf of the Board, I would like to express my appreciation to our loyal shareholders who continue to place their trust in us, as well as to our business partners, associates, customers and suppliers for their unwavering support.

The Board has proposed a final cash dividend of 0.5 Singapore cent per share for FY2019 to reward shareholders.

I look forward to your support as we continue to strengthen leverage on our strong business fundamentals into the Neo Frontier.

NEO KAH KIAT, PBM
FOUNDER,
CHAIRMAN AND CEO

BOARD OF DIRECTORS

NEO KAH KIAT, PBM

Founder, Chairman & CEO

DATE OF FIRST APPOINTMENT AS A DIRECTOR
22 March 2012

DATE OF LAST RE-ELECTION AS DIRECTOR
26 July 2018

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 MARCH 2019)
7 years

BOARD COMMITTEES SERVED ON
Nil

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
Nil

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
Nil

BACKGROUND AND WORKING EXPERIENCE

Mr Neo Kah Kiat is the Founding Chairman of Neo Group and an industry veteran with over two decades of leadership experience in catering and food and beverage ("F&B") management. He has been instrumental in leading and growing the Group into Singapore's largest catering provider and leading events caterer since 2011.

Mr Neo established Neo Garden Catering as a sole proprietorship in 1992 that successfully grew into an award-winning flagship brand. With his foresight and keen business acumen, Mr Neo developed more than 10 other brands serving different market segments and brought the company to its initial listing on the SGX in 2012.

With a vision that is more than catering, Mr Neo has set out to build Neo Group into an integrated F&B company. Mr Neo believes in expediting the Group's growth by acquisitions. He led the Group's first major acquisition of Thong Siek Group in 2015 and successfully turned around the loss-making company within 24 months of acquisition. Neo Group has also acquired other companies including CT Vegetables & Fruits in 2015, U-Market Place Enterprise in January 2017 and Hi-Q Global Sdn. Bhd. (formally known as Hi-Q Plastic Industries Sdn. Bhd.) in April 2017, Lavish Dine Catering in September 2018 and How's Catering in October 2018.

Mr Neo was awarded the Public Service Medal (Pingat Bakti Masyarakat) on 9 August 2014; SOE-Nexia TS Entrepreneur of the Year Award in 2016; EY Entrepreneur of the Year Award (Food and Beverage) in 2015; Asia Pacific Entrepreneurship Award (Outstanding Category) in 2015; Entrepreneur of The Year Award in both the Top Entrepreneurs and Enterprise categories in 2012; Successful Entrepreneur Award (Platinum Category) by GRC Press Holdings in 2011; and Spirit of Enterprise Award in 2010.

As a strong advocate of philanthropy, Mr Neo donates generously to charities and is actively involved in the following organisations:

NO	ASSOCIATION NAME	TITLE
1	WORKFORCE ADVANCEMENT FEDERATION	CHAIRMAN
2	SINGAPORE LAM ANN ASSOCIATION	DEPUTY CHAIRMAN
3	REN CI HOSPITAL	VICE-CHAIRMAN
4	SINGAPORE HOKKIEN HUAY KUAN	COUNCIL MEMBER
5	JURONG SPRING COMMUNITY CLUB	PATRON

BOARD OF DIRECTORS

LIEW OI PENG
Executive Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR
22 March 2012

DATE OF LAST RE-ELECTION AS DIRECTOR
27 July 2017

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 MARCH 2019)
7 years

BOARD COMMITTEES SERVED ON
Nil

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
Nil

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
Nil

BACKGROUND AND WORKING EXPERIENCE

Ms Liew Oi Peng is the Executive Director of the Food Catering segment.

In addition to being the Head of Catering, Ms Liew oversees and manages the Group's core functions including Sales & Marketing, Information Technology and Human Resources, and is a key support pillar to the development and growth of Neo Group.

Ms Liew also spearheads the Group's corporate social responsibility initiatives and is at the forefront of nurturing the culture of giving within the organisation.

Ms Liew joined Neo Garden as a General Manager in 1993 and was appointed an Executive Director of Neo Group in 2012, when the company was listed on the SGX-Catalist. With more than 25 years of experience in the catering industry, Ms Liew has been a key contributor to Neo Group's success.

LIEW CHOH KHING
Executive Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR
1 May 2012

DATE OF LAST RE-ELECTION AS DIRECTOR
27 July 2017

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 MARCH 2019)
6 years, 11 months

BOARD COMMITTEES SERVED ON
Nil

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
Nil

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
Nil

BACKGROUND AND WORKING EXPERIENCE

Mr Liew Choh Khing joined the Group in 2004 as an Executive Director of Deli Hub Catering and was subsequently appointed the Executive Director of the Food Retail business, comprising Liang Yuan and Niwa Sushi, upon their respective incorporations.

With more than a decade of experience in the F&B industry, he oversees the business and sales development strategies of the Group's Food Retail business and is instrumental in the development and expansion of this business segment.

He launched the Group's first Niwa Sushi food retail outlet in 2007, which was subsequently rebranded to "umisushi" in 2010.

Under his leadership, the Food Retail business of the Group now has over 20 retail outlets amongst various brands.

Having started the central kitchen in 2008, Mr Liew played a pivotal role in the planning and organising of the kitchen operations as well as the logistic planning for delivery.

Spearheading automation and technology for the Group, Mr Liew launched the delivery service of umisushi bento sets and sushi platters for corporate functions, family events and parties in 2010.

He also oversees food R&D with his chefs to constantly review and introduce new recipes to satisfy the diverse needs of consumers.

YEO KOK TONG

Lead Independent Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR
1 October 2014

DATE OF LAST RE-ELECTION AS DIRECTOR
26 July 2018

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 MARCH 2019)
4 years, 6 months

BOARD COMMITTEES SERVED ON
Nominating (Chairman),
Audit and Risk, Remuneration

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
Nil

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
Bangkok Ranch Public Company Limited
(Resigned on 15 July 2016)

BACKGROUND AND WORKING EXPERIENCE

Mr Yeo Kok Tong was Chief Executive Officer of Singapore Food Industries from 2006 to 2009 and had been serving on its board since 1999 to 2009. Prior to this, he was CEO of DE United Nigeria Limited.

He has also served as Director and Chairman of IM Technologies Ltd and was a member of PT Rama Assuransi's investment committee.

He is also an Independent Director and Audit Committee Chairman of NR. Instant Produce Co., Ltd., as well as an Independent Director of Golden Maples Holdings Pte Ltd.

He holds a Graduate Diploma in Marketing (Singapore) from the Institute of Marketing (UK).

TAN LYE HUAT

Independent Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR
11 June 2012

DATE OF LAST RE-ELECTION AS DIRECTOR
27 July 2017

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 MARCH 2019)
6 years, 9 months

BOARD COMMITTEES SERVED ON
Audit and Risk (Chairman),
Nominating, Remuneration

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
SP Corporation Limited
Japan Foods Holdings Ltd.
Dynamic Colours Limited
Nera Telecommunications Ltd

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
Nil

BACKGROUND AND WORKING EXPERIENCE

Mr Tan Lye Huat was previously engaged in other corporate governance advocacy, consultancy and training work as Founder of HIM Governance Private Limited including, until recently, being the Regional Adviser of Governance for Owners LLP as well as volunteering at a number of other governance-related associations.

He is a lifetime member of the Institute of Singapore Chartered Accountants (ISCA), Fellow of the Association of Chartered Certified Accountants (FCCA) as well as a Chartered Director Fellow (C. Dir FIoD) of the Institute of Directors (IOD, UK), and a member of the Australian Institute of Company Directors.

He attended the Executive Management Program at Columbia University and the International Directors' Course at INSEAD.

NG HOW HWAN, KEVIN

Independent Director

DATE OF FIRST APPOINTMENT AS A DIRECTOR
11 June 2012

DATE OF LAST RE-ELECTION AS DIRECTOR
26 July 2018

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 MARCH 2019)
6 years, 9 months

BOARD COMMITTEES SERVED ON
Remuneration (Chairman),
Nominating, Audit and Risk

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
Singapore Kitchen Equipment Limited

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS IN OTHER LISTED COMPANIES)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
Nil

BACKGROUND AND WORKING EXPERIENCE

Mr Ng How Hwan, Kevin is currently the Vice-President of Super Brands Company Pte. Ltd., a wholly-owned subsidiary of SGX-ST's Mainboard-listed ThaiBev Plc, and is responsible for its international beer business.

He is also a Director of ThaiBev's other wholly-owned subsidiaries including Interbev (Singapore) Limited, Oishi F&B (Singapore) Pte. Ltd., Interbev Holdings (USA) and InterBev Timor Unipessoal LDA.

Mr Ng has over 26 years of experience in the F&B industry. He began his career with Asia Pacific Breweries Limited (APB) and served in senior commercial and general management positions throughout the Asia-Pacific region until 2013.

He graduated with a Bachelor of Business (Business Administration – Distinction) from the Royal Melbourne Institute of Technology in 1992 and obtained a Masters in Education (Leadership, Policy and Change) from Monash University in 2015.

He completed the Heineken International Management Development course in 1996, the Marketing of Consumer Goods in Asia from INSEAD (Singapore) in 2000 and the Heineken International Manager's course from INSEAD (France) in 2005.

He holds an Executive Diploma in Directorship from the Singapore Management University (April 2014) and is a member of the Singapore Institute of Directors since January 2012.

KEY MANAGEMENT PERSONNEL

LIM LI LING
Group Financial Controller

BACKGROUND AND WORKING EXPERIENCE

Ms Lim Li Ling joined the Group in March 2012. As Group Financial Controller, she is responsible for the overall finance functions and accounting matters of the Group, including implementation of internal controls within the Group, monitoring and reporting on the Group's financial performance, and overseeing corporate secretarial, tax, legal and risk management matters of the Group. She works alongside the senior management team on Group and Company level investments, mergers and acquisitions.

Prior to joining the Group, she was a Director (Finance and IT) at LTC LLP, a professional accounting practice, from 2011 to 2012, and a Financial Controller of Banquet Holdings Pte. Ltd. from 2009 to 2011. From 2008 to 2009, Ms Lim was a Finance Manager at Sinomem Technology, an integrated water solution provider formerly listed on the Mainboard of the SGX-ST.

A veteran with over 29 years of experience, she obtained a Bachelor of Business (Accountancy) degree from the Royal Melbourne Institute of Technology University in 2001. She is a Chartered Accountant of Singapore (CA Singapore) as well as a Certified Practising Accountant (CPA Australia).

TEO HWEE AI
Chief Operating Officer

BACKGROUND AND WORKING EXPERIENCE

Since Ms Teo Hwee Ai's appointment as Chief Operating Officer on 11 July 2013, she has led the restructuring of the Group's culinary operations to optimise efficiency and developed the operational infrastructure of systems and processes, putting in place new corrective Standard Operating Procedures (SOP) whilst identifying best practices and internal controls.

She is responsible for the day-to-day leadership, recruitment and retention of the supervisory management team.

Having amassed close to 20 years of experience in kitchen leadership, Ms Teo is passionate about creating new dishes and paying great attention to menu development and quality control. She is instrumental in the training and development of the kitchen and guidance on accurate food preparation methods.

Ms Teo joined the Group as a Kitchen Manager in 2008 where she successfully instituted the western food department and established a well-integrated kitchen system. She also oversees logistics operations and contributes significantly to the Group's efficient buffet deliveries through route optimisation.

Ms Teo contributed to the success of the Group's Food Catering operations, particularly in the Group's central kitchen where she ensures that the culinary team adheres to the highest standards and expectations of food quality, freshness and presentation.

LIEW OI YEN
Director of Operations

BACKGROUND AND WORKING EXPERIENCE

With over 20 years of experience, Ms Liew Oi Yen is responsible for the operations of our Food Catering production in our East central kitchen.

She joined the Group in May 2008 as a Branch Director of Orange Clove and formed a team of culinary operations, logistics, human resources and administrative employees, managing about 100 employees today.

Ms Liew maintains the overall responsibility for the Group's operations and personnel aspects, ensuring optimal excellence and efficiency in the East kitchen. Apart from planning, she executes the daily operational decisions, determines staffing needs and team development, and implements quality assurance programmes for the culinary team.

Prior to joining the Group, she was the manager of Best Catering, a partnership in the manufacturing of cooked food preparations and proprietors of food establishments and catering, from 2001 to 2008.

OUR MILESTONES

1992

Mr Neo Kah Kiat started Neo Garden in a humble shared kitchen in Joo Chiat (2,000 sq ft) with just 8 employees.

1994

The Group shifted from the East to a coffee shop in Jurong West (4,000 sq ft).

2004

To cope with the growing business, the Group shifted to 6A Wan Lee Road (7,600 sq ft), an expanded premise and set up its first halal-certified catering brand, Deli Hub.

2007

The Group started its first Japanese quick service dining concept, umisushi, at Eunos MRT station. Today, it has more than 20 outlets islandwide.

2008

Orange Clove, an East-West fusion catering brand, was set up to cater to the mid-to-high end corporate segment.

2010

NKK Import & Export Trading was set up to source ingredients directly from distributors for better quality and cost control.

2011

The Group marked another milestone, acquiring 30B Quality Road (22,000 sq ft) for further development.

2012

The Group was listed on SGX in July.

2013

The Group's operations, corporate headquarter and central kitchens were consolidated at 1 Enterprise Road (75,000 sq ft).

2014

Best Catering, issho izakaya, Choz Catering and I DO Flower & Gifts were added to the Group's portfolio of brands.

2015

TS Group and CTVeg Group joined the Group.

2016

Gourmetz was established to capture the childcare, student care and elderly care markets.

2017

Hi-Q and U-Market (including Joo Chiat Kim Choo brand) joined the Group.

2018

Lavish Dine Catering and How's Catering joined the Group. New concepts such as Kim Paradise, Savoury, Chilli Manis as well as Revel Bistro and Bar were established

GLOBAL NETWORK

By providing a larger consumer base through which it can cross-sell its F&B products, it provides us the opportunity to increase Neo Group's sales and presence into new markets.

With a wider array of suppliers to source its raw materials from, Neo Group's extensive global supply chain network is instrumental in optimising the company's sourcing processes and minimising its operational costs.

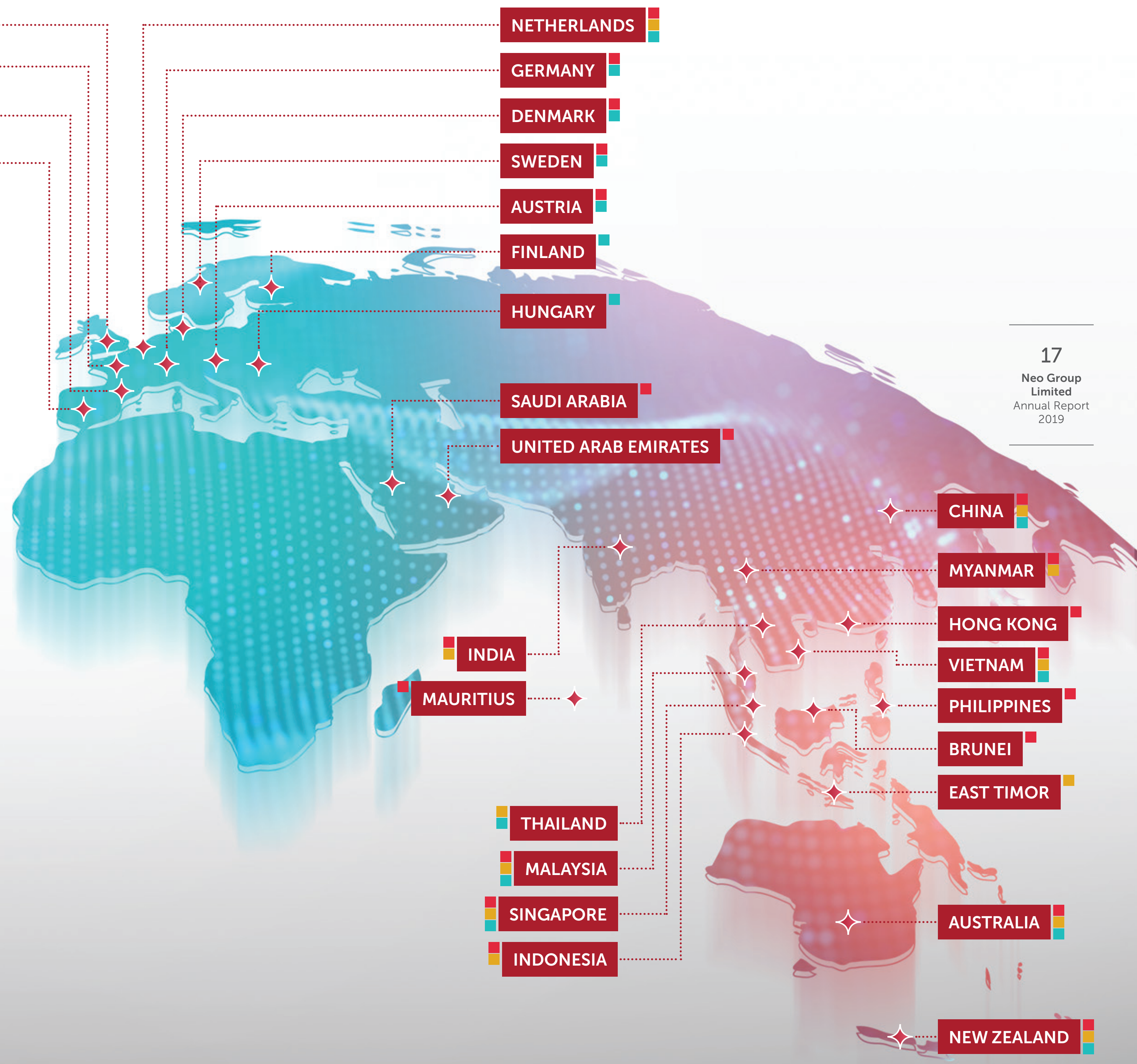
OVER

30

COUNTRIES

LEGEND

TS Group CTVeg Group U-Market



GROUP STRUCTURE

NEO GROUP

FOOD CATERING

- 100% Neo Garden Catering Pte. Ltd.
- 100% Deli Hub Catering Pte. Ltd.
- 100% Orange Clove Catering Pte. Ltd.
- 100% Best Catering Pte. Ltd.
- 100% Savoury Catering Pte. Ltd.
- 100% Chilli Manis Catering Pte. Ltd.
- 100% CaterCo Concepts Pte. Ltd.
- 70% Kim Paradise Pte. Ltd.
- 51% Gourmetz Pte. Ltd.
  - 100% GR8 Gourmet Pte. Ltd.
- 51% Lavish Dine Catering Pte Ltd
  - 80% La Bonnie Pastries Pte. Ltd.
- 51% Ye Liang How Catering Service Pte. Ltd.

FOOD RETAIL

- 100% Niwa Sushi Pte. Ltd.
- 100% G&C Food Investment Pte. Ltd.

SUPPLIES & TRADING

- 100% NKK Import & Export Trading Pte. Ltd.
- 100% Liang Yuan Pte. Ltd.
- 100% CT Vegetables & Fruits Pte Ltd
  - 100% Harborlift Fresh Food Pte. Ltd.
  - 100% C T Fresh Pte. Ltd.
- 75% U-Market Place Enterprise Pte. Ltd.
- 51% Hi-Q Global Sdn. Bhd.

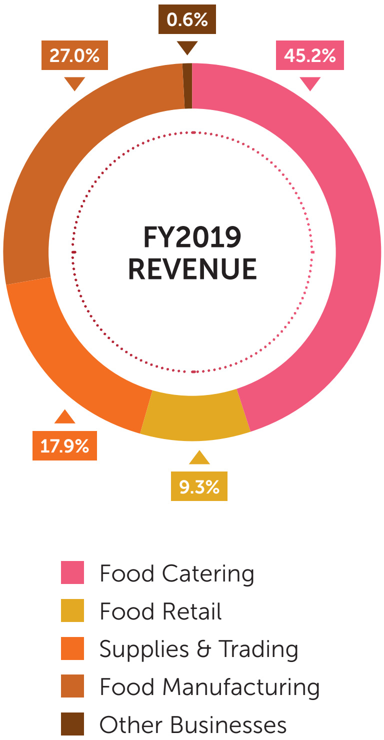
FOOD MANUFACTURING

- 91% Thong Siek Global Pte. Ltd.
  - 100% Thong Siek Food Industry Pte Ltd
  - 100% Dodo Marketing Pte. Ltd.
  - 100% TSF Engineering Pte. Ltd.
  - 100% TS Food Industry Sdn. Bhd.

OTHER BUSINESSES

- 100% Neo Global Pte. Ltd.
- 100% I DO Flowers & Gifts Pte. Ltd.
- 100% Choz Catering Pte. Ltd.

BUSINESS REVIEW



Neo Group's efforts to streamline operations with a focus towards higher margin businesses has delivered positive results in FY2019, as PBT surged 90.7% to S$6.2 million, on the back of a 1.6% improvement in revenue to S$181.0 million for FY2019, as compared to S$178.2 million reported for FY2018.

The higher topline was mainly driven by a strong growth in revenue contribution from the Food Catering business as the Group continued to expand its core business segment. This significant increase more than mitigated the lower revenue contribution from the Supplies and Trading business as a result of ongoing business review.

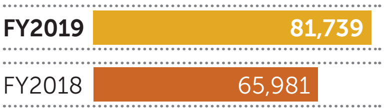
PBT saw a 90.7% surge to S$6.2 million for FY2019 as compared to S$3.3 million for FY2018, led strongly by the Supplies and Trading business as the Group implemented effective cost control strategies.

The Group's PATMI grew 48.7% to S$5.4 million for FY2019 compared to S$3.6 million for FY2018, mainly due to the return to profitability of this previously loss-making Supplies and Trading business, supported by a strong improvement in its Food Catering business.

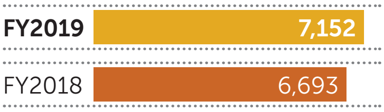
Purchases and consumables used decreased by S$6.5 million or 7.8% to S$76.5 million for FY2019, which was a result of the reduction in lower margin trading transactions of the Supplies and Trading business.

As at 31 March 2019, the Group's financial position has improved, with cash and bank balances of S$19.0 million, as compared to S$13.7 million a year ago. FY2019 earnings per share grew to 3.68 Singapore cents from 2.49 Singapore cents in FY2018 while net asset value per share increased to 26.12 Singapore cents per share from 24.22 Singapore cents across the same comparative periods.

FOOD CATERING REVENUE (S$'000)



FOOD CATERING PROFIT BEFORE INCOME TAX (S$'000)



FOOD CATERING

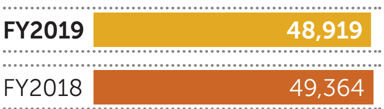
Food Catering is the Group's largest revenue contributor by business segment making up 45.2% of total revenue for FY2019. The segment contributed revenue of S$81.7 million for FY2019, representing an increase of 23.9% from S$66.0 million in FY2018.

During the year, Neo Group strengthened its recurring income base by further expanding into the childcare and elderly care markets, and achieved positive results through the ramping up of its "tingkat" business from newly-incorporated subsidiaries as well as revenue contributed by newly-acquired subsidiaries.

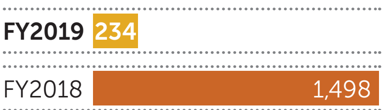
The Food Catering business recorded a 6.9% increase in PBT to S$7.2 million for FY2019, driven by contributions from subsidiaries acquired in the second half of FY2019, as well as the seasonally stronger fourth quarter due to the Chinese New Year holiday. The segment benefited from the addition of new catering brands and concepts, which have allowed the Group to reach out to a wider range of consumers; as well as from the Group's various cost control measures and use of innovative solutions to drive productivity.

Neo Group continues to widen its leading position and remains unrivalled as Singapore's No. 1 Events Caterer[1], through the introduction of new menus. Through these acquisitions, the Group added to its portfolio of brands, a high-end caterer, Lavish Dine Catering, and another well-established caterer, How's Catering. The Group also set up Chilli Manis which specialises in Peranakan cuisine.

FOOD MANUFACTURING REVENUE (S$'000)



FOOD MANUFACTURING PROFIT BEFORE INCOME TAX (S$'000)



FOOD MANUFACTURING

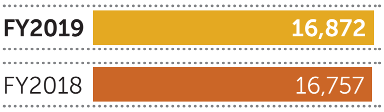
The Group's Food Manufacturing business held firm in FY2019, registering a marginal decline in revenue by 0.9% to S$48.9 million as compared to S$49.4 million a year ago. Amidst the rising cost of raw materials, the Group reported PBT of S$0.2 million from this segment for FY2019 as compared to S$1.5 million for FY2018.

The Group's products continue to be well-received both locally and abroad. Going forward, Neo Group will continue to focus on export sales by leveraging on the Group's global distribution network, while engaging in research and development activities to expand its range of product offerings.

1 Euromonitor International Report, 'Overview of Events Catering Services in Singapore', dated March 2019

FOOD RETAIL

FOOD RETAIL REVENUE (S$'000)



The Group's Food Retail business recorded a marginal 0.7% increase in revenue to S$16.9 million for FY2019, supported by the introduction of new concepts and opening of new outlets.

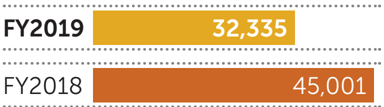
In May 2018, Neo Group launched DoDo Express, a grab-and-go concept that allows consumers to enjoy DoDo's signature seafood items and other ready-to-eat meals at great convenience and affordable prices.

The Food Retail's near-term profitability was affected due to initial gestation period required to nurture new concepts as well as higher operating costs. As a result, the Food Retail segment reported a loss before income tax of S$0.6 million for FY2019.

The Group will continue to review the performance of its various retail outlets with the objective of enhancing profitability, while continuing to grow its network of innovative retail concepts.

SUPPLIES & TRADING

SUPPLIES & TRADING REVENUE (S$'000)

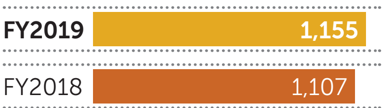


The Group's Supplies and Trading business recorded a 28.1% decrease in revenue to S$32.3 million for FY2019, as the Group continues to execute its strategy to reduce low margin trading transactions amidst an ongoing business review. The segment turned around with a PBT of S$0.02 million in FY2019 as compared to a loss before income tax of S$3.3 million in FY2018.

U-Market Place Enterprise will continue to meet the Group's internal needs for frozen meat products while actively pursuing new opportunities. CTVeg Group continues to contribute positively to the Group and enables better control over quality and cost of vegetable and fruit supplies.

OTHER BUSINESSES

OTHER BUSINESSES REVENUE (S$'000)



The Group's complementary businesses include flowers and gifts specialist, I DO Flowers & Gifts, and Choz Catering that offer both modern and traditional treats. These differentiated services enhance Neo Group's value proposition to provide one-stop food and catering solutions, by leveraging on its vertically-integrated value chain.

The segment contributed revenue of S$1.2 million for FY2019, a marginal increment of 4.3% from FY2018. Notably, the segment has achieved profitability in FY2019 with a PBT of S$0.07 million as compared to a loss before income tax of S$0.3 million in FY2018.

TRANSFORMATION THROUGH INNOVATION

OPTIMISING TECHNOLOGY TO ENHANCE OPERATIONS

As Neo Group sets its sights on a new frontier, embracing technology and innovation will be a cornerstone as we work towards full automation; enhancing and extracting further value from our highly synergistic business segments

AWARDS & ACCOLADES

BLOODMOBILE ORGANISERS - GOLD
2018:
1,369 pkts, 16 drives
2017:
1,016 pkts, 12 drives
2016 (Merit Award):
243 pkts, 3 drives
Year Won: 2018, 2017

SINGAPORE QUALITY AWARD
Year Won: 2017

SINGAPORE CHAMPIONS OF GOOD
Year Won: 2018, 2017

SINGAPORE BOOK OF RECORDS
"Largest Events Caterer" and "Highest Number of Events Catered by a Company in One Day"
Year Won: 2018, 2017, 2016, 2015, 2014

EUROMONITOR INTERNATIONAL
Number 1 Events Caterer in Singapore
Year Won: 2018, 2017, 2016, 2014

SINGAPORE FOOD AGENCY
SFA Grade A – *2018, 2017, 2016*
SFA Food Safety Excellence Award (Gold) – *2015*

SINGAPORE 1000 COMPANY - PUBLIC LISTED COMPANIES
Year Won: 2017, 2015

INFLUENTIAL BRANDS TOP BRAND
Caterer Category
Year Won: 2017, 2016, 2015 & 2014

SINGAPORE SERVICE CLASS
Year Won: 2016

ISO 22000
Food Safety Management
Year Won: 2016

360 BREAKTHROUGH AWARD
Titanium Award
Year Won: 2016

SPIRIT OF ENTERPRISE AWARDS
Nexia TS Entrepreneur of the Year
Year Won: 2016

EXCELLENT SERVICE AWARD
8 Star Award, 30 Gold Awards, 45 Silver Awards
Year Won: 2016, 2015, 2014

SINGAPORE QUALITY CLASS STAR
Year Won: 2016, 2015

SINGAPORE PRESTIGE BRAND AWARD
Overall Winner, Established Brands – *2015, 2013, 2012*
Promising Brands – *2014*
Hall of Fame – *2015, 2013*

WORLD GOURMET SUMMIT AWARDS OF EXCELLENCE
Outstanding Caterer of the Year
Year Won: 2015

EY ENTREPRENEUR OF THE YEAR AWARD
Food & Beverage Category
Year Won: 2015

SINGAPORE BUSINESS REVIEW
Listed Companies Award for Innovation in Food Services
Year Won: 2015

ASIA PACIFIC ENTREPRENEURSHIP AWARDS
(OUTSTANDING CATEGORY)
Year Won: 2015

EPICUREAN STAR AWARD SINGAPORE
Best Caterer
Year Won: 2014

SIAS INVESTORS' CHOICE AWARDS
Most Transparent Company (Catalist)
2015, 2014

OUR HOUSE OF

BRANDS

From healthy to lavish bites, our strong portfolio of brands seeks to redefine catering for discerning consumers from various walks of life – from corporates to individuals to the childcare and elderly care market segments

OUR BRANDS

FOOD CATERING

NEO GARDEN CATERING

Neo Garden is Neo Group's flagship brand and the preferred household caterer of choice.

DELI HUB CATERING

Deli Hub specialises in high-quality halal-certified menus for various types of events and audiences.

ORANGE CLOVE CATERING

Orange Clove has established a strong foothold in the mid-to-high end corporate catering segment.

BEST CATERING

Best Catering offers a range of affordable buffet menus and healthy Tingkat (tiffin carriers) subscription meals at competitive prices, catering to the busy lifestyles of our fast-paced society.

KIM PARADISE

Kim Paradise is Singapore's largest home-meal delivery, with a focus on confinement and nutritious meals that promote "wellness and healing".

GOURMETZ CATERING

Gourmetz serves the childcare, student care and elderly care segments.

SAVOURY CATERING

Savoury Catering delivers fresh and healthy home-cooked meals to customers throughout Singapore.

CHILLI MANIS

Chilli Manis specialises in Peranakan cuisine that have amalgamated signature flavors across Chinese, Malay and Indonesian fares.

LAVISH DINE CATERING

Lavish Dine Catering has built a strong reputation in the premium catering market.

HOW'S CATERING

How's Catering focuses on serving corporate clientele and also provides catering for thematic and festive events, weddings as well as healthier choice gourmet spreads.

OUR BRANDS

FOOD MANUFACTURING

TS GROUP

Established in 1976, TS Group is Singapore's largest fishball manufacturer, distributor and retailer of quality surimi-based (minced fish paste) seafood products in Singapore.

DODO

DoDo's fishballs are known for its fresh taste and the goodness of its bite, with the perfect texture and bounciness that Singaporeans have come to love and enjoy.

FOOD RETAIL

UMISUSHI

The umisushi chain serves a variety of value-for-money Japanese food at great convenience.

KANG KAR

Kang Kar Noodles specialises in traditional minced fish noodles, a healthier choice compared to minced meat noodles.

DODO EXPRESS

DoDo Express is a newly-launched grab-and-go concept that serves fresh and piping hot DoDo signature seafood items.

JOO CHIAT KIM CHOO

Joo Chiat Kim Choo specialises in producing quality rice dumplings, each triangular parcel painstakingly crafted to satisfy every taste bud.

ISSHO IZAKAYA

issho izakaya serves authentic Japanese cuisine through an extensive menu, featuring fresh and high-quality ingredients flown in directly from Japan.

HOTPOT MASTER

HotPot Master is a hotpot delivery service that provides a restaurant-level dining experience complete with freshly-picked ingredients and flavourful nourishing broth, all straight to your doorstep.

SUPPLIES & TRADING

CTVEG GROUP

Established in 1991, CTVeg Group has grown rapidly over the last 28 years to establish itself as one of Singapore's largest fruits and vegetables traders.

U-MARKET PLACE ENTERPRISE

U-Market Place Enterprise is the Group's sourcing arm and is engaged in the business of importing and trading frozen meat products.

NKK IMPORT & EXPORT TRADING

Specialising in wholesale and distribution of food products, equipment and packaging, NKK Import & Export Trading is Neo Group's sourcing arm.

HI-Q

Hi-Q is a manufacturer and supplier of all kinds of resins and plastic packaging products primarily used by businesses operating in the food industry.

LIANG YUAN

As a master in the art of contemporary Chinese cuisine catering, Liang Yuan is set to recalibrate the way one perceives catering. Besides this, Liang Yuan also provides supplies to our subsidiaries such as umisushi.

OTHER BUSINESSES

CHOZ CATERING

Choz Catering is a trusted and established brand for serving both traditional and modern confectionery for babies' full month and wedding celebration since 1996.

I DO FLOWERS & GIFTS

Spearheaded by an industry veteran with over 20 years' experience, I Do Flowers & Gifts provides a delightful flower and gift experience crafted by dedicated floral artisans.

EXTENDING OUR
PRESENCE

PURSUING NEW GROWTH OPPORTUNITIES

Transcending new boundaries sustainably. Upholding the highest sense of responsibility to our stakeholders is at the heart of our corporate culture, which we will bring with us as we fly our flag high in new geographical markets

SUSTAINABILITY REPORT

1. BOARD STATEMENT

We reaffirm our commitment to sustainability with the publication of this sustainability report ("**Report**"). For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("**ESG**") factors and economic performance.

In our journey to build a strong and sustainable business, we are committed to strike a balance between growth, profit, governance, environment, development of our people and well-being of our communities to secure the long term future of our Group. This commitment is reflected in our sustainable business strategy and the material ESG factors which are shown in this Report.

A sustainability policy ("**SR Policy**") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders as well as organisational and external developments.

As announced on 15 March 2019, we will consolidate most of our key operations with the construction of a new headquarters and catering hub ("**new HQ**"). Our new HQ is expected to be completed in the fourth quarter of 2020 and our central kitchens, offices, warehouses, logistics and storage facilities, and other food and beverage operations will be housed in one location. This project will have a profound impact on our journey to sustainability with positive impact on key sustainability factors involving our key stakeholders of employees, customers and shareholders.

2. VISION, MISSION AND CORE VALUES

RISK

OPPORTUNITY

JOURNEY TO SUSTAINABILITY

CORE VALUES

- Formidable
- Outstanding
- Commitment
- Unique
- Service

MISSIONS

- Deliver the best to our customers
- Inspire and nurture our people
- Giving back to the community

VISION

- To grow beyond a billion dollar company

Our journey to sustainability is closely aligned with our vision, mission and core values as our sustainability factors and strategies will bring us to where we envision ourselves to be. Refer to Section 8 for more details on the alignment of our material sustainability factors with our vision, mission and core values.

As we move on with our journey to sustainability, we expect to face risks and obstacles but with a positive and proactive attitude, we believe they can be converted into opportunities and favourable results.

3. REPORTING FRAMEWORK

This Report has been prepared in accordance with the GRI Standards: Core option and published in pursuant to 711(A) and 711(B) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). We have chosen to report using GRI Standards: Core option as it is an internationally recognised reporting framework.

4. REPORTING PERIOD AND COVERAGE

This Report is applicable for the Group's financial year ended 31 March 2019 ("reporting period" or "FY2019"). A Report will be published annually thereafter in accordance with our SR Policy.

This Report covers the key operating entities within the Group which contributed approximately 77% (FY2018: 77%[1]) of the Group's total revenue for the reporting period.

5. FEEDBACK

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: ir@neogroup.com.sg

6. STAKEHOLDER ENGAGEMENT

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, suppliers and shareholders. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by our operations.

We actively engage our key stakeholders through the following channels:

S/N	Key Stakeholder	Engagement Channel
1	Community	We focus on continuous community engagement and has initiated various campaigns to help the communities.
2	Customer	Customers are encouraged to provide their feedback obtained through various touchpoints such as customer listening and communication channels, sales teams, delivery teams and social media to provide valuable insights on current and future customer requirements. Insights gathered are discussed during the management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies.
3	Employee	Senior management holds regular communication sessions with employees to obtain feedback and alignment of business goals across all levels of workforce. Such communication channels include emails and annual staff evaluation sessions where employees can pose questions in person.
4	Regulator	We participate in consultations and briefing organised by key regulatory bodies such as Singapore Stock Exchange so as to furnish feedback on proposed regulatory changes that impact our business.
5	Supplier	We work closely with suppliers to ensure smooth delivery of products. In general, new and existing suppliers are assessed by respective work teams based on specified criteria. Feedback is communicated to the suppliers to ensure quality of products or services delivered.
6	Shareholder	We convey timely, full and credible information to shareholders through announcement on SGXNET, our website (http://www.neogroup.com.sg), annual general meetings, annual reports, and other channels such as business publications and investors' relation events.

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

1 Figure has been restated from "approximately 80%" to "77%" as a correction.

7. POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Group's Sustainability Committee, which includes senior management executives, is led by the Group's CEO, and tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

7.2 Sustainability reporting processes

Under our SR policy, the sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material factors as disclosed in this Report. Processes involved are as shown in the chart on the right:

IDENTIFICATION

Identification of the material factors that are relevant to our Group's activities and data points for performance reporting

PRIORITISATION

Prioritisation of the material factors and identification of key sustainability factors to be reported

VALIDATION

Validation involves the verification of information and data gathered on material factors and to perform an assessment on the completeness of key sustainability factors to finalise the sustainability report content

REVIEW

Monitor, review and update our material factors from the previous reporting period, taking into account the feedback received from engagement with stakeholders as well as organisational and external developments

7.3 Materiality assessment

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
I	High	Factors with high reporting priority are reported on in detail.
II	Medium	Factors with medium reporting priority are considered for inclusion in the Report. If it is decided that such factors are not material, they may be excluded from the Report.
III	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material.

The reporting priority is supported by a materiality factor matrix which considers the level of concern expressed by external stakeholders in relation to a particular sustainability factor and its potential impact on the Group's business.

7.4 Performance tracking and reporting

We track the progress of our material sustainability factors by identifying the relevant data points and measuring them. In addition, performance targets that are aligned with our strategy will be set to ensure that we maintain the right course in our journey to sustainability. We consistently seek to enhance our performance-monitoring processes and improve our data capture systems.

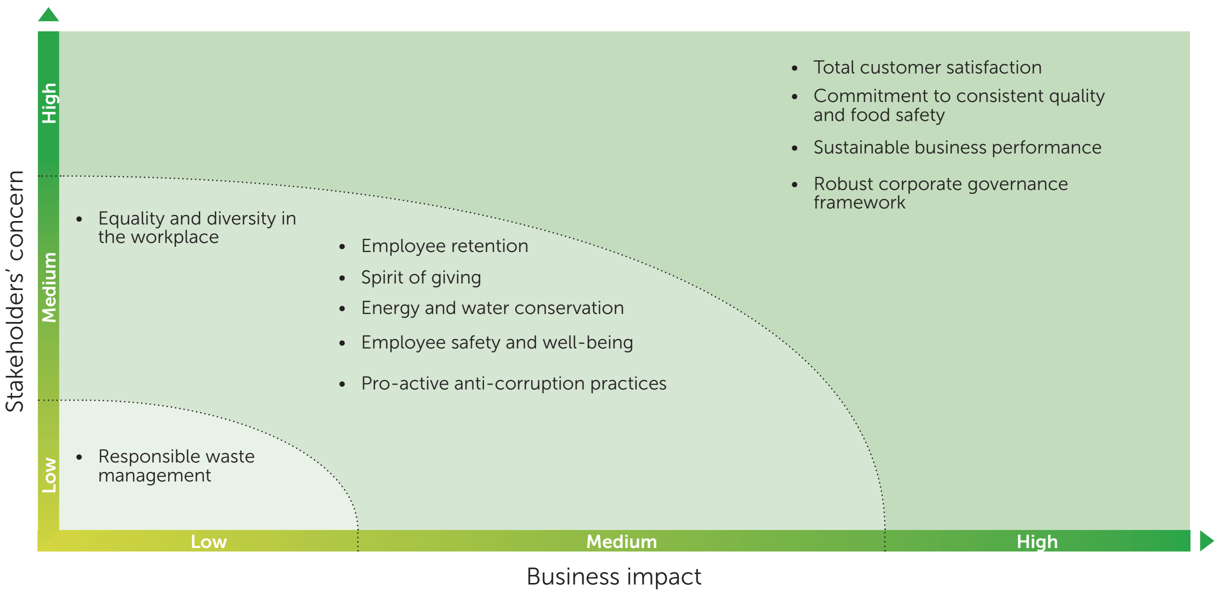
8. MATERIAL FACTORS

Our materiality assessment performed for FY2019 involved the Group's Senior Management in identifying sustainability factors deemed material to our businesses and stakeholders so as to allow us to channel our resources judiciously to create sustainability value for our stakeholders.

Presented below are a list of material sustainability factors and material factor matrix applicable to our Group:

S/N	Material Factor	Mission or Vision	Key Stakeholder	Reporting Priority
General Disclosure				
1	Total customer satisfaction	Deliver the best to our customers	• Customer	I
Social				
2	Commitment to consistent quality and food safety	Deliver the best to our customers	• Customer	I
3	Employee retention	Inspire and nurture our people	• Employee	II
4	Spirit of giving	Giving back to the community	• Community	II
5	Equality and diversity in the workplace	Inspire and nurture our people	• Employee	II
6	Employee safety and well-being	Inspire and nurture our people	• Employee	II
Environmental				
7	Energy and water conservation	Giving back to the community	• Shareholder • Community	II
8	Responsible waste management	Giving back to the community	• Shareholder • Community	III
Economic				
9	Proactive anti-corruption practices	To grow beyond a billion dollar company	• Shareholder • Regulator	II
10	Sustainable business performance	To grow beyond a billion dollar company	• Shareholder	I
Governance				
11	Robust corporate governance framework	To grow beyond a billion dollar company	• Shareholder • Regulator	I

Material factor matrix



We will update the material factors on an annual basis as and when necessary to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each material sustainability factor identified for FY2019 are presented as follows:

8.1 Total customer satisfaction

In line with our mission to deliver the best to our customers, we are committed to retain and build a loyal customer base for our long term sustainability by maximising customer's experience through the following:

Adopt multi-brand strategy and offer one-stop differentiated services
We offer buffets under our portfolio of brands with a wide variety of styles and prices to suit a diverse range of occasions, from private to corporate to community functions. To enhance our value proposition for our customers, we also offer complete event solutions covering event conceptualisation, from logistics sourcing to event execution and management.

Refer to pages 24 to 27 of this Annual Report for more details on our brand portfolio.

Provide quality and safe products
We are constantly innovating to create new products whilst retaining the market-proven ones. An extensive and stringent 5-stage[2] process covering the key stages of product development is adopted. Relevant stakeholders including employees, customers, suppliers and partners are actively involved early in each step of the process so as to develop products that will gain customer's acceptance.

For product safety and consistency in quality, refer to 8.2 for further details.

Render good customer service
We believe a good service recovery program could turn frustrated customers into loyal customers, which includes adopting various measures for food catering segment as follows:

- A service recovery policy is in place to provide our employees with well-defined procedures to recover dissatisfied customers.
- A detailed logistic handbook is in place to guide delivery captains to ensure that deliveries and buffet set-ups comply with the pre-determined standards. For example, delivery captains are required to take photographs of buffet set-ups to ensure that the food is displayed in an orderly manner.

2 The 5-stage process covers the stages of (i) R&D, (ii) testing, (iii) pre-launch, (iv) launch and (v) post-launch

Proactively gather customer feedback for improvements and to develop strategies
Customer satisfaction of the respective segments and brands are measured through customer surveys, trend results of compliment to complaint ratio, new customer sales growth, repeat customer growth and service standard indicators. Under the strategy of continuous improvement to meet customer needs, we received an average of 0.3% (FY2018: 0.3%) negative customer review rate for food catering segment during the reporting period.

In addition, customer feedback collected from various touchpoints such as customer listening and communication channels, sales teams, delivery teams, social media are mined to gather valuable insights into current and future customer requirements. Insights gathered are discussed during the management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies.

Improving customer satisfaction through technology
Technology is widely adopted by us to stay agile in adapting to changing environment. Proprietary systems were developed to support the catering business as follows:

- A catering management system that supports our central kitchens which calculates ingredient proportion to minimise cooking time, schedule kitchen time, tracks the time spent on food preparation and enhances product traceability. This system serves to improve operational efficiency and minimise delays which will affect customer satisfaction adversely.
- A logistics planning and driver management system manages driver assignment, optimises the delivery capacity and minimises delays.
- A customer feedback system gathers and reports on customer satisfaction feedback received from various touchpoints established.
- A secured e-payment services to facilitate payments from our customers.

The focus on total customer satisfaction has helped us to gain competitive advantages in our catering business and won recognitions such as the Singapore No.1 Events Caterers by the Euromonitor International Report and the "Largest Events Caterer and Highest Number of Events catered by a Company in One day" since year 2013 by the Singapore Book Records. Please refer to page 23 for a list of awards and accolades won by us.

Target for FY2019	Performance in FY2019	Target for FY2020
Improve customer review rate	No material change in customer review rate for food catering segment	Improve or maintain customer review rate
Risk and opportunity analysis		
Risk	Risk identified: • Loss of sales arising from a lack of customer satisfaction Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To expand our market share and further entrench our brands with customers	

8.2 Commitment to consistent quality and food safety

We are committed to deliver the best to our customers by providing customers with quality and safe products for long term business sustainability. Key measures taken by us on this front are as follows:

Adoption of market standards

We adopt market standards and best practices in our operations to ensure quality and safety in our products and services. Some of the market standards adopted by our key business segments are as follows:

Business segment	Standards adopted or certification achieved
Food catering	ISO22000:2018
	Halal certificate
	SFA grade "A" and "B"
Food retail	SFA food shop license
Food manufacturing	Hazard analysis and critical control point system
	Halal certificate
	SFA grade "A" (Gold award)[3]
Food trading	ISO22000:2018

Compliance with the standards and continual certifications are subject to audits or reviews by the relevant bodies.

Commitment to consistent quality and food safety

We play an active role in ensuring that strategic suppliers meet our five requirements on cost, quality, supplier capability, delivery and service performance. Strategic suppliers are constantly evaluated through measures such as annual assessments, sampling tests and visits to suppliers' storage locations. Our vertically-integrated value chain, whereby the supply chain is owned and controlled by the Group, also allows us to have better control over the quality of food ingredients for our food catering business.

To uphold our high standard on product quality and safety, we have implemented the following measures:

- A manual on food safety is in place for compliance with the product standards.
- Food safety and quality control teams are set up to conduct regular checks of product quality and proper handling procedures.
- Staff handling food at the outlets, the central kitchen and production floor are required to attend courses on food and beverage safety and hygiene.
- A third party laboratory is engaged to perform periodic testing of food products to ensure food safety and quality. Preventive and corrective actions are taken where appropriate.
- Our central kitchens do not use recycled cooking oil and only use premium-grade vegetable oil to ensure food safety and quality.

3 Thong Siek was awarded SFA Gold Award in 2015 for achieving grade 'A' for 15 consecutive years under the SFA's Food Factory Grading System

There was no major food safety incidents[4] during the reporting period (FY2018: zero incident). Our efforts in upholding high standard on product quality and safety have been recognised through winning the Singapore Quality Award ("**SQA**"), administered by government agency Spring Singapore for the year 2017.

Target for FY2019	Performance in FY2019	Target for FY2020
Adhere to the market standards and best practices in operations	Market standards and best practices have been adopted in our operations and there was no major food safety incidents[4] during the reporting period	Adhere to the market standards and best practices in operations
Risk and opportunity analysis		
Risk	Risk identified: • Improper food handling resulting in food poisoning cases Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To build customer confidence in our products and services	

8.3 Employee retention

The continual success of our business pivots on a team of skilled and qualified staff supervised by experienced and knowledgeable managers. To inspire and nurture our people, we focus on employee retention through the following efforts:

Build a strong corporate culture

We believe a strong corporate culture is critical to retain staff and ensure the business's long term sustainability. Corporate culture conveys our core values to our employees and motivates them to work for the good of the Group. Our core values are FOCUS i.e. Formidable, Outstanding, Commitment, Unique and Service. Key initiatives to foster strong corporate culture amongst our employees are as follows:

- Senior Management leads by example in business and operations.
- Employees are encouraged to make decisions at work that are in line with the core values.
- Team building activities such as sports days and blood donation drives are organised for management and staff regularly to interact and disseminate core values.

Create an environment for excellence

We initiated an organisational-wide Zero Error Transformation Project to nurture the employees towards excellence and taking ownership. In line with the initiative, a Zero Error Committee is in place to review job performance and the committee strives to shape employees behaviour for better work ethics and strive for excellence.

4 A Major Food Safety Incident is defined as an incident whereby at least 5 unrelated customers (at the same venue or event) are affected from consuming food items produced by the Central Kitchen

Maintain a quality team and recognise competency

A talent management program was set up in September 2016 to groom employees at managerial and executive levels. The program aims to provide employees with a clear and forward-looking career path to greater responsibilities and better prospects. Accordingly, employees who meet the criteria are given opportunity to undergo WSQ Level 3 or Level 4 Certificate and Diploma in Leadership and People Management courses depending on their seniority.

In addition, we attained the Approved Training Organisation accredited by the SkillsFuture Singapore. Being accredited allows us to conduct in-house food hygiene course for our employees.

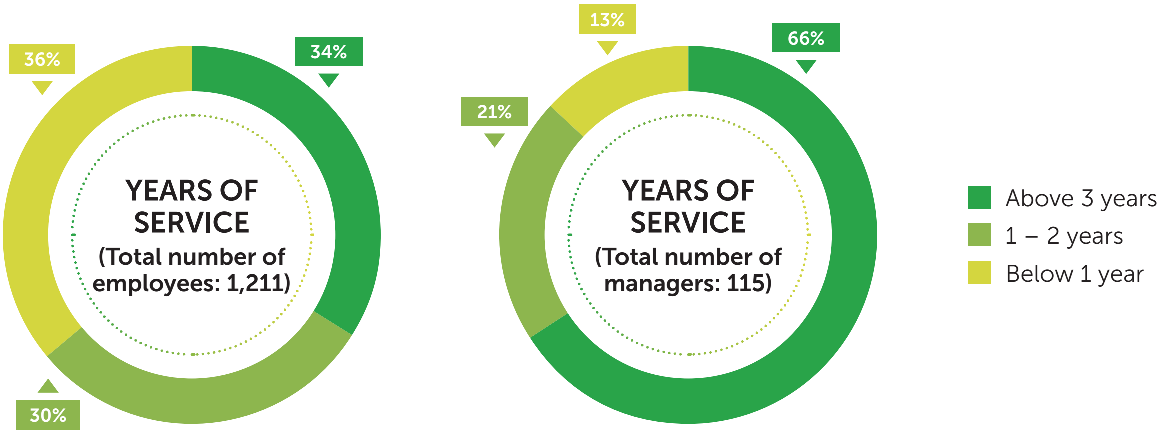
Establish an effective training program

We have a training and development program which provides distinct training and development programmes covering core and soft skill trainings, mandatory courses, supervisory and leadership courses and talent management. In addition, a robust on-the-job training program is also in place, covering the key line functions of kitchen, logistics and sales.

Engage employees constantly

Employees are well engaged constantly via various channels such as monthly Sports and Recreation Days where the CEO and senior management team members take time to increase bonding with employees through personal participation.

A low turnover improves the sustainability of operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 March 2019, approximately 34% (FY2018: 32%) of the employees and 66% (FY2018: 66%) of the managers have more than 3 years of service in the Group.



Target for FY2019	Performance in FY2019	Target for FY2020
Improve employee retention rate	No material change in employee retention rate	Improve or maintain employee retention rate

Risk and opportunity analysis	
Risk	Risk identified: • Loss of key managers Refer to our risk disclosure in the Corporate Governance Report in this annual report
Opportunity	To motivate our employees in propelling our Group to the next level

8.4 Spirit of giving

In line with our mission to give back to the Community, we strive not only to set a good example but also to encourage individuals and other corporates to embrace the spirit of giving. We recognise that long-term success of the business is closely related to the health and prosperity of the communities. Various campaigns were initiated to help the communities as follows:

Neo Seed Fund

Neo Seed Fund is an employee driven fund established to demonstrate our strong belief in giving back to the society. Under this campaign, we cultivate a volunteer culture through encouraging our employees contribute to the fund on a monthly basis and the CEO of the Group will match contributions up to SGD 5,000 a month. Sums collected are managed by an internal Corporate & Social Responsibility Committee made up of employees. Our external partner organizations include Ren Ci Hospital, Cheng Hong Welfare Service Society, Table Tennis Association for the Disabled (Singapore) and Movement for the Intellectually Disabled of Singapore, amongst others.

Begin with love

We believe that a good year begins with a good start. Under the Begin with Love campaign, sales proceeds from the catering business for the first day of the year are donated to charities. More than SGD 100,000 was raised on 1 January 2019 through this campaign.

Blood donation drive

Other than monetary means, we have also given back to the Community through blood donation drives conducted at our premises. Employees, customers and partners across all subsidiaries and departments are invited to do good for the Community by donating blood. Under this campaign, 1,369 units of blood were collected from 4 locations during the reporting period.

Employee volunteerism

We encourage our employees to volunteer in community works as such activities also help in personal development. During the reporting period, approximately 1,000 volunteer hours were clocked amongst the employees which helped over 1,000 beneficiaries. The activities include accompanying elderly folks from the Ren Ci Hospital, as well as a day out with the children from Willing Hearts for their very first laser tag game at East Coast Park and followed by a delicious buffet lunch spread.

Participation in the National Day Parade

We are honoured to be part of the National Day Parade of Singapore held on 9 August 2018 once again with all our subsidiaries. Our employees were involved in numerous weeks of rehearsals leading to the actual national day. This initiative is a gesture of the Group to show appreciation to the Country which allowed us to build our business.

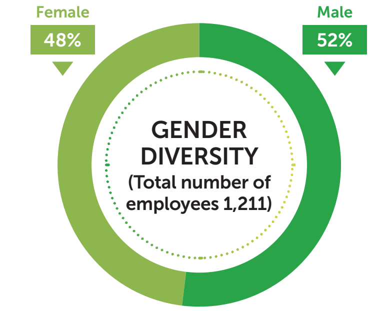
We have donated more than half a million Singapore dollars during the reporting period and our continuous efforts in catalysing corporate giving are recognised through the winning of the Champion of Good award for the second year running. The award was presented by the National Volunteer & Philanthropy Centre which recognises organisations that have been exemplary in their corporate giving efforts.

Target for FY2019	Performance in FY2019	Target for FY2020
Initiate various campaigns to help the communities	Initiated various campaigns to help the communities and our continuous efforts in catalysing corporate giving are recognised through the winning of the Champion of Good award for the second year running	Continue with existing community engagement campaigns

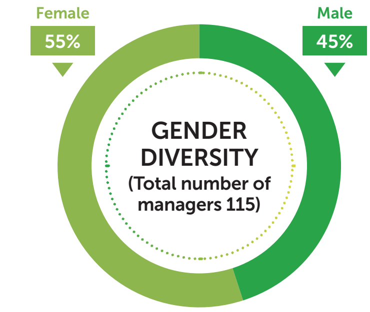
Risk and opportunity analysis	
Risk	No material residual risk associated with this factor is identified
Opportunity	To strengthen our reputation and build goodwill with the communities that we operate in

8.5 Equality and diversity in the workplace

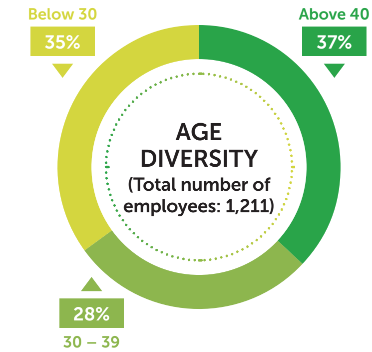
To inspire and nurture our people, we aim to provide a work environment for employees that fosters fairness, equity and respect for social and cultural diversity, regardless of their gender and age. Therefore, we are committed to the goals of diversity and equal opportunity in employment. The total number of full-time employees in the Group as at 31 March 2019 is 1,211 (FY2018: 1,234).



On gender diversity, we view diversity in the Board level as an essential element in supporting sustainable development and in relation to the gender diversity with one (FY2018: one) female representation in the Board of Directors. The percentage of female to total full-time employees is 48% (FY2018: 50%) and about 55% (FY2018: 50%) of managers are females as at 31 March 2019.



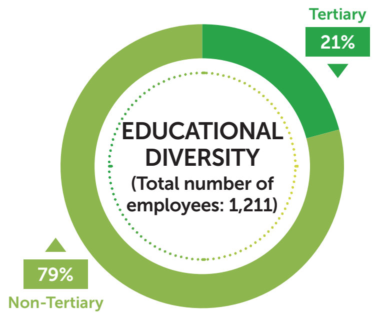
On age diversity, matured workers are valued for their experience, knowledge and skills. As at 31 March 2019, 37% (FY2018: 36%) of the workforce is at least 40 years old.



On diversity in educational background, we seek to create an inclusive environment for employees from different educational background. Due to the nature of our business, our workforce is predominantly non-tertiary educated and such employees contribute approximately 79% (FY2018: 75%) of our total workforce as at 31 March 2019. We invest continuously in our employees through the conduct of in-house training courses to improve their skills.

The distribution of staff by educational level is as follows:

Education qualification	FY2019	FY2018
Tertiary	21%	25%
Non-tertiary	79%	75%
Total	**100%**	**100%**



To promote equal opportunity, we have in place various human resource related processes as follows:

- An interview assessment form is in place to guide interviewers to assess employees based on merit and competency.
- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirement.

Target for FY2019	Performance in FY2019	Target for FY2020
Move towards a more balanced gender, age and educational diversity ratio	No material change in diversity ratios between FY2019 and FY2018	Move towards a more balanced gender, age and educational diversity ratio

Risk and opportunity analysis	
Risk	Risk identified: • Loss of key managers Refer to our risk disclosure in the Corporate Governance Report in this annual report
Opportunity	To create a diverse and inclusive workplace that will bring new perspectives into our business and strengthen our ability to overcome new challenges and innovate

8.6 Employee safety and well-being

A work environment that improves well-being of employees and allows them to work safely without fear of getting injured could build loyalty amongst employees and support the sustainability of the Group. Accordingly, the Group put emphasis on creating a workplace that allows employees to perform and develop in a safe and healthy environment.

The approaches adopted are as follows:

Promote safe working environment
We view workplace safety and health seriously and places great efforts on creating zero-accident workplace environment for employees. Key approaches adopted are as follows:
- A set of safety rules and regulations is in place.
- Safety committee is in place and safety audits are performed by Safety Officer and reported to safety committee regularly.
- New employees are briefed on safety procedures during orientation.
- Fire drills for all staff members are conducted regularly.
- Fire-fighting equipment and measures are installed and implemented. Functionality checks are performed regularly.
- Briefings and talks on occupational safety are organised periodically. For example, our work safety pledge is recited daily by all kitchen operations employees as a constant reminder of the importance of occupational safety and health.
- Regularly track and monitor workplace accidents.

We recorded no workplace fatality (FY2018: zero incident) during the reporting period and 20 (FY2018: 9) non-fatal workplace injuries[5], resulting in 646 man-days (FY2018: 285 man-days) lost during the reporting period. The increase in non-fatal workplace injuries mainly related to work-related fractures and cut injuries. Nonetheless, we remain committed to maintain a safe working environment and lessons from the non-fatal workplace accidents are shared across business units to prevent recurrence. We will continue to work towards reducing both the occurrence and severity of workplace accidents.

Improve physical and mental health
Senior management advocates a culture of strong health awareness and initiatives through activities such as mandatory daily safety pledge in the kitchen, monthly Sports & Recreation day, meet Dr NKK for employees who took sick leave, and quit smoking incentive of SGD 1,000. A functional staff recreation committee is also in place to organise staff-initiated monthly sports or recreational activities.

Our key operating entities are bizSAFE certified by the Workplace Safety and Health Council. Such certifications recognise our continuous efforts to embed safety in our operations.

Target for FY2019	Performance in FY2019	Target for FY2020
N.A.[6]	We recorded no workplace fatality during the reporting period and 20 non-fatal workplace injuries[5], resulting in 646 man-days lost during the reporting period Nonetheless, we are committed to maintain a safe working environment and lessons from the workplace accidents are shared across business units to prevent recurrence	Reduce the number of workplace accidents
Risk and opportunity analysis		
Risk	Risk identified: • Health and safety for workers Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To create a safe working environment that will lower injury or illness costs, reduce absenteeism and turnover, increase productivity and raise employee morale	

5 A workplace injury is defined as one whereby an employee is injured in a work accident resulting in (i) hospitalisation of at least 24 hours and/or (ii) an issuance of a medical certificate of more than 3 days (need not be consecutive)
6 Not applicable as this is a new sustainability factor added in this Report

8.7 Energy and water conservation

We believe preservation of the natural environment is essential for maintaining community sustainability. Accordingly, we are committed to responsible usage of energy and water resources that helps to preserve the environment in which the Group operates in.

Key statistics on resources for supporting business operations are as follows:

Resource	Purpose	Unit	Consumption rate (consumption/sales)	
			FY2019 Unit/SGD'000	FY2018 Unit/SGD'000[7]
Electricity	Used for refrigeration, lighting, office work and cooling	kWh	107.4	106.3
Liquefied petroleum gas ("**LPG**")	Used to operate cooking equipment	SGD	4.7	4.8
Diesel	Used for motor vehicles	Litre	12.8	13.1
Water	• Used in central kitchens to thaw meat and washing • Used in outlets for dishwashing and cleaning purposes • Used as ingredients in the our products	Litre	1.7	2.0

Conservation initiatives adopted by us include the following:

- A no-air-con day on each Friday campaign is launched to increase awareness of employees on energy conservation.
- A systematic maintenance program for operating equipment is in place to maintain energy and water efficiency.
- Energy and water consumption are regularly tracked and analysed. Corrective actions are taken when unusual consumption patterns are observed.
- Lights are turned off for one hour every day when the staff leave for lunch to conserve electricity.

Target for FY2019	Performance in FY2019	Target for FY2020
Reduce the energy and water consumption rate	No material change in energy and water consumption rate between FY2019 and FY2018	Reduce or maintain the energy and water consumption rate

Risk and opportunity analysis	
Risk	Risk identified: • Escalation of costs Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details
Opportunity	To improve our operational efficiency and achieve environmental sustainability

7 Figures relating to FY2018 energy consumption rate have been restated as a correction

8.8 Responsible waste management

We believe that responsible waste management helps to preserve the environment in which we operate in. Accordingly, we are committed to improve the management of waste generated from our operations.

After assessing the level of concern to external stakeholders and potential impact on business, waste generated from our operations is deemed not to be a material sustainability factor as the food products we serve are fast-moving and ingredients can be used interchangeably for different dishes. We target to provide servings that cater to the exact number of guests based on customer orders.

As a firm believer in constant innovation, we have implemented customised information technology systems that connect our sales, logistics and kitchen operations, allowing us to forecast our ingredient needs accurately which will lead to greater efficiency across our key processes from food preparation to delivery and a reduction in food wastage.

Target for FY2019	Performance in FY2019	Target for FY2020
N.A.[8]	Implemented customised information technology systems to improve the production efficiency and reduce waste generated in operations	Continue with existing food waste reducing initiatives and develop action plans (where applicable) to improve the management of waste generated in our operations
Risk and opportunity analysis		
Risk	Risk identified: • Escalation of costs Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To improve our operational efficiency and achieve environmental sustainability	

8.9 Pro-active anti-corruption practices

We are committed to carry out business with integrity by avoiding corruption in any form, including bribery, and complying with the Prevention of Corruption Act of Singapore.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In addition, a code of conduct is in place to provide guidance on business culture and corporate behaviour. In FY2019, no serious offence was reported[9] (FY2018: zero incident).

Target for FY2019	Performance in FY2019	Target for FY2020
N.A.[8]	Achieved zero cases of serious offence	Achieve zero cases of serious offence
Risk and opportunity analysis		
Risk	No material residual risk associated with this factor is identified	
Opportunity	To drive long-term sustainable growth and increase corporate values	

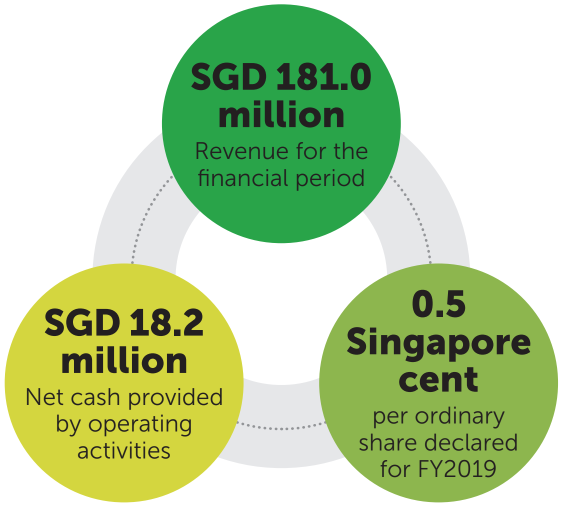
8 Not applicable as this is a new sustainability factor added in this Report

9 A serious offence is defined as one that involves fraud or dishonesty amounting to not less than SGD 100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company

8.10 Sustainable business performance

To achieve our vision of becoming a billion dollar company, we strive to reward long-term economic value for shareholders by providing shareholders by way of consistent profits and dividend payments.

In FY2019, we recorded revenue of SGD 181.0 million (FY2018: SGD178.2 million) and generated SGD 18.2 million (FY2018: SGD 17.6 million) of net cash provided by operating activities. A final tax-exempt dividend of 0.5 Singapore cent (FY2018: 1.0 Singapore cent) per ordinary share was declared for FY2019. We will continue to review our dividend rate in view of our business expansion needs and the construction of our headquarters and catering hub at 30B Quality Road.



Details of our economic performance can be found in the audited financial statements of the Annual Report.

Target for FY2019	Performance in FY2019	Target for FY2020
Improve our financial performance	We have achieved both bottom line and revenue growth.	Improve our financial performance

Risk and opportunity analysis	
Risk	Risks identified: • Escalation of costs • Adverse movements in market interest rate • Loss of sales arising from a lack of customer satisfaction Refer to our risk disclosure in the Corporate Governance Report in this annual report
Opportunity	To create long-term economic value for our shareholders

8.11 Robust corporate governance framework

We are committed to high standards of corporate governance and believes a high standard of corporate governance is integral in ensuring sustainability of our business as well as achieving our vision to become a billion dollar company.

We have put in place a risk management framework ("**ERM framework**") to track and manage the risks in which we are exposed. We regularly assess and review our businesses and operational environment to identify and manage emerging and strategic risks that may impact our sustainability.

The overall Singapore Governance and Transparency Index ("**SGTI**") score assessed by National University of Singapore Business School is 66 for the year 2018 (Year 2017: 63).

The Board and Management firmly believe that our quest for good governance lies in putting in place an effective framework of risk management and internal controls that is aligned with market standards and best practices. Refer to the Corporate Governance Report of the Annual Report for details for our corporate governance practices.

Target for FY2019	Performance in FY2019	Target for FY2020
Improve our SGTI score	SGTI score increased by 3 points in year 2018	Improve or maintain SGTI score
Risk and opportunity analysis		
Risk	No material residual risk associated with this factor is identified	
Opportunity	To drive long-term sustainable growth and increase corporate values	

9 GRI CONTENT INDEX

General standard disclosure		Section reference	Page
Organisation profile			
102-1	Name of the organization	Neo Group's Corporate Profile	1
102-2	Activities, brands, products, and services	• Neo Group's Corporate Profile • Our Brands	1 24 – 27
102-3	Location of headquarters	• Corporate Information • Financial Contents > Notes to the Financial Statements > General Corporate Information	48 100
102-4	Location of operations	• Financial Contents > Notes to the Financial Statements > General Corporate Information • Financial Contents > Notes to the Financial Statements > Investments in Subsidiaries	100 132 – 141
102-5	Ownership and legal form	• Group Structure • Financial Contents > Notes to the Financial Statements > General Corporate Information • Financial Contents > Notes to the Financial Statements > Investments in Subsidiaries • Statistics of Shareholdings	18 100 132 – 141 172
102-6	Markets served	• Neo Group's Corporate Profile • Global Network	1 16 – 17
102-7	Scale of the organization	• Financial Highlights • Our Brands • Sustainability Report > Material Factors > Employee Retention • Sustainability Report > Material Factors > Equality and Diversity in the Workplace • Financial Contents > Statements of Financial Position • Financial Contents > Consolidated Statement of Comprehensive Income	2 – 3 24 – 27 36 – 38 40 94 95
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	40
102-9	Supply chain	Sustainability Report > Material Factors > Commitment to Consistent Quality and Food Safety	35 – 36
102-10	Significant changes to the organization and its supply chain	There was no significant changes to the organization and its supply chain during the reporting period	–
102-11	Precautionary Principle or approach	None	–
102-12	External initiatives	None	–
102-13	Membership of associations	None	–
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	29

General standard disclosure		Section reference	Page
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	• Sustainability Report > Vision, Mission and Core Values • Corporate Governance Report	29 49 – 82
Governance			
102-18	Governance structure of the organization	• Sustainability Report > Material Factors > Robust Corporate Governance Framework • Corporate Governance Report	44 49 – 82
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	30
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	30
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	30
102-44	Key topics and concerns raised	• Sustainability Report > Stakeholder Engagement • Sustainability Report > Material Factors > Total Customer Satisfaction	30 33 – 34
Reporting practice			
102-45	Entities included in the consolidated financial statements	• Group Structure • Financial Contents > Notes to the Financial Statements > Investment in Subsidiaries	18 132 – 141
102-46	Defining report content and topic Boundaries	Sustainability Report > Sustainability Reporting Processes	31
102-47	List of material topics	Sustainability Report > Material Factors	32
102-48	Restatements of information	There are some minor restatements of the following: • Coverage • 2018 energy and water consumption rate	 30 42
102-49	Changes in reporting	Sustainability factors added: • Employee Safety and Well-Being • Responsible Waste Management • Proactive Anti-Corruption Practices	 41 43 43
102-50	Reporting period	Sustainability Report > Reporting Period and Coverage	30
102-51	Date of most recent report	Annual Report 2018 > Sustainability Report 2018	–
102-52	Reporting cycle	Sustainability Report > Reporting Period and Coverage	30
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	30
102-54	Claims of reporting in accordance with the GRI Standards and GRI content index	• Sustainability Report > Reporting Framework • Sustainability Report > GRI Content Index	30 45 – 47
102-55	GRI content index	Sustainability Report > GRI Content Index	45 – 47
102-56	External assurance	We may seek external assurance in the future	–

General standard disclosure		Section reference	Page
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103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	32
103-2	The management approach and its components	Sustainability Report > Material Factors	32 – 44
103-3	Evaluation of management approach	Sustainability Report > Material Factors	32 – 44
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201-1	Direct economic value generated and distributed	• Financial Highlights • Business Review • Sustainability Report > Material Factors > Sustainable Business Performance • Financial Contents > Statements of Financial Position • Financial Contents > Consolidated Statement of Comprehensive Income	2 – 3 19 – 21 44 94 95
205-3	Confirmed incidents of corruption and actions taken	• Sustainability Report > Material Factors > Proactive anti-corruption practices	43
Category: Environmental			
302-3	Energy intensity	Sustainability Report > Material Factors > Energy and Water Conservation	42
303-5	Water consumption	Sustainability Report > Material Factors > Energy and Water Conservation	42
306-2	Waste by type and disposal method	Sustainability Report > Material Factors > Responsible Waste Management	43
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Retention	36 – 38
403-9	Work-related injuries	Sustainability Report > Material Factors > Employee Safety and Well-Being	41
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report > Material Factors > Employee Retention	36 – 38
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	40
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report > Material Factors > Spirit of Giving	38 – 39
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report > Material Factors > Commitment to Consistent Quality and Food Safety	35 – 36

CORPORATE INFORMATION

BOARD OF DIRECTORS

NEO KAH KIAT, PBM
Founder, Chairman and CEO

LIEW OI PENG
Executive Director

LIEW CHOH KHING
Executive Director

YEO KOK TONG
Lead Independent Director

TAN LYE HUAT
Independent Director

NG HOW HWAN, KEVIN
Independent Director

AUDIT COMMITTEE

TAN LYE HUAT
Chairman

NG HOW HWAN, KEVIN

YEO KOK TONG

NOMINATING COMMITTEE

YEO KOK TONG
Chairman

TAN LYE HUAT

NG HOW HWAN, KEVIN

REMUNERATION COMMITTEE

NG HOW HWAN, KEVIN
Chairman

TAN LYE HUAT

YEO KOK TONG

COMPANY SECRETARIES

ONG BEE CHOO (ACIS)

PAN MI KEAY (ACIS)

REGISTERED OFFICE

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Singapore 629813
T: (65) 68967757
F: (65) 65151235

COMPANY REGISTRATION NO.

201207080G

SHARE REGISTRAR & SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

SPONSOR

CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road,
#23-01 Parkview Square,
Singapore 188778

Partner-in-charge:
YEO SIOK YONG
(Appointed since the financial year ended 31 March 2019)

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

DBS Bank Ltd
12 Marina Boulevard
Marina Bay Financial Centre
Tower 3 – Level 43
Singapore 018982

CIMB Bank Berhad, Singapore Branch
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Singapore 048623

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JOEY HO

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T: (65) 534-5122

CORPORATE GOVERNANCE REPORT

Neo Group Limited (the "**Company**") and its subsidiaries (the "**Group**") continue to be committed to high standards of corporate conduct. The Board of Directors ("**Board**") and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group's businesses and performance. To discharge its governance function, the Board and its Committees have established policies and rules to govern their activities. The Board and its Committees are guided by their respective Terms of References.

The Board is pleased to report the Company's corporate governance practices for the financial year ended 31 March 2019 with specific reference to each guideline of the Code of Corporate Governance 2012 (the "**Code**"). The Board noted the revised Code of Corporate Governance issued on 6 August 2018 ("**Revised Code**") which is only effective from the Company's financial year commencing 1 April 2019 and will endeavour to comply with the Revised Code once it is effective.

The Board, after making due inquiries, believes that the Company has complied in all material aspects with the principles and guidelines as set out in the Code, exceptions of which are set out below:

(a) Guideline 3.1 – Common role of Chairman and CEO;

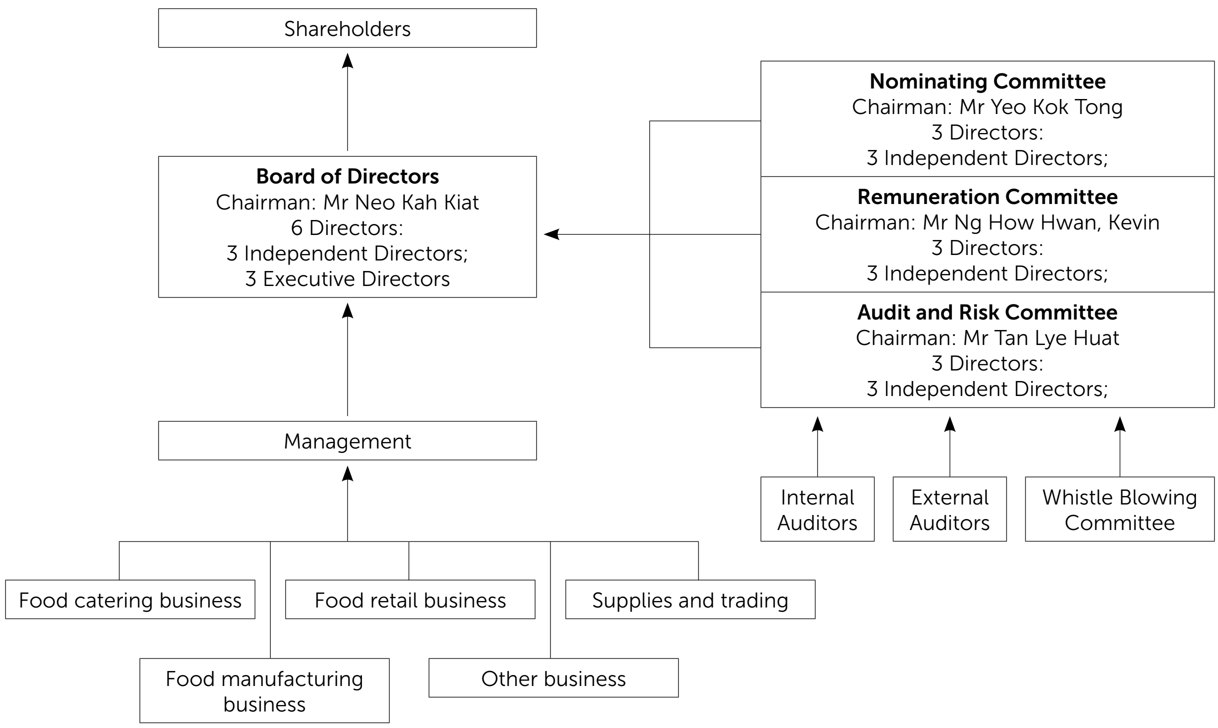
(b) Guideline 9.2 – Remuneration of Directors;

(c) Guideline 9.3 – Remuneration of Key Management Personnel; and

(d) Guideline 11.4 – Risk Committee.

The following describes the Group's corporate governance practices with reference to the Code.

CORPORATE GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE REPORT

BOARD MATTERS

The Board's Conduct of its Affairs

The Board oversees the overall strategy and business direction of the Group and is collectively responsible for its long-term success. The Management also plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfillment of its responsibilities.

Principle 1: Effective Board to Lead and Control the Company

Guideline 1.1
Roles of Board

The Board recognises that its principal functions include, *inter alia*, providing entrepreneurial leadership, setting strategic objectives, reviewing and monitoring Management's performance toward achieving organisational goals, establishing a framework of prudent and effective controls which enables risk to be assessed and managed, identifying key stakeholder groups and recognise their perceptions affecting the Company's reputation, overseeing succession planning for management, setting corporate values and standards for the Group to ensure that the obligations to shareholders and other stakeholders are met, and considering sustainability issues including environmental, social, governance and economic factors in the Group's strategic formulation.

Guideline 1.2
Objective Decision Making

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with the Management to take objective decisions in the interest of the Group.

Guideline 1.3
Delegation of Authority to Board Committees

The Board has delegated certain matters to specialised committees of the Board. These committees include the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit and Risk Committee ("**ARC**") (collectively, the "**Board Committees**"). These Board Committees are made up of Independent Directors and each chaired by Independent Director. Each Board Committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

Guideline 1.4
Meetings of Board and Board Committees

The dates of Board and Board Committee meetings as well as the annual general meeting ("**AGM**") will be scheduled in advance. To assist directors in planning their attendance, the Company Secretary will first consult every director before fixing the dates of these meetings. The Board will meet at least four times a year and as warranted by particular circumstances. Ad hoc meetings will also be convened to deliberate on urgent substantive matters. The Company's Constitution provides for the Board to convene meetings via telephone conferencing and electronic means in the event when Directors were unable to attend meetings in person. To enable members of the Board and its Board Committees to prepare for the meetings, agendas were circulated at least a week in advance and most materials dispatched a few days before the meetings. During financial year ended 31 March 2019 ("**FY2019**"), the Board conducted 5 meetings with full attendance.

The details of the number of meetings held for the Board and Board Committees during FY2019 and the attendance of each Director at those meetings are disclosed below:

Name of Directors	Board of Directors No. of meeting held 5 Attended	Audit and Risk Committee No. of meeting held 4 Attended	Nominating Committee No. of meeting held 1 Attended	Remuneration Committee No. of meeting held 1 Attended
Neo Kah Kiat	5	NA	NA	NA
Liew Oi Peng	5	NA	NA	NA
Liew Choh Khing	5	NA	NA	NA
Yeo Kok Tong	5	4	NA	1
Tan Lye Huat	5	4	1	NA
Ng How Hwan, Kevin	5	3	1	1
Wong Hin Sun, Eugene*	2	1	1	1

* Wong Hin Sun Eugene retired as Non-Executive Non-Independent Director of the Company with effect from 26 July 2018.

Guideline 1.5
Internal Guidelines on Matters Requiring Board Approval

The Company has adopted internal guidelines setting forth matters that require Board's approval. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to its Board Committees and the Management via a structured Delegation of Authority matrix. The Board Committees and the Management remain accountable to the Board. This matrix, which is reviewed on a regular basis and revised accordingly when necessary, includes the following significant matters which require the Board's specific approval:

(i) material acquisition and disposal of assets/investments

(ii) corporate/financial restructuring and corporate exercises

(iii) budgets/forecasts

(iv) policies & procedures, delegation of authority matrix, code of conduct & business ethics

(v) material financial/funding arrangements and capital expenditures

During FY2019, the Board reviewed and approved the Group's annual budget and business plans; and on a quarterly basis monitors the financial performance of the Group. The Board also deliberated on other key business activities and material transactions that exceeded the limits of authority delegated to the Management or Board Committees.

Guideline 1.6
Continuous Training & Development of Directors

The Company offers Directors opportunities to update and refresh their knowledge on an on-going basis, to enable them to continue fulfilling their roles as Board members and Committee members effectively. During the year, the Management also kept the Directors up-to-date on pertinent developments in the business including changes in laws and regulations, code of corporate governance, financial reporting standards and industry-related matters. Such periodic updates were provided to Directors to facilitate the discharge of their duties. During the year, some Directors have attended third party-run programmes to enhance their knowledge to better serve the Group.

The Company is also responsible for arranging and funding the training of Directors. During the year reported on, the Board had received appropriate training to develop the necessary discharge of their duties. All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable.

Guideline 1.7
Letter to Directors on Appointment

Newly appointed Directors will be provided a formal letter setting out their duties and obligations. They will be given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices.

No new Director was appointed during FY2019.

Board Composition and Guidance

Principle 2: Independent Element on the Board

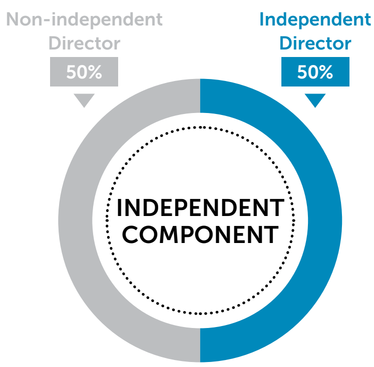
Guideline 2.1
Independent Element of the Board

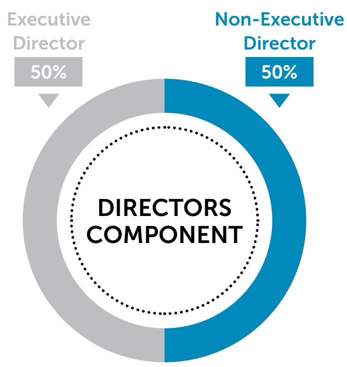
The NC determines the independence of each Director annually. An Independent Director is one who has no relationship with the Company, its related companies, its substantial shareholders (as defined in the Code) or its officers that can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment to the best interests of the Company.

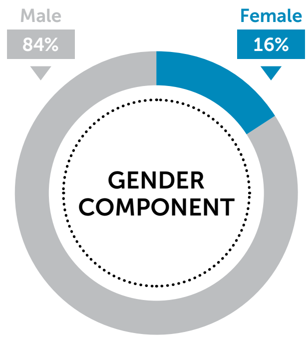
As at the date of this report, the Board comprises six (6) Directors, three (3) of whom are independent. The NC conducted its annual review of the Directors' independence and was satisfied that the Company complies with the guidelines of the Code which provides that at least one-third of the Board is made up of Independent Directors.

Guidance 2.2
Composition of Independent Director on the Board

As the Chairman, Mr Neo Kah Kiat, is not an Independent Director, the NC has reviewed the composition of Independent Directors on the Board and has recommended to the Board to consider increasing the independence element so as to be in line with the relevant guidelines of the Code. Guideline 2.2 of the Code provides that Independent Directors make up at least half of the Board where, *inter alia*, the Chairman on the Board is not an Independent Director and where such guideline has to be complied as soon as possible. The board size of six members complies with the requirement of the Code, which provides that at least half of the Board is made up of Independent Directors.







Guideline 2.3
Independence of Directors

The NC, in its deliberation as to the independence of a Director, took into account examples of relationships as set out in the Code, considered whether a Director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgments. In this respect, the NC affirmed that Mr Tan Lye Huat, Mr Ng How Hwan, Kevin and Mr Yeo Kok Tong remain Independent Directors of the Company. The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view in the best interest of the Company.

Guideline 2.4
Independence of Directors Who Have Served on the Board beyond Nine Years

None of the Independent Directors have served on the Board beyond nine years from their respective date of appointment. Therefore, the Guideline 2.4 of the Code is not applicable.

Guideline 2.5
Composition and Size of the Board

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The Board's composition is reviewed annually by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is of the view that the current Board comprises persons whose diverse skills, experience and attributes provide for an effective Board. The Board members also collectively possess the necessary core competencies for the effective functioning of the Board and an informed decision making process. Nevertheless, in order to fulfill the requirement of the Guideline 2.2 of the Code, the NC had deliberated the Board size and concluded to be of six members after the upcoming Seventh AGM.

A summary of the composition of the Board and Committees as of this report is set out below:-

Name of Directors	Status	Board of Directors	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Neo Kah Kiat	ED, NID	C	–	–	–
Liew Oi Peng	ED, NID	M	–	–	–
Liew Choh Khing	ED, NID	M	–	–	–
Yeo Kok Tong	NED, Lead ID	M	M	C	M
Tan Lye Huat	NED, ID	M	C	M	M
Ng How Hwan, Kevin	NED, ID	M	M	M	C

Legend:
C – Chairman; M – Member; ED – Executive Director; NED – Non-Executive Director; ID – Independent Director; NID – Non-Independent Director

During FY2019, the NC conducted its annual review of the Directors' independence and was satisfied that the Company has complied with the guidelines of the Code, including the guideline that at least one-third of the Board is made up of Independent Directors.

Guideline 2.6
Competency of the Board

To assist the NC in its annual review of the Directors' mix of skills and experiences that the Board requires to function competently and efficiently, the Directors updated their Board of Directors Competency Matrix form by providing additional information (if any) in their respective areas of specialisation and expertise.

The NC, having reviewed the returns, is satisfied that members of the Board possess the relevant core competencies in areas such as accounting and finance, business and management experience, and strategic planning. In particular, the Executive Directors possess good industry knowledge while the Non-Executive Directors, who are mostly professionals in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgment during Board deliberations. Details of the Directors' qualifications, background and working experience, principal commitments and shareholdings in related corporations are set out on pages 9 to 12.

Guideline 2.7
Role of Non-Executive Directors

During the year, the Non-Executive Directors constructively challenged and helped develop the Group's proposals on business strategies. Management's progress in implementing such agreed business strategies were monitored by the Non-Executive Directors.

Guideline 2.8
Regular Meetings of Non-Executive Directors

During the year, the Non-Executive Directors communicated and met amongst themselves without the presence of Management as and when the need arose. The Company also benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committees meetings.

Chairman and Chief Executive Officer

Principle 3: Clear Division of Responsibilities and Balance of Power and Authority

The Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should represent a considerable concentration of power.

Guideline 3.1
Common Role of Chairman and CEO

Mr Neo Kah Kiat is both the Chairman of the Board ("**Chairman**") and Chief Executive Officer ("**CEO**") of the Company. The Board is of the view that it is not necessary to separate the role of the Chairman and the CEO after taking into consideration the size, scope and the nature of the operations of the Group. Mr Neo Kah Kiat is the founder of the Group and has played an instrumental role in developing the business since its establishment. He has considerable industry experience and business network and has also provided the Group with strong leadership and vision. The Board is of the view that it is in the interest of the Group to adopt a single leadership structure at this point in its development.

Guideline 3.2
Role and Responsibilities of Chairman

The Chairman, who is also the CEO, is responsible to the Board for corporate directions and operational efficiency, development and review of the Group's policies and strategies, and ensuring a cohesive working relationship among the Directors, and timeliness of information flow between the Board and the Management to ensure its effectiveness.

He also ensures that the Directors receive accurate, timely and clear information, ensure effective communication with Shareholders, encourage constructive relations between the Board and the Management, promote a culture of openness and debate at the Board, as well as facilitate the effective contribution of Non-Executive Directors.

Guideline 3.3
Appointment of Lead Independent Director

Given that the Chairman is not an Independent Director, Mr Yeo Kok Tong has been appointed as the Lead Independent Director of the Company for the shareholders in situations where there have concerns or issues which communication with the Chairman and CEO and/or Group Financial Controller has failed to resolve or where such communication is inappropriate. Mr Yeo Kok Tong will also take the lead in ensuring compliance with the Code.

In order to lend further voice to Independent Directors at the end of each board meeting, they are invited to have their salient concerns addressed to the Board and entered into minutes.

Guideline 3.4
Lead Independent Director to lead the Independent Directors to meet periodically

The NC, RC and ARC are all chaired by Independent Directors.

The Board is of the view that given the current board composition, there are sufficient safeguards and checks in place to ensure that the process of decision-making by the Directors is independent and based on collective decision-making without the Chairman and CEO being able to exercise considerable concentration of power or influenced by the Lead Independent Director, the Independent Directors will be meeting periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings as appropriate.

Board Membership

Principle 4: Formal and Transparent Process for the Appointment and Re-appointment of Directors to the Board

Guideline 4.1
NC Membership and Key Terms of Reference

The NC consists of three (3) members with a majority, including the NC Chairman, being Independent Directors. They are:

Mr Yeo Kok Tong, Chairman	(Lead Independent Director)
Mr Tan Lye Huat,	(Independent Director)
Mr Ng How Hwan, Kevin	(Independent Director)

The NC, which meets at least once a year, carries out its duties in accordance with a set of written Terms of Reference which includes, mainly, the following:-

- reviewing and recommending to the Board on all Board appointments, including the nomination or re-nomination of the Directors having regard to the Directors' contribution and performance;
- developing a process for selection, appointment and re-appointment of Directors (including alternate directors, if applicable) to the Board;
- reviewing orientation programs for new Directors and training and professional development programs for the continuing training of the Directors;
- determining on an annual basis whether or not a Director is independent bearing in mind the salient factors set out in the Code;

- deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards;

- assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board;

- reviewing the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise and make recommendations to the Board with regard to any changes; and

- reviewing and approving any new employment of related persons and the proposed terms of their employment.

During FY2019, the NC held one scheduled meeting with full attendance.

Guideline 4.2
Responsibilities of NC

Key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board and each Director as well as succession planning which form a critical part of corporate governance process for CEO and board members. It seeks to refresh the board membership as it thinks fit in an orderly and progressive manner so as to keep institutional memory intact. It also ensures compliance with the requirements of the Company's Constitution which provides that at each annual general meeting ("**AGM**"), one-third of the Board is required to retire and provided always that every director shall retire from office at least once every 3 years. In addition, the Directors, by the recommendation of NC, shall have the power to appoint any person to be the Director either to fill a casual vacancy or as an additional Director. All new Directors who are appointed by the Board are subject to re-election at the next AGM but shall not be taken into account in determining the numbers of Directors who are retire by rotation at such meeting. In this respect, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming Seventh AGM:

<u>Pursuant to Article 98 of the Constitution of the Company:</u>

i. Ms Liew Oi Peng

ii. Mr Tan Lye Huat

In making the recommendations, the NC considers the overall contribution and performance of the Directors as well as the internal guideline set for rotation of independent directors. The NC member had abstained from deliberation in respect of his own nomination and assessment.

The NC reviewed the independence of the Directors as mentioned under Guidelines 2.3 and 2.4. The NC has affirmed that Mr Tan Lye Huat, Mr Ng How Hwan, Kevin and Mr Yeo Kok Tong are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence.

Guideline 4.3
NC to determine Directors' Independence

Each Director of the Company will annually confirm his independence (or otherwise) based on a checklist. The checklist is drawn up based on the guidelines provided in the Code. The NC has reviewed the independence of the Directors as mentioned under Guidelines 2.3 and 2.4 above, based on, *inter alia*, their declarations as aforesaid. As and when circumstances require, the NC will also assess and determine a Director's independence.

Guideline 4.4
Commitments of Directors Sitting on Multiple Boards

In assisting the NC to determine whether Directors who are on multiple boards have committed adequate time to discharge their responsibilities towards the Company's affairs, internal guidelines have been established to address the competing time commitments faced by Directors serving on multiple boards. To address the competing time commitments that are faced when Directors serve on multiple boards, the NC has reviewed and made recommendation to the Board accordingly on the maximum number of listed company board appointments which any Director may hold. Based on the recommendation, the Board has determined and set the maximum number of listed company board appointments at not more than five (5) other listed companies. Currently, none of the Directors hold more than five (5) directorships in other listed companies. No person would be appointed as an Independent Director if he/she, prior to such appointment, is already holding more than 5 directorship appointments in any publicly listed company on the SGX-ST or any other international stock exchanges; and for person with full-time employment (with existing employment contract), he/she should obtain consensus from his/her employer(s) before accepting the appointment as Director and he/she should not hold more than 2 other independent directorships in any publicly listed company on the SGX-ST or international stock exchanges prior to his/her appointment.

The NC, having reviewed each Directors' outside directorships as well as each Director's attendance and contributions to the Board, is satisfied that Directors have spent adequate time on the Company's affairs and have carried out their responsibilities.

Guideline 4.5
Appointment of Alternate Director

Presently, the Company does not have any Alternate Director.

Guideline 4.6
Process for the selection and appointment and re-appointment of Directors to the Board

The Company has established the following process for the selection and appointment of new directors:

1. The NC determines a suitable size of the Board; and evaluates the balance of skills, knowledge and experience of members of the Board required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the operations of the Company.

2. The NC considers the various sources of seeking suitable candidate(s) either through internal promotion such as via the Company's succession planning; or recommendations from Directors/substantial shareholders; or external sources e.g. search consultants.

3. Short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, and to complete the following prescribed forms:

   (i) Director's Declaration on Independence;

   (ii) Internal Guidelines for Directors Serving on Multiple Boards; and

   (iii) Board of Directors Competency Matrix.

4. The NC evaluates the candidate(s) in areas of academic and professional qualifications, knowledge and experiences in relation to the business of the Group, independence status and other directorships.

5. The NC evaluates how the short-listed candidate(s) will fit in the overall desired competency matrix of the Board.

6. The NC makes recommendation to the Board for approval. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required.

Guideline 4.7
Key Information of Directors

Key information of each director's academic, professional qualifications and other principal commitments can be found in pages 9 to 12 of the "Board of Directors" section of this Annual Report.

Directors' key information is set out below:-

Name of Directors	Date of First Appointment	Date of Last Re-election	Present Directorships and Chairmanships in Other Listed Companies	Directorships and Chairmanships in Other Listed Companies over the preceding three years
Neo Kah Kiat	22 March 2012	26 July 2018	NIL	NIL
Liew Oi Peng	22 March 2012	27 July 2017	NIL	NIL
Liew Choh Khing	1 May 2012	27 July 2017	NIL	NIL
Yeo Kok Tong	1 October 2014	26 July 2018	NIL	NIL
Tan Lye Huat	11 June 2012	27 July 2017	i. SP Corporation Limited ii. Japan Foods Holding Ltd. iii. Dynamic Colours Limited iv. Nera Telecommunications Ltd	NIL
Ng How Hwan, Kevin	11 June 2012	26 July 2018	Singapore Kitchen Equipment Limited	NIL

Board Performance

Principle 5: Assessment of the Effectiveness of the Board

Guideline 5.1
Board Performance

The NC has in place a framework for annual Board performance evaluation to assess the effectiveness of the Board as a whole and its ability to discharge to facilitate discussion to discharge its responsibilities in providing stewardship, corporate governance and oversight of Management's performance duties more effectively.

For the year under review, all Directors participated in the evaluation by updating their respective feedbacks in their completed Board Performance Evaluation questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability, matters concerning CEO/key management personnel and standards of conduct of Board members being completed by each individual Director which is the prescribed form established for this purpose. To ensure confidentiality, the updated evaluation returns by Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year.

Guideline 5.2
Performance Criteria for Board Evaluation

There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board. The NC assesses the performance and effectiveness of the Board as a whole as well as the contribution of individual Directors to the effectiveness of the entire Board. The qualitative measures include the effectiveness of the Board in its monitoring and the attainment of the strategic objectives set by the Board.

The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter the NC to review and determine the actions required to ensure continuous improvement of the corporate governance of the Company and effectiveness of the Board as a whole.

Board performance criteria

(i) The Board's effectiveness in its monitoring role and attainment of the strategic and long-term objectives;

(ii) The Board's ability to ensure information flow and accountability; and

(iii) The Board's ability to ensure respective committees' performance.

Guideline 5.3
Evaluation of Individual Director

The evaluation of individual Director's performance is performed on an annual basis at the same time as evaluation of the performance of the Board as a whole based on, amongst others, the Director Assessment questionnaire to assess Directors' respective areas of specialisation and expertise, and general consideration of such other factors as mentioned below.

For the year under review, the NC also took note of each individual Director's attendance at meetings of the Board and Board committees as well as at general meeting(s); participation in discussions at meetings; knowledge of and contacts in the regions where the Group operates; the individual Director's functional expertise and his commitment of time to the Company.

Access to Information

Principle 6: Board Members should be provided with Complete, Adequate and Timely Information

Guideline 6.1
Board's Access to Information

To enable the Board to fulfill its responsibilities, it obtains information it deems adequate, complete and in a timely manner from the Management so as to make informed decisions. A system of communication between the Management, the Board and its Committees has been established and improved over time.

The Board, its Committees and every director have separate and independent access to the Management and are free to request additional information as needed to make informed decisions.

Guideline 6.2
Provision of Information to the Board

In addition to the annual budget and business plans submitted to the Board for approval, the Board was provided with quarterly management report which contains key performance indicators informing the Directors of the Group's performance, position and prospects. The Management also kept the Board apprised of material variances between the actual results, corresponding period of last year and the budget, with appropriate explanation on such variances. Further, additional information is circulated to the Board on a regular basis as and when there is material development in the Group's business operations.

Guideline 6.3
Board's Access to the Company Secretary

The role of the Company Secretary is, *inter alia*, advising the Board on all governance matters and ensuring that all Board procedures are followed.

Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and its Committees and between the Management and Non-Executive Directors.

Directors have separate and independent access to the Company Secretary through e-mail, telephone and face-to-face meetings. During FY2019, the Company Secretary attended all meetings of the Board and its Board Committees and the minutes of such meetings were promptly circulated to all Board and Board Committees as appropriate.

Guideline 6.4
Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary are subject to the approval of the Board.

Guideline 6.5
Board's Access to Independent Professional Advice

In the furtherance of their duties, the Independent Directors may seek independent professional advice, where appropriate, with such expense borne by the Company.

REMUNERATION MATTERS

Matters concerning remuneration of the Board, senior executives and other employees who are related to the controlling shareholders and/or the Directors (if any) are handled by the RC whose primary function is to develop formal and transparent policies on remuneration matters in the Company. The RC also reviews and ensures that the Company's remuneration system is appropriate to attract, retain and motivate the required talent to run the Company successfully.

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this Report under Principles 7, 8 and 9; and in the Financial Statements of the Company and of the Group.

Principle 7: Procedures for Developing Remuneration Policies

Guideline 7.1
Remuneration Committee

The RC comprises the following three (3) Directors, all of whom are Non-Executive and the majority, including the RC Chairman, being independent:

Mr Ng How Hwan, Kevin, Chairman	(Independent Director)
Mr Yeo Kok Tong	(Lead Independent Director)
Mr Tan Lye Huat	(Independent Director)

The RC is guided by its written Terms of Reference which clearly set out its authority and duties. Key Terms of Reference include, mainly, the following:

- Offer an independent perspective in assisting the Board in the establishment of a formal and transparent procedure for developing policy on remuneration matters for the Directors and key management personnel of the Company;

- Establish appropriate framework of remuneration policies to motivate and retain Directors and executives, and ensure that the Company is able to attract appropriate talent from the market to maximise value for shareholders;

- Determine the specific remuneration packages for the Directors and key management personnel (or executive of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company;

- Review and administer the award of shares to Directors and employees under any employee performance share plan and employee share option scheme adopted by the Company;

- Review and determine the contents of any service contracts for any Directors or key management personnel; and

- Review the appropriateness and transparency of remuneration matters for disclosure to shareholders.

The RC will meet at least once a year. During FY2019, the RC held one scheduled meeting with full attendance. In addition, the RC also conducted informal working sessions with Management in respect of the remuneration matters whenever necessary.

Guideline 7.2
Remuneration Framework

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. All aspects of the remuneration frameworks, including but not limited to Directors' fees, salaries, allowances, bonuses, the awards to be granted under the performance share plan, the options to be issued under the employee share option scheme as well as other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that they remain competitive and relevant.

During FY2019, the executive compensation framework comprises of basic pay and variable short-term incentive for Executive Directors (subject to the achievements of key performance indicators ("**KPI**") which is partly based on financial outcomes and partly based on development objectives). This process has been instituted and confirmed for subsequent years.

The remuneration of related employees will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the endorsement by the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

The framework for Independent Directors' fees for FY2019 (on per annum basis unless otherwise indicated) is as follows:

Role	Member	Chairman
Board of Directors	$30,000	N/A
Audit and Risk Committee	$10,000	Additional $10,000
Other Committees	$5,000	Additional $5,000
Lead Independent Director	$10,000	N/A

An additional fee of $500 has been allocated as part of the Directors' fee for FY2019 for attendance to each Independent Director at each meeting of the Company held during FY2019. No member of the RC was involved in deciding his own remuneration.

Guideline 7.3
RC Access to Advice on Remuneration Matters

The RC would access to the advice of external experts in the field of executive compensation, where required. Our policy is to update with external consultants every 3 years if RC deemed necessary. Given that the source of remuneration information is available on the digital mode, the RC would also constantly source the best available remuneration information as reference.

Guideline 7.4
Employment Contract

Each of the Executive Directors has an employment contract with the Company which can be terminated by the Company (without prejudice to and in addition to any other remedy) by giving not less than six (6) months' notice of termination and vice versa. The appointments of Executive Directors do not have onerous removal clauses contained in their respective employment contract and will be reviewed to reflect the strategic importance of the Group.

Principle 8: Level and Mix of Remuneration

Guideline 8.1
Remuneration of Executive Directors and Key Management Personnel

The Company's remuneration structure for its Executive Directors and Key Management Personnel comprises both fixed and variable components. The variable component is performance related and is linked to the Company's performance as well as individual performance. This is designed to align remuneration interests with the shareholders' and link rewards to corporate and individual performance so as to promote long term success of the Group.

For the purpose of assessing the performance of the Executive Directors and Key Management Personnel, specific KPI are clearly set out for each financial year and such KPI comprise both quantitative and qualitative factors. In line with the Company's stated aim of addressing profitability, the CEO's incentive is based on profit achievement since 1 July 2017.

As stipulated in the Company's remuneration framework, Executive Directors and senior executives do not receive Directors' fees from the Company or from its subsidiaries/associated companies if they are appointed to the Board.

Apart from overseeing the remuneration structure for its Executive Directors and Key Management Personnel, the remuneration package of any employee of the Group whose remuneration level exceeded S$250,000 is also being reviewed to ensure it matches the market competitors.

Guideline 8.2
Long-term Incentive Scheme

The Company has adopted a performance share plan known as the "Neo Group Performance Share Plan" ("**PSP**") and a share option scheme known as the "Neo Group Employee Share Option Scheme" ("**ESOS**"). Both the PSP and ESOS provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both the PSP and ESOS form an integral and important component of the compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and the Group. As at the date of this report, no awards have been granted under the PSP and ESOS.

Guideline 8.3
Remuneration of Non-Executive Directors

The Board concurred with the RC's proposal for Non-Executive Directors' fees for the financial year ended 31 March 2019. The RC and the Board are of the view that the remuneration of the Independent Directors are appropriate in accordance with the market condition and take into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors. In order not to reduce its public float which currently stood marginally above 20%, the Company does not have any scheme to encourage Independent Directors to hold shares in the Company.

Guideline 8.4
Contractual provision to reclaim incentive components of remuneration

As the Company does not have any long-term incentive in the variable components of the remuneration packages of the Executive Directors and Key Management Personnel, the RC is of the view that the institution of contractual provisions in the employment to reclaim any incentive components of their remuneration paid in prior years is not necessary.

Principle 9: Disclosure on Remuneration

Guideline 9.1
Remuneration Report

Details on the remuneration of Directors and Key Management Personnel for the year under review are presented below. During FY2019, there was no termination, retirement and post-employment benefits granted to any Director and Key Management Personnel.

Guideline 9.2
Remuneration of Directors

A summary of each Non-Executive Directors' and Executive Directors' remuneration paid or payable by the Company for FY2019 is set out below:

Name of Directors	Breakdown of Remuneration in Percentage (%) Fees[1] (%)	Salary[2] (%)	Benefits (%)	Variable Bonus[3] (%)	Total (%)	Total Remuneration in Compensation Bands of $250,000
Neo Kah Kiat	–	93	–	7	100	< $750,000
Liew Oi Peng	–	92	–	8	100	$250,001 – $500,000
Liew Choh Khing	–	90	–	10	100	$250,001 – $500,000
Yeo Kok Tong	100	–	–	–	100	$61,667
Tan Lye Huat	100	–	–	–	100	$66,666
Ng How Hwan, Kevin	100	–	–	–	100	$51,667
Wong Hin Sun, Eugene[4]	100	–	–	–	100	$19,167
Total Directors' Remuneration	**13**	**80**	**–**	**7**	**100**	**$1,525,040**

Notes:

1 The Directors' Fees are subject to the approval of the shareholders at the AGM.
2 The salary amount shown is inclusive of allowances and CPF.
3 The variable bonus amount shown is inclusive of CPF.
4 Mr Wong Hin Sun Eugene retired as Director of the Company on 26 July 2018.

Guideline 9.3
Remuneration of Key Management Personnel (Other than the Company's Executive Director)

The table below sets out the remuneration received by executives that the Company considers senior enough and appropriate for disclosure purpose. The ranges of gross remuneration received by the top five Key Management Personnel in the Company and its subsidiaries, but do not include any associated companies, are presented as follows:

Name of Top 5 Key Management Personnel	Position	Breakdown of Remuneration in Percentage (%) Salary[1] (%)	Benefits in-kind (%)	Variable Bonus[2] (%)	Total (%)	Total Remuneration in Compensation Bands of $250,000
Chin Yoon Wei[3]	Managing Director	93	–	7	100	< $250,000
Liew Oi Yen	Director (Operations)	86	–	14	100	< $250,000
Lim Li Ling	Group Financial Controller	88	–	12	100	< $250,000
Lim Siow Sze[4]	Deputy CEO	82	–	18	100	< $250,000
Teo Hwee Ai	Chief Operating Officer	86	–	14	100	$250,001 – $500,000
Total Top 5 Key Management Personnel's Remuneration		**87**	**–**	**13**	**100**	**$900,142**

Notes:

1 The salary amount shown is inclusive of allowances such as fixed transport allowance and CPF.
2 The variable bonus amount shown is inclusive of CPF.
3 Chin Yoon Wei is the Managing Director of Gourmetz Pte. Ltd.
4 Lim Siow Sze is the Deputy Chief Executive Officer of Thong Siek Group.

The Company did not fully disclose the remuneration of its Executive Directors and Key Management Personnel as the Board is of the view that it is not in the interests of the Company to disclose such details for sensitivity and competitive reasons.

Guideline 9.4
Employee Related to Directors/CEO

The following immediate family members of a Director or the CEO were the employees of the Group whose remuneration exceeded $50,000 in FY2019:-

Name of employees who are immediate family members	Relationship with the Directors or CEO of the Group	Remuneration band
Neo Kar King	Brother of Neo Kah Kiat	$50,001 – $100,000
Neo Kah Lin	Brother of Neo Kah Kiat	$50,001 – $100,000
Liew Oi Yen	Sister of Liew Oi Peng	< $250,000

The aggregate remuneration (including CPF contribution thereon and bonus) of these employees amounted to approximately $372,000.

Save as disclosed above, the Group does not have any other employee who is an immediate family member of a Director or the CEO of the Company and whose remuneration exceeded $50,000 during FY2019.

Guideline 9.5
Employee Share Scheme

The Company has adopted a share option scheme known as the "Neo Group Employee Share Option Scheme". The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS, which forms an integral part and important component of the employee compensation plan, is designed to primarily reward and retain directors and employees whose services are vital to our well-being and success. As the date of this report, no options have been granted under the ESOS.

Guideline 9.6
Link between remuneration and performance

In determining the remuneration of the Executive Directors and the Key Management Personnel, the RC reviewed their respective KPIs achievements and assessed their performance for the financial year under review.

ACCOUNTABILITY AND AUDIT

The Board recognises the importance of providing accurate and relevant information on a timely basis to all stakeholders. In this respect, the Audit and Risk Committee ("**ARC**") reviews all financial statements and results announcements and recommends them to the Board for approval. In addition, the ARC ensures that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks.

Principle 10: Presentation of a Balanced and Understandable Assessment of the Company's Performance, Position and Prospects

Guideline 10.1
Accountability for Accurate Information

In discharging its responsibility, the Board ensures that the Group's financial results provide a balanced and understandable assessment of the Group's performance, position and prospects and the results are released to shareholders in a timely manner.

On a quarterly basis, the Management will furnish an overall representation to the ARC and the Board confirming, *inter alia*, that the financial processes and controls and the integrity of the Group's financial statements are in place, highlighting material financial risk and impacts and providing updates on status of significant financial issues of the Group.

In accordance with Rule 705(5) of the Catalist Rules, during FY2019, the Board issued negative assurance statements in its interim financial results announcement, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

Guideline 10.2
Compliance with Legislative and Regulatory Requirements

During FY2019, the Board reviewed quarterly financial performance analysis slides and explanation from the Management to ensure compliance with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements.

The Board takes steps to ensure compliance with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements, including requirements under the Catalist Rules, where appropriate.

During the year, all the unaudited quarterly and full year results of the Group have been announced within their respective deadlines.

Guideline 10.3
Management Accounts

The Management updated the Board on the Group's business activities and financial performance by providing updates on any business, operations and financial related matters on a quarterly basis. Such reports compared the Group's actual performance against the approved budget and result of the previous year. They also highlighted key business indicators and major issues that are relevant to the Group's performance from time to time in order for the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Prior to the release of financial result to the public, the Management will present the Group's financial performance together with notes explaining in detail the operations and trends to the ARC, which will review and recommend the same to the Board for approval and adopt for the release of the results.

Principle 11: Risk Management and Internal Controls

Guideline 11.1
Risk Management and Internal Controls System

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. During FY2019, the ARC oversees and ensures that such system has been appropriately implemented and monitored.

A summary of the Company's risk management and internal controls system is appended below:

Risk Management

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team. The CEO and the Management of the Company assume the responsibilities of the risk management function and ultimate line of reporting to ARC. They regularly assess and review the Group's business and operational environment to identify areas of significant financial, operational, compliance and information technology risks.

The Board has approved the Enterprise Risk Management Framework ("**ERM Framework**") for the identification of key risks within the business which is aligned with the ISO 31000:2018 Risk Management framework.

Under the ERM framework:

- Risks identified are aligned with the objectives of the Group.

- A risk reporting structure is defined to identify the Risk Owners, Approvers, Champions and their respective risk responsibilities.

- A risk reporting process is established which includes the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks.

- Risks are evaluated on a common measurement matrix based on the likelihood and consequence of each risk identified. The risks are first identified on a gross level and subsequently on a residual level considering the risk treatment measures in place. The residual risk level determines the extent or risk exposure and further risk treatment measures required.

To enhance the effectiveness of the ERM Framework, the Group implemented Orion ERM system, a third party software that automates the risk management, internal control and assurance functions and enables these functions to be managed on an integrated platform.

Internal Controls

Minimum Acceptable Controls, formalised in policies and procedures, have been implemented to enhance the Group's internal control function in areas such as finance, operations, compliance and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Guideline 11.2
Adequacy and Effectiveness of Risk Management and Internal Control Systems

Integrated risk management and internal control systems have been implemented within the Group and have been an essential part of its business planning and monitoring process.

On an annual basis, Management reports to the Board on updates to the Group's risk profile, risk treatments and results of assurance activities so as to assure that the process is operating effectively as planned.

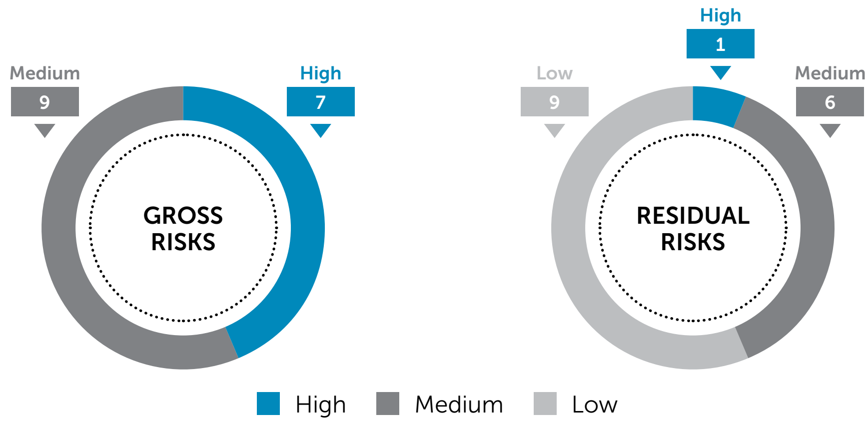
For FY2019, an Enterprise Risk Management ("**ERM**") exercise was performed involving 26 middle and senior managers of the Group, including the C-Suite executives. Key operating entities of the Group, except for the less active or dormant entities, were covered.

Each risk identified is assessed on a gross (without consideration of risk treatment plan) and residual level (after considering risk treatment plan). It is also assigned with a risk level to determine the actions required as illustrated in the table below:

Risk level	Description	Acceptable level/Action requirements
I	Extreme Risk	Not acceptable: • Immediate action required • Must be managed by senior management with a detailed treatment plan
II	High Risk	Generally not acceptable: • Senior management attention needed and management responsibility specified • Treatment plans to be developed • Must be monitored on regular frequency
III	Medium Risk	Acceptable: • Management responsibility must be specified • Treatment plans to be developed • On-going monitoring and review
IV	Low Risk	Acceptable: • Manage by routine processes/procedures • Consider the implementation of additional controls, only if they are a clearly quantifiable cost benefit • On-going monitoring and review
V	Negligible Risk	Acceptable: • Manage by routine processes/procedures • Unlikely to require specific application of resources

The assignment of risk level is supported by a risk matrix developed based on a combination of likelihood and consequence ratings.

Arising from the ERM exercise, a total of 16 tier 1 risks[1] were identified under the four main risk categories of Strategic, Operational, Financial and Compliance risks. The overall results by risk level are shown as follows:



[1] Tier 1 risks are derived based on the consideration of consequence and likelihood factors assessed on a Group basis.

Key tier 1 risks identified based on the ERM exercise performed are as follows:

S/N	Risk title and description	Risk level Gross	Risk level Residual	Risk treatment plan
1.	Pandemic outbreak leading to business disruptions Should there be a break out of pandemic such as SARS, bird flu or mad cow diseases, consumer's demand may drop arising from anxiety, fear and/or regulatory actions such as quarantines or controls over sales of certain food items. Depending on the severity of the outbreak and the related restrictions imposed, our sales and financial performance may be adversely affected.	II	II	We focus on ensuring management and staff are suitably trained to respond effectively to disease outbreaks. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, putting in place robust, reliable systems and rehearsals of outbreak management plan.
2.	Escalation of costs Key cost components of our operations include purchase of raw materials and trading goods, salaries and other operating expense such as logistics, utilities and consumables. Cost escalations driven by inflation without adequate cost controls in place may lead to margin erosions and adverse financial performance if they are not passed on to the customers.	II	III	We focus on effective cost controls and seek to maximise value for costs incurred. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, putting in place an effective enterprise resource planning system and regular review of financial performance.

S/N	Risk title and description	Risk level Gross	Risk level Residual	Risk treatment plan
3.	<u>IT system failure and/or cyberattacks leading to business disruptions</u> We are dependent on our information technology infrastructure to support our operations. We maintain various systems, both proprietary and commercially available, to support our key business functions, such as accounting, sales, production, procurement, inventory management, human resources and communication with external stakeholders. Prolonged system failure arising from accidents such as fire, flood, power failure, virus and cyberattacks may result in major disruptions that will adversely affect our operations.	II	III	We focus on building and maintaining a robust and secured information technology environment. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policy and procedures, adopting sufficient security controls, performing regular backup and recovery procedures.
4.	<u>Adverse movements in market interest rate</u> We obtain financing from financial institutions to support our operations and business expansion plans. A significant and prolonged increase in the interest rate will lead to significant increase in financing costs which will in turn adversely affect our financial performance.	III	III	We seek to minimise adverse effects from the volatility of the market interest rate though adequate effective planning. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policy and procedures, putting in place robust, reliable systems, setting up a robust budgetary system and regular review of financial performance.
5.	<u>Improper food handling resulting in food poisoning cases</u> We operate central kitchens and manufacturing facilities to support our business operations. Improper food handling may result in food contamination and consequently lead to cases of food poisoning when consumed by customers. A serious food poisoning case may lead to regulatory actions such as fines and suspension of business licenses from relevant authorities. In such an event, our reputation and financial performance will be adversely affected.	II	IV	We focus on maintaining an adequate and effective food handling internal control system. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policy and procedures, training and conduct of laboratory tests on food by third party professionals.

S/N	Risk title and description	Risk level Gross	Risk level Residual	Risk treatment plan
6.	Health and safety for workers Accidents may arise as our operations involve the use of various kitchen equipment and machineries, such as stove, oven and kitchen tools with sharp edges such as knifes and cutters. Our reputation may be adversely impacted if the accidents are publicised in the mass media. In addition, regulators may impose punitive measures such as fines or stop work order pending the results of investigation which may adversely affect our operations and financial performance.	III	IV	We place significant emphasis on creating a workplace that allows employees to work in a safe and healthy environment. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policy and procedures, putting in place safety committees, proper and regular safety briefings, effective trainings, conduct of fire drills and safety performance monitoring.
7.	Loss of key managers We are led by a team of experienced managers. The loss of key managers or the inability for our Group to attract and retain qualified and experienced personnel may have an adverse impact on our business operations and financial performance.	III	IV	We focus on building and maintaining a conducive, fulfilling and rewarding work environment to address the risk of turnover for key managers. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policy and procedures and putting in place a market aligned remuneration structure.
8.	Loss of sales arising from a lack of customer satisfaction The success of our business is dependent on customer satisfaction. Market share erosion may occur due to unsatisfactory customer experience arising from late delivery, poor food quality and/or poor customer service.	III	IV	We make continuous efforts to maximise customer's experience. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policy and procedures, putting in place an accurate and effective customer feedback system.
9.	Non-compliance to the Personal Data Protection Act As part of our operations, we collect personal data from stakeholder such as staff, customers (including members), shareholders and suppliers' staff. Non-compliance with the relevant requirements may result in regulatory actions and adversely impact our reputation.	III	IV	We are committed to protect confidentiality of personal data. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policy and procedures and implementing sufficient security controls on personal data stored manually and in IT systems.

The above section discusses the key risks that have emerged and which may have a significant impact on the Group's financial and operating performance. It is not intended to provide a complete discussion of all risks that may impact the Group. Other risks which the Group is unaware of or which are not currently deemed to be significant may be material in the future and have a considerable adverse effect on the Group's financial and operating performance. The risk treatments mentioned above represent our best endeavours but do not provide absolute assurance that the Company will not be adversely affected by any risk event that can be reasonably foreseen as it strives to achieve its business objectives.

A Controls Self-Assessment ("**CSA Programme**") is established for Management and Board to obtain assurance on the state of internal controls. The CSA Programme is risk-based and aligned with the results of the ERM Framework exercise performed. On a yearly basis, the risk owners are required to review, assess and report on the adequacy and effectiveness of key mitigating internal controls for risks identified from the ERM Framework exercise and which are under their risk responsibilities.

The Group also has in place an Assurance Activity Framework ("**Assurance Framework**") to facilitate and guide the Board's assessment on the adequacy and effectiveness of the Group's internal control and risk management systems. The Assurance Framework lays out the assurance activities performed, the assessment criterion and also the reporting process. Assurance activities covered under the Assurance Framework include CSA Programme by Management, internal audit by the internal auditors, statutory audit by the external auditors and external certification on health and safety standards by a third party professional service firm.

Guideline 11.3
Board's Comment on Adequacy and Effectiveness of Internal Controls

Based on the ERM Framework, Assurance Framework and internal controls established and maintained in the Company, CSA Programme conducted by the Management, the work performed by the internal auditors, the statutory audit undertaken by the external auditors, and the written representation from the CEO and Group Financial Controller providing assurance on the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, the Board, with the concurrence of the ARC, is of the view that, except for the newly acquired/incorporated subsidiaries, the Group's risk management and internal control systems were effective and adequate for FY2019 to address the financial, operational, compliance and information technology risks of the Group.

Newly acquired/incorporated subsidiaries are defined as those acquired/incorporated for less than 24 months at the end of each financial year based on the completion date of acquisition. For such subsidiaries, the Group targets to establish and implement an effective and adequate internal control system that is aligned with that of the Group within 24 months upon the completion of acquisition.

Guideline 11.4
Risk Committee

The responsibility of overseeing the Company's ERM Framework and Assurance Framework and policies is undertaken by the ARC with the assistance of the internal and external auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being. The audit committee has assumed the responsibility of risk committee and renamed as Audit and Risk Committee with reference to the Terms of Reference of ARC.

Principle 12: Establishment of Audit Committee with Written Terms of Reference

Guideline 12.1
ARC Membership

The ARC comprises the following three (3) Directors, all of whom are Non-Executive and the majority, including the ARC Chairman, being independent:

Mr Tan Lye Huat, Chairman	(Independent Director)
Mr Yeo Kok Tong	(Lead Independent Director)
Mr Ng How Hwan, Kevin	(Independent Director)

Guideline 12.2
Expertise of ARC Members

The ARC members bring with them invaluable professional expertise in the accounting and financial management domains. The Board, after considering the advice from the NC, believes that the ARC members are appropriately qualified to discharge the ARC's responsibilities as defined under its terms of reference which have been approved by the Board.

Guidelines 12.3 and 12.4
Roles, Responsibilities and Authorities of ARC

The ARC is guided by its Terms of Reference which stipulate that its principal functions as follows:-

1. Assist the Board in fulfilling its responsibilities for the Company's financial reporting, management of financial and control risks and monitoring of the internal controls system. Review the financial reporting process, the system of internal controls and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct;

2. Ensure that arrangements are in place for the independent investigation of possible improprieties in matters of financial reporting or other matters that may be raised and that appropriate follow up actions are taken;

3. Review the external auditors' proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope. Review the nature and extent of non-audit services provided by the external auditors. Approve the remuneration and terms of engagement of the external auditors. Monitor and assess the independence of the external auditors and their performance. Ensure that significant findings and recommendations made by the external auditors are received and discussed in a timely manner. Ensure that Management responds to recommendations made by the external auditors;

4. Review the activities and organisational structure of the internal audit function and ensure that there are no unjustified restrictions or limitations. Review the internal audit program with regard to the complementary roles of the internal and external audit functions. Ensure that significant findings and recommendations made by the internal auditors are received and discussed in a timely manner. Ensure that Management responds to recommendations made by the internal auditors;

5. Ensure that adequate counter measures are in place to identify and mitigate any material business risks associated with the Company. Review the adequacy of the Company's internal financial controls, operational, compliance and information technology controls, and risk management policies and systems established by the Management. Ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually;

6. Evaluate how Management is reviewing the principal business risks and assess the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks. Ensure that an appropriate system is established to identify and report areas of potential business risk promptly in order for remedial actions to be taken. Assess at least annually the effectiveness of the control and risk management systems. Recommend to the Board its findings and proposed course of actions to be taken by Management to ensure controls are put in place to address these risks. Management is responsible for the actions to be taken;

7. Review the relevance and consistency of the accounting standards used by the Company and the Group, significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance; and

8. Review and recommend for Board approval Interested Person Transactions, as specified under Chapter 9 of the Catalist Rules and/or the procedures set out in the general mandate approved by shareholders.

Minutes of the ARC meetings are routinely circulated to the Board for information.

During the year, the ARC reviewed and, if appropriate, approved all disclosable interested person transactions in accordance with the Catalist Rules. Directors who are interested in any particular transaction had recused themselves from the deliberation and approval process in both the ARC and Board deliberation. On a quarterly basis, the ARC also reviewed the financial results announcements of the Company before their submission to the Board for approval.

The ARC had reviewed the external auditor's audit plan for FY2019 and had agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In ARC's review of the financial statements of the Group for FY2019, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the external auditors for FY2019.

Key audit matters	How these issues were addressed by the ARC
(a) Business Combinations of Lavish Dine Catering Pte Ltd and its subsidiary ("**Lavish Dine Group**") and Ye Liang How Catering Service Pte. Ltd. ("**How's Catering**")	The ARC acknowledges that the Business Combinations of Lavish Dine Group and How's Catering involves significant judgement and estimates. Towards this end, the ARC had, supported with management's documentations and justifications, reviewed and agreed with the identification and valuation process and key assumptions adopted by Management to guide reviews and decisions on the valuation, accounting and reporting of identifiable assets, liabilities and the resultant intangible assets. The Business Combinations of Lavish Dine Group and How's Catering was also an area of focus by the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2019. Please refer to page 89 of this Annual Report. The ARC is satisfied that the Business Combinations of Lavish Group and How's Catering have been properly dealt with and appropriately accounted for.

Key audit matters	How these issues were addressed by the ARC
(b) Impairment Assessment of Goodwill, Trademarks and Customer Relationships	The ARC acknowledges that the Impairment Assessment of Goodwill, Trademarks and Customer Relationships involves significant judgement and estimates. Towards this end, the ARC had, supported with management's documentations and justifications, reviewed and agreed with the identification and valuation process and key assumptions adopted by Management to guide reviews and decisions on possible impairment to Goodwill, Trademarks and Customer Relationships. The ARC undertakes a review on this basis and as and when necessary during the course of the year. The impairment of Goodwill, Trademarks and Customer Relationships was also an area of focus by the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2019. Please refer to page 90 of this Annual Report. The ARC is satisfied that the approach and methodology in the impairment assessment used by management are appropriate.
(c) Impairment Assessment of Investments in Subsidiaries	The ARC acknowledges that Impairment Assessment of Investments in Subsidiaries involves significant judgement and estimates. Towards this end, the ARC had, supported with management's documentations and justifications, reviewed and agreed with the identification and valuation process and key assumptions adopted by Management to guide reviews and decisions on possible impairment to Investments in Subsidiaries. The ARC undertakes a review on this basis and as and when necessary during the course of the year. The impairment of investments of Investments in Subsidiaries was also an area of focus by the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2019. Please refer to page 91 of this Annual Report. The ARC is satisfied that the approach and methodology in the impairment assessment used by management are appropriate.

Management reported to and discussed with the ARC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

Following the review, the ARC is satisfied that all the aforesaid matters have been properly dealt with and recommended the Board to approve the financial statements. The Board has on 28 June 2019 approved the financial statements.

The ARC has explicit authority to investigate any matter within its Terms of Reference. All whistle-blower complaints (if any) were reviewed by the ARC to ensure independent and thorough investigation as well as adequate follow-up. The Company has maintained a whistle-blowing register to record all the whistle-blowing incidents. The contents including "nil" returns in the register is reviewed by the ARC at its quarterly meetings.

The ARC has full access to, and has had the full co-operation of the Management and employees. It also has full discretion to invite any Director or any member of the Management to attend its meetings.

Guideline 12.5
External & Internal Auditors

During the year, the Company's internal and external auditors were invited to attend the ARC meetings and make presentations as appropriate. They also met separately with the ARC without the presence of Management.

Guideline 12.6
Independence of External Auditors

The ARC oversees the Group's relationship with its external auditors, BDO LLP. It reviews the selection of the external auditors and recommends to the Board the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor. The annual re-appointment of the external auditor is subject to shareholders' approval at each AGM of the Company.

During FY2019 and as in the past years, the ARC reviewed the "Audit Planning Memorandum" prepared by BDO LLP, the external auditors, discussed about the their terms of engagement, materiality level of their work, significant risks assessment, areas of audit focus, and audit quality indicators, before the commencement of their audit work.

In respect of the audit quality indicators, the ARC had reviewed, in particular, the following areas: audit hours planned, experience of the team, adequacy of training received by the team, results of internal and third party's inspection of their work, compliance with independence requirement, quality control, staff oversight, and staff attrition rate.

After the review, the ARC is satisfied with the independence and objectivity of the external auditors, their approach of the audit work and their proposed audit fees.

The ARC had reviewed and concurred with the nature of non-audit work performed and fees charged by BDO LLP and its member firms. A breakdown of the fees paid or payable to BDO LLP and its member firms are analysed in the table below:

External Auditor Fees for FY2019	$'000	% of Total Fees
Total Audit Fees	276.0	71.5%
Total Non-Audit Fees	110.0	28.5%
Total Fees Paid	386.0	100.0%

The ARC had recommended and the Board had accepted proposing to shareholders, the reappointment of BDO as the external auditors for the Group in the ensuing year. The Group has also complied with Rules 712 and 715(1) of the Catalist Rules of SGX-ST in relation to the Company's appointment of auditing firms.

Guideline 12.7
Whistle Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has a Whistle Blowing Policy in place. The Policy provides the mechanism by which concerns about plausible improprieties in matters of financial reporting, etc., may be raised. A Whistle Blowing Committee ("**WBC**") had been established for this purpose. In addition, a dedicated secured e-mail address allows whistle blowers to contact the WBC and the ARC Chairman and members directly.

The Company's Whistle Blowing Policy allows not just employees but also external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith.

Assisted by the WBC, the ARC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARC reports to the Board any issues/concerns received by it and the WBC, at the ensuing Board meeting. Should the ARC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

Whistle Blowing Committee

The WBC consists of:

- Executive Director,
- Group Financial Controller; and
- Head of Human Resource.

The WBC is empowered to:

i. look into all issues/concerns relating to the Group (except for those directed specifically to or affecting any member of the WBC which are dealt with by the ARC);

ii. make the necessary reports and recommendations to the ARC or the Board for their review and further action, if deemed required by them; and

iii. access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

The Group takes concerns with the integrity and honesty of its employees very seriously. The Whistle Blowing Policy was established and has been disseminated to all employees to encourage the report of any behaviour or action that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. Whistle blowers could also email to the ARC directly and in confidence and his/her identity is protected from reprisals within the limits of the law.

The Company treats all information received confidentially and protects the identity and the interest of all whistle-blowers. Anonymous reporting will also be attended to and anonymity honoured.

All newly recruited employees are briefed of the existence of the Policy and a reminder is sent to all employees annually in the form of an Annual Declaration by the employees requiring them to disclose any instances of conflicts of interest or raising any issues or concerns of possible irregularities of the Company or the Group's affairs. A "nil" return is also required for the purpose.

It has also been a standard item in the agenda of the quarterly meeting of the ARC to review any entries in the register of whistle-blowing, and progress of investigation, if it remains outstanding.

The Whistle Blowing Policy is reviewed by the ARC once every two years to assess the effectiveness of the processes in place and to ensure that the said policy is updated with any related changes in legal and regulatory requirements. The Whistle Blowing Policy was reviewed by the ARC and approved by the Board in May 2018.

No whistle-blowing concerns were reported for FY2019.

Guideline 12.8
ARC to Keep Abreast of Changes to Accounting Standards

During the year, the ARC has held four scheduled meetings with full attendance.

In addition to the activities undertaken to fulfill its responsibilities, the ARC is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

Mandatory Adjustments

Standards	Financial Impact
SFRS(I) 16 – Leases requires lessees to capitalise all leases with a term of more than 12 months on the balance sheet by recognising a 'right-of-use' asset and a corresponding lease liability.	The Management has performed an assessment on the adoption of SFRS(I) 16 based on currently available information as well as recognition exemptions under SFRS(I) 16. The Management expects to capitalise its operating leases on outlets, offices, hostel, kitchen, warehouse and other operating facilities on the statement of financial position by recognising a 'right-of-use' assets of approximately $26,387,000 and their corresponding lease liabilities for the present value of future lease payments of $26,387,000. This assessment may be subject to changes from the ongoing analysis until the finalisation of transition entries. The Management plans to adopt the standard in the financial year beginning on 1 April 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on statement of financial position as at 1 April 2019. The Management will include the required additional disclosures in its financial statements for the financial year ending 31 March 2020.

Guideline 12.9
Cooling-off Period for Partners or Directors of the Company's Auditing Firm

No former partner or Director of the Company's existing auditing firm or auditing corporation is a member of the ARC.

Principle 13: Independent Internal Audit Function

Guidelines 13.1 and 13.2
Internal Auditors

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors ("**IA**").

The Company has outsourced its internal audit function to Yang & Lee Associates ("**YLA**"). The ARC approves the hiring, removal, evaluation and compensation to the IA. The IA has unrestricted access to all the Company's documents, records, properties and personnel, including access to the ARC. The IA's primary line of reporting is to the Chairman of the ARC. The IA carries out their functions under the direction of the ARC, and reports their findings and make recommendations to the ARC.

Guidelines 13.3 and 13.4
Internal Auditors Function

The Company's Internal Auditors Function is independent of the activities it audits. The IA, YLA, is staffed with professionals with relevant qualifications such as the Certified Internal Auditor qualification with the institute of Internal Auditors and experience. Our engagement with the YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan which entails the review of the selected functions or business units of the Group is developed and agreed by the ARC. The ARC is satisfied that the Company's internal audit function is:

- Adequately resourced and staffed to perform the work for the Group;
- Conducted effectively as management has provided full cooperation to enable IA to perform its function;
- Has the appropriate standing within the Company; and
- Sufficiently independent to carry out its role.

Guideline 13.5
Adequacy and Effectiveness of Internal Audit Function

The ARC reviews annually the adequacy of the internal audit function to ensure that the internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA perform its function.

The ARC also reviews the IA's reports and remedial actions implemented by Management to address any internal control inadequacies identified. The IA completed two reviews during FY2019 in accordance with the internal audit plan approved by the ARC. The Management has adopted the recommendations of the internal auditors set out in the internal audit report.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITY

The Company believes in regular, effective and fair communication with members of the investment community and investing public and has adopted a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance.

Principle 14: Shareholder Rights and Responsibilities

Guideline 14.1
Sufficient Information to Shareholders

The Company believes in providing sufficient and regular information to its shareholders. In this respect, the Board adopts a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance that could have a material impact on the price or value of its shares.

Guideline 14.2
Providing Opportunity for Shareholders to Participate and Vote at General Meetings

Shareholders are informed of general meetings through notices published in the local newspaper and the Company's announcements via SGXNET as well as through the Company's official website and the reports/ circulars sent to all shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the scrutineers at such general meetings.

Guideline 14.3
Proxies for Nominee Companies

The Constitution of the Company allows an individual shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings.

Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the shareholders' meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

Principle 15: Communication with Shareholders

Guideline 15.1
Communication with Shareholders

The Board acknowledges the importance of regular communication with shareholders and investors through which shareholders can have an overview of the Group's performance and operation. In line with the continuous disclosure obligations under the Catalist Rules of the SGX-ST and the Singapore Companies Act, Chapter 50, the Board has established a policy to inform shareholders promptly of all major developments that may have material impact on the Group.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst safeguarding its commercial interests. Material information on the Group has been released to the public through the Company's announcements via SGXNET.

Guideline 15.2
Timely Information to Shareholders

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Company and the Group were released within 45 days from the every quarter ended and 60 days from the end of FY2019. In addition, the Annual Report 2019 is distributed to shareholders at least 14 days before the AGM to be held on 25 July 2019.

To further enhance its communication with investors, the Company has enhanced its website www.neogroup.com.sg where the public can access information on the Group directly.

Guideline 15.3
Regular Dialogue with Shareholders

General meetings have been and are still the principal forum for dialogue with shareholders. At these meetings, shareholders are given opportunities to participate through open discussions and to vote on resolutions tabled.

Guideline 15.4
Soliciting and Understanding Views of Shareholders

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. These meetings provide an excellent platform for the Company to obtain shareholders' views on value creation.

Guideline 15.5
Dividend Policy

The Company does not have a fixed dividend policy. The Board is recommending 0.5 Singapore cent per ordinary share for FY2019 as the final one-tier tax-exempt dividend payable to shareholders, subject to the approval of shareholders at the forthcoming Seventh AGM. In considering the form, frequency and amount of future dividends on the shares that the Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Board:

(a) the level of our cash and retained earnings;

(b) the actual and projected financial performance;

(c) the projected levels of capital expenditure and expansion plans;

(d) the working capital requirements and general financing condition; and

(e) restrictions on payment of dividends imposed on the Company by the financing arrangements (if any).

Principle 16: Conduct of Shareholder Meetings

Guideline 16.1
Shareholders' participation at general meetings

The Company encourages its shareholders to participate at general meetings and allow shareholders to communicate their views on various matters affecting the Company.

Guideline 16.2
Proceedings of General Meetings

The Board ensures that separate resolutions are proposed for approval on each distinct issue at general meetings. These meetings provide excellent opportunities to build shareholders' understanding of the Group's businesses, and obtain shareholders' views on value creation.

A shareholder who is entitled to attend and vote may either vote in person or through the appointment of one or two proxies. Voting in absentia and by mail, electronic mail or facsimile may be possible at the Directors' discretion to approve or implement, subject to the security measures as may be deemed necessary or expedient to ensure that the integrity of the information and authentication of the identity of shareholder(s) is not compromised. Separate resolutions are proposed on each separate issue at general meetings. Shareholders are encouraged to meet and communicate with the Board and to vote on all resolutions.

Guideline 16.3
Attendees at General Meetings

The Chairman of the Board and its Committees attend all general meetings to address issues raised by shareholders. The external auditors and the legal advisers are also present to address any relevant queries from shareholders. Appropriate senior management will also be present at the AGM to respond, if necessary, to operational questions from shareholders.

Guideline 16.4
Minutes of General Meetings

The minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board are available to shareholders upon written request.

Guideline 16.5
Voting by poll at General Meetings

All resolutions are put to vote by poll and the relevant detailed result will be announced via SGXNET after the conclusion of the general meetings.

OTHER CORPORATE GOVERNANCE MATTERS

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities.

DEALINGS IN SECURITIES

(Rule 1204 (19) of the Catalist Rules of SGX-ST)

The Company has adopted an internal securities code of compliance to provide to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules. During FY2019, the Company issues quarterly circulars to its Directors, officers and employees prohibiting dealing in its shares during the period commencing two weeks before the announcement of the Group's quarterly financial results and one month before the commencement of the Group's full-year financial results till the day of such announcements. Directors and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. The Group confirmed that it adhered to its internal securities code of compliance for FY2019.

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Catalist Rules of SGX-ST)

Details of the interested person transactions for FY2019 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Neo Kah Kiat		
(i) Office premise lease expense[1]	98.4	–
(ii) GUI Solutions Pte Ltd		
– Cost of goods and services purchased	342.0	–
– Rental and utilities income	24.0	–
Neo Kah Kiat and Liew Oi Peng		
(i) Office premise lease expense[2]	195.0	–
(ii) Rental of hostel for staff welfare	12.0	–
(ii) Twinkle Investment Pte Ltd		
– Office premise lease expense[3]	174.3	–
– Rental of yacht	240.0	–
– Interest expense	71.0	–

Notes:

1 The office premise lease expense paid to the Company's director, Neo Kah Kiat, in FY2019 relates to #05-04 at Enterprise One amounting to approximately \$98,400. As the terms of the tenancy agreement for the office premise were supported by independent valuations and with lease period of 3 years, the lease thereunder is not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916(1).

2 The office premise lease expense paid to the Company's directors, Neo Kah Kiat and Liew Oi Peng, in FY2019 relates to lease expense for #05-03 and #05-05 at Enterprise One amounting to approximately \$195,000. As the terms of the tenancy agreements for the office premises were supported by independent valuations and with lease period of 3 years, the leases thereunder are not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916(1).

3 The office premise lease expense paid to the Twinkle Investment Pte Ltd, which is jointly owned by Neo Kah Kiat and Liew Oi Peng, in FY2019 mainly relates to lease expense for #05-06 at Enterprise One amounting to approximately \$102,300. As the terms of the tenancy agreement for the office premise were supported by independent valuations and with lease period of 3 years, the lease thereunder is not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916(1).

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the ARC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.

MATERIAL CONTRACTS

(Rule 1204(8) of the Catalist Rules of SGX-ST)

Save for the employment contract between the Company and the Executive Directors and disclosures above in the "Interested Person Transactions" as well as except as disclosed in the Directors' Statement and the Financial Statements, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

NON-SPONSOR FEES

(Rule 1204(21) of the Catalist Rules of SGX-ST)

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch during FY2019.

CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of integrity, professionalism on the conduct of its business activities. Employees are expected to embrace, practise and adopt these values while performing their duties and always to act in the best interest of the Group and avoid situations that may create conflicts of interest.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The Directors of Neo Group Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2019 and the statement of financial position of the Company as at 31 March 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The Directors of the Company in office at the date of this statement are as follows:

Neo Kah Kiat
Liew Oi Peng
Liew Choh Khing
Yeo Kok Tong
Tan Lye Huat
Ng How Hwan, Kevin

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the 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.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 April 2018	Balance at 31 March 2019	Balance at 1 April 2018	Balance at 31 March 2019
	Number of ordinary shares			
Company				
Neo Kah Kiat	101,116,550	101,116,550	8,064,000	8,064,000
Liew Oi Peng	8,064,000	8,064,000	101,116,550	101,116,550
Liew Choh Khing	1,691,558	1,691,558	–	–
Yeo Kok Tong	92,600	92,600	–	20,000
Ng How Hwan, Kevin	–	–	453,300	453,300

By virtue of Section 7 of the Act, Mr Neo Kah Kiat is deemed to have interests in the shares of all the wholly-owned subsidiaries of the Company as at the beginning and end of the financial year. Mr Neo Kah Kiat is deemed to be interested in the shares held by his spouse, Ms Liew Oi Peng, and vice versa.

Mr Yeo Kok Tong is deemed to have an interest in the 20,000 shares of the Company held by his spouse.

Mr Ng How Hwan, Kevin is deemed to have an interest in the 453,300 shares of the Company held by DBS Nominees (Private) Limited. These shares are held by DBS Nominees (Private) Limited for the accounts of Mr Ng How Hwan, Kevin and his spouse.

In accordance with the continuing listing requirements of the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 April 2019 in the shares of the Company have not changed from those disclosed as at 31 March 2019.

5. SHARE OPTIONS

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or of its subsidiary corporations under options as at the end of the financial year.

<u>Neo Group Employee Share Option Scheme ("ESOS") and Performance Share Plan ("PSP")</u>

The Company implemented a share option scheme known as ESOS and performance share plan known as PSP which were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 11 June 2012. No share options or performance shares have been granted or awarded pursuant to the ESOS and PSP.

6. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises the following members, who are all non-executive and, including the Chairman, are Independent Directors. The members of the Audit and Risk Committee during the financial year and at the date of this report are:

Tan Lye Huat (Chairman)	(Independent and Non-Executive Director)
Yeo Kok Tong	(Independent and Non-Executive Director)
Ng How Hwan, Kevin	(Independent and Non-Executive Director)

The Audit and Risk Committee performed the functions specified in Section 201B (5) of the Act and the Singapore Code of Corporate Governance, including the following:

(i) reviewing the adequacy of the Group's internal financial controls, operational, compliance and information technology controls, risk management policies and systems established by the management and ensuring a review of effectiveness of the Group's internal controls and risk management system is conducted at least annually;

(ii) ensuring the arrangements are in place for independent investigation of possible improprieties in matters of financial reporting or other matters that may be raised and that appropriate follow up actions are taken;

(iii) reviewing the external auditors' proposed audit scope and approach and ensuring no unjustified restrictions or limitations have been placed on the scope;

(iv) approving the remuneration and terms of engagement of the external auditors;

(v) monitoring and assessing the independence of external auditors and their performance;

(vi) ensuring significant findings and recommendations made by the external and internal auditors are received and discussed in a timely manner and recommendations are responded by management;

(vii) reviewing the activities and organisational structure of the internal audit function and ensuring there are no unjustified restrictions or limitations;

(viii) reviewing the internal audit program with regard to the complementary roles of the internal and external audit functions;

(ix) ensuring an appropriate system is established to identify and report areas of potential business risk promptly;

(x) reviewing the relevance and consistency of the accounting standards used by the Group, significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcement relating to the Group's financial performance;

(xi) reviewing and recommending for Board's approval on Interested Person Transactions, as specified under Chapter 9 of the Catalist Rules and/or the procedures set out in the general mandate approved by shareholders; and

(xii) reviewing the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company.

6. AUDIT AND RISK COMMITTEE (CONTINUED)

The Audit and Risk Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting.

7. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, have expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Neo Kah Kiat
Director

Liew Oi Peng
Director

Singapore
28 June 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEO GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Neo Group Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 94 to 171, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial 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 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)s") 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 31 March 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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 Group 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 period. 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matter	Audit Response
1. Business Combinations of Lavish Dine Catering Pte Ltd and its subsidiary ("Lavish Dine Group") and Ye Liang How Catering Service Pte. Ltd. ("How's Catering")	
On 10 September 2018 and 1 October 2018, the Company obtained control over Lavish Dine Group and How's Catering by acquiring 51% equity interest in both companies for the consideration of $1.7 million and $4.3 million respectively. The acquisitions were accounted for using the acquisition method. The Group performed a Purchase Price Allocation ("PPA") exercise as disclosed in the Note 10 of the financial statements. The significant judgement and estimates mainly relates to the identification and valuation of the intangible assets. Management, assisted by its external valuer, performed valuations to determine the fair values of Lavish Dine Group and How's Catering's identifiable assets acquired and liabilities assumed as at the dates of acquisition. As disclosed in Note 9 to the financial statements, following the business combination, a goodwill of $2.5 million, unfulfilled orders of $73,000 and customer relationships of $3.9 million were recognised. We have determined the business combinations of Lavish Dine Group and How's Catering and the resultant goodwill, unfulfilled orders and customer relationships to be a key audit matter as the acquisitions are a material transactions during the financial year and involved significant judgements and estimates with regard to the valuation process and key assumptions on the future market conditions, growth rates and discount rates used in the revenue forecasts prepared by management. Refer to Notes 3.2(i), 9 and 10 to the financial statements.	Our procedures on the business combinations included, amongst others, the following: • Assessed the independence and competency of the external valuer which included considering their experiences and qualification in performing valuations for such business combinations; • Discussed with the external valuer on the valuation methodologies used and the results of their work; • Engaged our internal valuation specialists to evaluate the valuation methodologies used and the reasonableness of the discount rates applied; • Compared the key assumptions used by the external valuer in their valuations of assets and liabilities to externally published benchmarks where available; • Evaluated the key business performance assumptions made by management, including the revenue growth rates against historical performance and terminal growth rates against market data; and • Assessed the adequacy of the disclosure in the financial statements in relation to the business combination.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matter	Audit Response
2. Impairment Assessment of Goodwill, Trademarks and Customer Relationships	
As at 31 March 2019, the Group's goodwill, trademarks and customer relationships amounted to $7.8 million, $8.3 million and $3.7 million, respectively. Under SFRS(I) 1-36 Impairment of Assets, the Group is required to test goodwill and trademarks with an indefinite useful life for impairment annually, or more frequently if there are indicators that these assets may be impaired. Customer relationships are tested for impairment when there is an indication that the asset may be impaired. For the purpose of impairment assessment, management prepared discounted cash flows forecasts for the respective cash generating units to determine if any impairment is required. Based on management's assessment, no impairment was required. We have determined the impairment assessment of these assets to be a key audit matter as the impairment assessment involved significant judgements and estimates with regard to the key assumptions on the future market conditions, growth rates and discount rates used in the discounted cash flow forecasts prepared by management. Refer to Notes 3.2(ii) and 9 to the financial statements.	Our procedures on the impairment assessment of these assets included, amongst others, the following: • Discussed with management and evaluated the key assumptions made by management, including comparing the revenue growth rate against historical performance and terminal growth rates and discount rates against market data; • Performed sensitivity analysis around the key assumptions, including the revenue growth rate, discount rate and terminal growth rate, used in cash flow forecasts; and • Assessed the adequacy of the disclosure in the financial statements with respect to the impairment assessment.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matter	Audit Response
3. Impairment Assessment of Investments in Subsidiaries	
As at 31 March 2019, the Company's investments in subsidiaries amounted to \$40.7 million. During the financial year ended 31 March 2019, management performed an impairment assessment of the investments in subsidiaries using discounted cash flow forecasts as certain subsidiaries reported loss before tax. Based on management's assessment, no further impairment nor reversal was required. We have determined the impairment assessment of the investments in subsidiaries to be a key audit matter as the impairment assessment involved significant judgements and estimates with regard to the key assumptions on the future market conditions, growth rates and discount rates used in the discounted cash flow forecasts prepared by management. Refer to Notes 3.2(iv) and 10 to the financial statements.	Our procedures on the impairment assessment of these assets included, amongst others, the following: • Discussed with management and evaluated the key assumptions made by management, including comparing the revenue growth rate against historical performance and terminal growth rates and discount rates against market data; • Performed sensitivity analysis around the key assumptions, including the revenue growth rate, discount rate and terminal growth rate, used in cash flow forecasts; and • Assessed the adequacy of the disclosure in the financial statements with respect to the impairment assessment.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 SFRS(I)s, 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:

- 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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.

- 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.

- 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Yeo Siok Yong.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
28 June 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	Group 31 March 2019 $'000	Group 31 March 2018 $'000	Group 1 April 2017 $'000	Company 31 March 2019 $'000	Company 31 March 2018 $'000	Company 1 April 2017 $'000
ASSETS							
Current assets							
Inventories	4	11,452	9,569	12,983	–	–	–
Trade and other receivables	5	25,397	22,719	21,663	3,249	2,765	2,861
Prepayments		620	568	323	20	30	9
Cash and bank balances	6	19,027	13,733	10,540	3,633	330	237
Total current assets		56,496	46,589	45,509	6,902	3,125	3,107
Non-current assets							
Property, plant and equipment	7	81,218	81,512	75,204	4	5	10
Investment properties	8	1,154	1,202	1,250	–	–	–
Intangible assets	9	20,346	14,022	13,948	4	8	9
Investments in subsidiaries	10	–	–	–	40,657	29,220	28,969
Other receivables	5	3,211	3,175	2,583	1,900	1,851	2,551
Financial assets at FVOCI	11	720	–	–	720	–	–
Available-for-sale financial asset	11	–	792	630	–	792	630
Total non-current assets		106,649	100,703	93,615	43,285	31,876	32,169
TOTAL ASSETS		163,145	147,292	139,124	50,187	35,001	35,276
EQUITY							
Capital and reserves							
Share capital	12	8,664	7,899	7,899	8,664	7,899	7,899
Merger and capital reserves	13	(1,291)	179	179	–	–	–
Fair value adjustment account	14	90	162	–	90	162	–
Foreign currency translation reserve	15	243	248	405	–	–	–
Retained earnings	16	30,788	26,849	24,678	5,662	1,377	2,519
Equity attributable to owners of the parent		38,494	35,337	33,161	14,416	9,438	10,418
Non-controlling interests		3,299	4,076	4,350	–	–	–
TOTAL EQUITY		41,793	39,413	37,511	14,416	9,438	10,418
LIABILITIES							
Current liabilities							
Trade and other payables	17	30,065	23,948	22,416	5,874	2,590	2,133
Provisions	18	443	368	404	–	–	–
Bank borrowings	19	33,168	32,164	36,938	668	–	–
Finance lease payables	20	2,213	1,505	1,481	–	–	–
Income tax payable		1,619	991	355	16	–	23
Total current liabilities		67,508	58,976	61,594	6,558	2,590	2,156
Non-current liabilities							
Other payables	17	2,579	1,855	1,255	26,696	22,973	22,702
Bank borrowings	19	42,852	40,686	33,192	2,517	–	–
Finance lease payables	20	4,457	3,167	2,395	–	–	–
Deferred tax liabilities	21	3,956	3,195	3,177	–	–	–
Total non-current liabilities		53,844	48,903	40,019	29,213	22,973	22,702
TOTAL LIABILITIES		121,352	107,879	101,613	35,771	25,563	24,858
TOTAL EQUITY AND LIABILITIES		163,145	147,292	139,124	50,187	35,001	35,276

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Revenue	22	181,020	178,210
Other items of income			
Interest income		272	183
Other income	23	2,199	2,353
Items of expense			
Purchases and consumables used		(76,510)	(83,027)
Changes in inventories		145	(182)
Delivery expenses		(3,642)	(3,027)
Employee benefits expense	24	(54,314)	(49,106)
Depreciation and amortisation expenses	25	(9,300)	(8,828)
Advertising expenses		(3,719)	(3,387)
Operating lease expenses	26	(7,280)	(8,934)
Utilities		(6,133)	(5,593)
Other expenses		(13,699)	(12,914)
Finance costs	27	(2,803)	(2,478)
Profit before income tax	28	6,236	3,270
Income tax expense	29	(1,070)	(260)
Profit for the financial year		5,166	3,010
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations		27	(280)
Fair value gain on available-for-sale financial asset		–	162
		27	(118)
Items that will not be reclassified subsequently to profit or loss			
Fair value loss on equity instruments at FVOCI		(72)	–
Other comprehensive income for the financial year, net of tax		(45)	(118)
Total comprehensive income for the financial year		5,121	2,892
Profit attributable to:			
Owners of the parent		5,398	3,630
Non-controlling interests		(232)	(620)
		5,166	3,010
Total comprehensive income attributable to:			
Owners of the parent		5,321	3,635
Non-controlling interests		(200)	(743)
		5,121	2,892
Earnings per share			
– Basic and diluted (in cents)	30	3.68	2.49

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Share capital $'000	Merger and capital reserves $'000	Fair value adjustment account $'000	Foreign currency translation reserves $'000	Retained earnings $'000	Total equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2018		7,899	179	162	248	26,849	35,337	4,076	39,413
Profit for the financial year		–	–	–	–	5,398	5,398	(232)	5,166
Other comprehensive income									
Exchange differences arising from translation of foreign operations		–	–	–	(5)	–	(5)	32	27
Fair value loss on equity instruments at FVOCI	11	–	–	(72)	–	–	(72)	–	(72)
Total comprehensive income for the financial year		–	–	(72)	(5)	5,398	5,321	(200)	5,121
Changes in ownership interests in subsidiaries:									
Acquisition of subsidiaries	10	765	–	–	–	–	765	3,303	4,068
Acquisition of non-controlling interests without a change in control	10	–	(1,470)	–	–	–	(1,470)	(3,880)	(5,350)
Total changes in ownership interests in subsidiaries		765	(1,470)	–	–	–	(705)	(577)	(1,282)
Distribution to owners of the parent:									
Dividends	31	–	–	–	–	(1,459)	(1,459)	–	(1,459)
Total transaction with owners of the parent		–	–	–	–	(1,459)	(1,459)	–	(1,459)
Balance at 31 March 2019		8,664	(1,291)	90	243	30,788	38,494	3,299	41,793

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Share capital $'000	Merger and capital reserves $'000	Fair value adjustment account $'000	Foreign currency translation reserves $'000	Retained earnings $'000	Total equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2017		7,899	179	–	405	24,678	33,161	4,350	37,511
Profit for the financial year		–	–	–	–	3,630	3,630	(620)	3,010
Other comprehensive income									
Exchange differences arising from translation of foreign operations		–	–	–	(157)	–	(157)	(123)	(280)
Fair value gain on available-for-sale financial asset	11	–	–	162	–	–	162	–	162
Total comprehensive income for the financial year		–	–	162	(157)	3,630	3,635	(743)	2,892
Changes in ownership interests in subsidiaries:									
Acquisition of a subsidiary	10	–	–	–	–	–	–	439	439
Incorporation of a subsidiary		–	–	–	–	–	–	30	30
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	469	469
Distribution to owners of the parent:									
Dividends	31	–	–	–	–	(1,459)	(1,459)	–	(1,459)
Total transaction with owners of the parent		–	–	–	–	(1,459)	(1,459)	–	(1,459)
Balance at 31 March 2018		7,899	179	162	248	26,849	35,337	4,076	39,413

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	2019 $'000	2018 $'000
Operating activities		
Profit before income tax	6,236	3,270
Adjustments for:		
Allowance for impairment loss on third parties trade receivables	69	433
Bad third parties trade receivables written off	5	41
Reversal of allowance for impairment loss of trade receivables	(100)	(37)
Bad third parties trade receivables written back	–	(47)
Depreciation and amortisation expenses	9,300	8,828
Dividend income	(34)	(45)
Interest expense	2,803	2,478
Interest income	(272)	(183)
Inventories written down	81	217
Gain on disposal of property, plant and equipment	(26)	(27)
Intangible assets written off	1	–
Plant and equipment written off	188	260
Operating cash flows before working capital changes	18,251	15,188
Working capital changes:		
Inventories	(1,955)	3,382
Trade and other receivables	(752)	(525)
Prepayments	11	(212)
Trade and other payables	3,126	(385)
Provisions	(41)	(75)
Cash generated from operations	18,640	17,373
Income tax (paid)/refund	(476)	228
Net cash from operating activities	18,164	17,601

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Investing activities			
Acquisition of subsidiaries, net of cash acquired	10	(2,537)	102
Acquisition of additional equity interest in a subsidiary	10	(2,850)	–
Deposit paid for purchase of plant and equipment		(76)	(653)
Purchase of property, plant and equipment		(3,838)	(13,371)
Purchase of intangible assets		(449)	(334)
Proceeds from disposal of property, plant and equipment		187	1,482
Interest received		272	183
Dividend received		34	45
Net cash used in investing activities		(9,257)	(12,546)
Financing activities			
Drawdown of bank borrowings (Note A)		61,074	59,430
Issuance of ordinary shares to non-controlling interests in a subsidiary		–	30
(Repayment to)/Loan from a Director (Note A)		(436)	997
Loan from a related party (Note A)		–	300
Repayment of bank borrowings (Note A)		(58,171)	(58,254)
Repayment of finance lease payables (Note A)		(1,973)	(1,913)
Increase in fixed deposits pledged		(175)	–
Dividends paid		(1,459)	(1,459)
Interest paid		(2,793)	(2,468)
Net cash used in financing activities		(3,933)	(3,337)
Net change in cash and cash equivalents		4,974	1,718
Effect of foreign exchange rate changes on cash and cash equivalents		(48)	32
Cash and cash equivalents at beginning of financial year		10,916	9,166
Cash and cash equivalents at end of financial year	6	15,842	10,916

Note A: Reconciliation of liabilities arising from financing activities

	At the beginning of the financial year $'000	Cash flows $'000	Non-cash changes: Acquisition of subsidiaries, net of cash acquired $'000	Non-cash changes: Additions of property, plant and equipment under finance leases $'000	Non-cash changes: Offsetting $'000	Non-cash changes: Foreign exchange differences $'000	At the end of the financial year $'000
2019							
Bank borrowings	70,259	2,903	696	–	(587)	(35)	73,236
Finance lease payables	4,672	(1,973)	728	2,657	587	(1)	6,670
Loan from a Director	1,297	(436)	–	–	–	–	861
Loan from a related party	1,555	–	–	–	–	–	1,555
	77,783	494	1,424	2,657	–	(36)	82,322
2018							
Bank borrowings	68,982	1,176	–	–	–	101	70,259
Finance lease payables	3,876	(1,913)	11	2,694	–	4	4,672
Loan from a Director	300	997	–	–	–	–	1,297
Loan from a related party	1,255	300	–	–	–	–	1,555
	74,413	560	11	2,694	–	105	77,783

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

These notes form an integral part and should be read in conjunction with the financial statements.

1. GENERAL CORPORATE INFORMATION

Neo Group Limited (the "Company") is a public limited liability company, incorporated and domiciled in the Republic of Singapore with its registered office address and principal place of business at 1 Enterprise Road, Singapore 629813. The Company's registration number is 201207080G. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

The Group's ultimate controlling party is Mr Neo Kah Kiat.

The principal activities of the Company are those of an investment holding company and the provision of business and management consultancy services.

The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2019 were authorised for issue in accordance with a Directors' resolution dated 28 June 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are the Group's and the Company's first financial statements prepared in accordance with SFRS(I)s. The Group and the Company have previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRSs"). As required by SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*, the Group and the Company have consistently applied the same accounting policies in its opening statement of financial position at 1 April 2017 and throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. Comparative information for the financial year ended 31 March 2018 in these financial statements have not been restated as there are no material financial impact on the transition from FRS to SFRS(I). Except for the adoption of SFRS(I) 9, relevant accounting policy that is effective from 1 April 2018 is disclosed in Note 2.10 to the financial statements.

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. All values presented are rounded to the nearest thousand ("$'000") as indicated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

The Group is in a net current liabilities position of approximately $11,012,000 (2018: $12,387,000; 1 April 2017: $16,085,000) as at 31 March 2019. However, the Group's total assets exceeded its total liabilities by approximately $41,793,000 (31 March 2018: $39,413,000; 1 April 2017: $37,511,000) as at 31 March 2019 and recorded a profit before income tax of approximately $6,236,000 (2018: $3,270,000) for the financial year ended 31 March 2019. The management is of the view that it is appropriate for the financial statements to be prepared on a going concern basis which contemplates the realisation of assets and liabilities in the ordinary course of business and there are no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. In assessing whether the Group can meet its debt obligations for the ensuing twelve months, the management had prepared cash flow forecasts which was approved by the Board. The cash flows were derived from the financial budget for the financial year ending 31 March 2020 where it indicates that the Group has sufficient cash and cash equivalents and adequate bank facilities to support the Group's operations and pay its debts as and when they fall due.

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I) INTs that were issued but not yet effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
SFRS(I) 16	:	*Leases*	1 January 2019
SFRS(I) 9 (Amendments)	:	*Prepayment Features with Negative Compensation*	1 January 2019
SFRS(I) 1-19 (Amendments)	:	*Plan Amendment, Curtailment or Settlement*	1 January 2019
SFRS(I) 1-28 (Amendments)	:	*Long-term Interests in Associates and Joint Ventures*	1 January 2019
SFRS(I) INT 23	:	*Uncertainty over Income Tax Treatments*	1 January 2019
SFRS(I) 1-1, SFRS(I) 1-8 (Amendments)	:	*Definition of Material*	1 January 2020
SFRS(I) 3 (Amendments)	:	*Definition of a Business*	1 January 2020
SFRS(I) 17	:	*Insurance Contracts*	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
Annual Improvements to SFRS(I)s 2015 – 2017 Cycle (March 2018)			
– SFRS(I) 3 (Amendments)	:	*Business Combinations*	1 January 2019
– SFRS(I) 11 (Amendments)	:	*Previously Held Interest in a Joint Operation*	1 January 2019
– SFRS(I) 1-12 (Amendments)	:	*Income Tax Consequences of Payments on Financial Instruments Classified as Equity*	1 January 2019
– SFRS(I) 1-23 (Amendments)	:	*Borrowing Costs eligible for Capitalisation*	1 January 2019
Various amendments	:	*References to the Conceptual Framework in SFRS(I) Standards, illustrative examples, implementation guidance and SFRS(I)*	1 January 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) and SFRS(I) INT issued but not yet effective (Continued)

Consequential amendments were also made to various standards as a result of these new/revised standards.

Except as disclosed below, management anticipates that the adoption of the above SFRS(I)s and SFRS(I) INTs in future periods, if applicable will not have a material impact on the financial statements of the Group in the period of their initial adoption.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

The Group has performed an assessment on the adoption of SFRS(I) 16 based on currently available information as well as recognition exemptions under SFRS(I) 16. The Group expects to capitalise its operating leases on outlets, offices, hostel, kitchen, warehouse and other operating facilities on the statement of financial position by recognising a 'right-of-use' assets of $26,387,000 and their corresponding lease liabilities for the present value of future lease payments of $26,387,000. This assessment may be subject to changes from the ongoing analysis until the finalisation of transition entries.

The Group plans to adopt the standard in the financial year beginning on 1 April 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on statement of financial position as at 1 April 2019. The Group will include the required additional disclosures in its financial statements for the financial year ending 31 March 2020.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Non-controlling interests

Non-controlling interests represents the equity in subsidiaries which is not attributable directly or indirectly to the equity owners of the parent. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

Acquisition under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognise any new assets or liabilities.
- No goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Low value assets items which cost less than $1,500 are recognised as an expense directly in profit or loss in the financial year of acquisition.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Freehold land has an unlimited useful life and therefore is not depreciated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

	Years
Building	50
Leasehold properties	Over lease term of 20 to 45
Furniture and fittings	3 to 5
Kitchen and office equipment	3 to 6
Motor vehicles	10
Renovation	3 to 6
Operating supplies	2 to 3
Factory equipment	3 to 10
Plant and machinery	10 to 15

Construction-in-progress represents items of property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when it is completed and ready for use. No depreciation is charged on construction-in-progress as they are not yet ready for their intended use as at each reporting date.

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 27 to 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is charged to profit or loss when incurred.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the carrying amount and the cost of the property transferred do not change for measurement or disclosure purposes. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment as set out in Note 2.4 to the financial statements, up to the date of change in use.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.6 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the changes in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets (Continued)

Computer software

Acquired computer software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Subsequent to initial recognition, computer software is carried at cost less accumulated amortisation and impairment losses, if any. The cost of computer software is amortised to profit or loss using the straight-line method over the estimated useful life of 3 years.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Trademarks

Trademarks are stated at cost less accumulated impairment losses. The management has assessed the useful life of the trademarks to be indefinite and thus the intangible asset is not amortised. The useful life of the trademarks is being reviewed at least annually to determine whether the indefinite useful life assessment continues to be supportable.

Customer relationships

Customer relationships arising from the business combinations is stated at cost less accumulated amortisation and accumulated impairment losses. The customer relationships have an estimated useful lives ranging from 8 to 10 years. The customer relationships are amortised to profit or loss using the straight-line method over the estimated useful lives.

Unfulfilled orders

Unfulfilled orders arising from the business combinations is stated at cost less accumulated amortisation and accumulated impairment losses. The unfulfilled orders have an estimated useful life of less than 1 year. The unfulfilled orders are amortised to profit or loss using the straight-line method over the estimated useful life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position.

2.8 Impairment of non-financial assets excluding goodwill and trademarks

The carrying amounts of property, plant and equipment, investment properties, intangible assets with definite useful lives as well as investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. 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 determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

The costs of raw materials and trading goods are determined on a first-in, first-out basis. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured goods, costs include cost of material, direct labour and an appropriate portion of manufacturing overheads.

Work-in-progress is stated at cost which comprises direct material, direct labour and other directly attributable expenses. Allowance is made for anticipated losses, if any, on work-in-progress when the possibility is ascertained.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business less costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying amount of those inventories to the lower of cost and net realisable value.

2.10 Financial assets

The Group and the Company recognise a financial asset in their statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the instrument.

The Group and the Company classify their financial assets into one of the categories below, depending on the Group's and the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group and the Company shall reclassify their affected financial assets when and only when the Group and the Company changes their business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Group's and the Company's accounting policy for each category is as follows:

<u>Amortised cost</u>

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for non-trade receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

Amortised cost (Continued)

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables and cash and bank balances in the statements of financial position.

Financial assets at fair value through other comprehensive income ("FVOCI")

The Group and the Company have an investment in a listed entity which is not accounted for as subsidiary, associate or jointly controlled entity. For the equity investment, the Group and the Company have made an irrevocable election to classify the investment at fair value through other comprehensive income rather than through profit or loss as the Group and the Company consider this measurement to be the most representative of the business model for these asset. It is carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value adjustment account is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or the Group and the Company transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Accounting policy for financial assets prior to 1 April 2018

The Group and the Company classify their financial assets as loans and receivables and available-for-sale financial asset. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade and other receivables" and "cash and bank balances" on the statements of financial position.

(ii) Available-for-sale financial asset

Available-for-sale financial asset is non-derivative financial asset that is either designated as available-for-sale or not classified in any of the other categories. It is presented as non-current assets unless the management intends to dispose of the asset within 12 months after the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

Accounting policy for financial assets prior to 1 April 2018 (Continued)

Recognition and derecognition

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds is recognised in profit or loss. Any cumulative gain or loss in the fair value adjustment account relating to the asset is also recognised in profit or loss.

Initial and subsequent measurement

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially recognised at fair value.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

After initial recognition, available-for-sale financial asset is re-measured at fair value with gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised or is determined to be impaired.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

Accounting policy for financial assets prior to 1 April 2018 (Continued)

Impairment

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Available-for-sale financial asset

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment security classified as available-for-sale financial asset is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment losses on equity instruments are not recognised in profit or loss. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits, net of fixed deposits pledged with banks and bank overdrafts. In the statements of financial position, bank overdrafts are presented within borrowings under current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial liabilities

The Group and the Company recognise a financial liability in their statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the instrument.

The Group and the Company classify all financial liabilities as subsequently measured at amortised cost, except for financial guarantee contracts loans commitment and/ or contingent consideration in a business combination.

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

(ii) Bank borrowings

Bank borrowings are initially recognised at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the bank borrowings using the effective interest method.

Certain bank borrowings are presented as current bank borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other bank borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current bank borrowings in the statements of financial position.

(iii) Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Prior to 1 April 2018, financial guarantees were subsequently measured at the higher of amount initially recognised less amortisation and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial liabilities (Continued)

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 Offsetting and netting

Financial assets and financial liabilities are only offset and the net amount reported on the statements of financial position when there is a legally enforceable right to set off the recognised amounts and where the Group and the Company intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.14 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable 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.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These provisions are discounted to present value where the effect is material and a pre-tax discount rate is used that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes).

Revenue from food catering business, food retail business and other businesses are recognised upon the delivery and acceptance of the goods sold to the customers. In certain circumstances, the Group receives advances from customers and these are included in "Trade and other payables" as "Deferred income". Revenue from "Tingkat sales" within the food catering business segment is recognised over time as it is a series of distinct service where the customer simultaneously receives and consumes the benefits provided by the Group. The Group measures the progress using the Tingkat orders delivered (output method) as this would faithfully depict the Group's performance to date.

Revenue from supplies and trading segment and food manufacturing segment are recognised at point in time when the products are delivered to customers. For overseas sales, performance obligations are satisfied when the control of products (i.e. risk of obsolescence and loss of shipment) are transferred to the customers. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Group's revenue transaction as customers are required to pay within a credit term of 3 to 90 days. Revenue from these sales is recognised based on the price specified in the contract, net of discounts and sales rebates. For certain customers, contractual rebates are given based on sales transactions for the reporting period. The Group accounts for consideration payable to customers as a reduction of the transaction price if the payment is not for distinct goods or services received from the customer. If the payment is for distinct goods or services received from the customer, the Group accounts for any excess of the consideration payable to the customer over the fair value of the distinct goods or services as a reduction of the transaction price.

Food reimbursement income is recognised upon the delivery and acceptance of the goods sold to the employees.

Interest income is recognised on a time-apportionment basis using the effective interest method.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income under operating leases is recognised on a straight-line basis over the term of the lease.

2.17 Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

2.18 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases

When the Group as lessor of operating leases

Leases where the Group retains substantially all risks and rewards incidental to the ownership are classified as operating leases.

Assets leased out under operating leases are included in investment properties.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

When the Group as lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

Contingent rents are recognised as an expense in profit or loss in the financial year in which they are incurred.

When the Group as lessee of finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. The corresponding liability to the lessor is included in the statements of financial position as a finance lease payable.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

2.20 Borrowing costs

Borrowing costs comprise interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use.

All other borrowing costs are recognised in profit or loss in the financial year in which they are incurred using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in prior years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates enacted or substantively enacted by the end of the reporting period.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Income tax (Continued)

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the statements of financial position.

2.22 Foreign currencies

In preparing the financial statements of the individual entities, transactions in a currency other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are taken to the foreign currency translation reserve. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assessing performance of the operating segments.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the accounting policies

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

(i) Valuation of intangible assets

The Group has recognised intangible assets as a result of acquisition of subsidiaries. Purchase price allocation ("PPA") exercise, which involved identification and valuation of the acquired assets and liabilities as well as estimating the residual goodwill was performed. The carrying amount of the Group's intangible assets recognised as at 31 March 2019 was approximately $20,346,000 (31 March 2018: $14,022,000; 1 April 2017: $13,948,000)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Impairment of goodwill, trademarks and customer relationships

Management performs impairment test on goodwill and trademarks on an annual basis and whenever there an indication that they are impaired and impairment test on customer relationships when there is an indication that they are impaired. The process of evaluating the potential impairment of goodwill, trademarks and customer relationships is subjective and requires significant judgement. Management estimates the recoverable amount based on the expected future cash flows from the cash generating units to which the goodwill, trademarks and customer relationships belong. The carrying values of the cash generating units are then compared against the recoverable amounts. Any excess of the carrying values over the discounted future cash flows are recognised as impairment loss in profit or loss.

The carrying amounts of goodwill, trademarks and customer relationships of the Group as at 31 March 2019 were approximately $7,761,000 (31 March 2018: $5,219,000; 1 April 2017; $5,165,000), $8,329,000 (31 March 2018: $8,329,000; 1 April 2017: $8,329,000) and $3,652,000 (31 March 2018: $Nil; 1 April 2017: $Nil) respectively.

(iii) Impairment of property, plant and equipment and investment properties

The Group assesses whether there are any indicators of impairment for its property, plant and equipment and investment properties at each reporting date. These assets are tested for impairment when there are indicators that the carrying amount may not be recovered.

The carrying amounts of property, plant and equipment of the Group and the Company as at 31 March 2019 were approximately $81,218,000 (31 March 2018: $81,512,000; 1 April 2017: $75,204,000) and $4,000 (31 March 2018: $5,000; 1 April 2017: $10,000) respectively. The carrying amount of investment properties of the Group as at 31 March 2019 was approximately $1,154,000 (31 March 2018: $1,202,000; 1 April 2017: $1,250,000).

(iv) Impairment of investments in subsidiaries

The Company assesses annually whether its investment in subsidiaries exhibit any indication of impairment. Where such indications exist, the recoverable amounts of the investments will be determined based on the estimated value-in-use by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the investments in subsidiaries as at 31 March 2019 was approximately $40,657,000 (31 March 2018: $29,220,000; 1 April 2017: $28,969,000).

(v) Inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using first-in, first-out basis. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on accumulation of aged inventories, estimated future demand and related forecast uncertainty, recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of inventories of the Group as at 31 March 2019 was approximately $11,452,000 (31 March 2018: $9,569,000; 1 April 2017: $12,983,000).

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(vi) Loss allowance for trade and other receivables

Management establishes the loss allowance for receivables based on expected credit loss model. In determining the expected credit losses for trade receivables, management categorised the trade debtors based on their historical loss pattern, historical payment profile and adjusted for the forward looking information such as industry performance. For non-trade debtors, management considers the performance, financial capability as well as payment profile of these non-trade debtors in order to determine the appropriate stage of expected credit loss for these debtors. Probability or risk of default is then being estimated by considering the future conditions.

Additionally, management also evaluates expected credit loss for customer in financial difficulties separately (credit-impaired). The carrying amounts of trade and other receivables of the Group and the Company as at 31 March 2019 were approximately $28,608,000 (31 March 2018: $25,894,000; 1 April 2017: $24,246,000) and $5,149,000 (31 March 2018: $4,616,000; 1 April 2017: $5,412,000) respectively.

(vii) Income taxes

The Group and the Company recognise expected liabilities for income tax based on estimation of the likely tax payable, which requires significant judgement as to the ultimate tax determination of certain items. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions, in the financial year in which such determination is made. The carrying amounts of current income tax payable of the Group and the Company as at 31 March 2019 were approximately $1,619,000 (31 March 2018: $991,000; 1 April 2017: $355,000) and $16,000 (31 March 2018: $Nil; 1 April 2017: $23,000) respectively. The carrying amount of deferred tax liabilities of the Group as at 31 March 2019 was approximately $3,956,000 (31 March 2018: $3,195,000; 1 April 2017: $3,177,000).

4. INVENTORIES

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Raw materials	5,546	3,123	2,961
Trading goods	4,672	6,030	6,959
Work in progress	66	175	131
Goods-in-transit	1,168	241	2,932
	11,452	9,569	12,983

During the financial year ended 31 March 2019, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of write down of inventories of approximately $81,000 (2018: $217,000) as expenses which was included in "Purchases and consumables used" line item in the Group's profit or loss.

The cost of inventories recognised as an expense and included in statement of comprehensive income for the financial year ended 31 March 2019 amounted to approximately $76,365,000 (2018: $83,209,000).

5. TRADE AND OTHER RECEIVABLES

	Group 31 March 2019 $'000	Group 31 March 2018 $'000	Group 1 April 2017 $'000	Company 31 March 2019 $'000	Company 31 March 2018 $'000	Company 1 April 2017 $'000
Current						
Trade receivables						
– third parties	20,253	18,266	15,292	–	–	–
– related parties	4	7	–	–	–	–
Allowance for impairment loss						
– third parties	(500)	(557)	(163)	–	–	–
	19,757	17,716	15,129	–	–	–
Non-trade receivables						
– third parties	742	1,388	396	72	14	24
– employees	533	147	180	–	–	–
– subsidiaries	–	–	–	2,874	2,448	2,763
– related parties	51	185	6	–	–	–
	1,326	1,720	582	2,946	2,462	2,787
Goods and services tax receivable	–	–	70	–	–	–
Advances to suppliers	1,043	324	595	–	–	–
Accrued income	309	64	53	–	–	53
Deposits	2,962	2,895	5,234	303	303	21
	5,640	5,003	6,534	3,249	2,765	2,861
Total current trade and other receivables	25,397	22,719	21,663	3,249	2,765	2,861
Non-current						
Non-trade receivables						
– employees	3,211	3,175	2,583	–	–	–
– subsidiaries	–	–	–	1,900	1,851	2,551
Total non-current other receivables	3,211	3,175	2,583	1,900	1,851	2,551
Total trade and other receivables	28,608	25,894	24,246	5,149	4,616	5,412

Trade receivables are unsecured, non-interest bearing and generally on 3 to 90 (2018: 3 to 90) days' credit terms.

Current non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand except for an amount due from a subsidiary of approximately $1,800,000 (31 March 2018: $1,800,000; 1 April 2017: $1,800,000) which is unsecured, bear effective interest rate of 2.8% (31 March 2018: 2.8%; 1 April 2017: 2.8%) repayable on demand and are expected to be settled in cash.

Non-current non-trade amounts due from subsidiaries are unsecured, bear effective interest rate at 3.5% to 5.0% (31 March 2018: 2.8% to 5.0%; 1 April 2017: 2.8% to 5.0%), are repayable after 12 months subsequent to the reporting date and are expected to be settled in cash.

The carrying amount of non-current non-trade amount due from subsidiaries approximates its fair value as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

Non-trade amount due from related parties are unsecured, non-interest bearing and repayable on demand and are expected to be settled in cash.

5. TRADE AND OTHER RECEIVABLES (CONTINUED)

Current non-trade amounts due from employees are loans which are unsecured, non-interest bearing and repayable on demand.

Non-current non-trade amounts due from employees are loans which are unsecured, non-interest bearing and are for a period of 5 years from March 2019 to March 2024 (31 March 2018: from November 2014 to November 2019; 1 April 2017: from November 2014 to November 2019), except for non-current non-trade amounts due from employees of approximately $3,000,000 (31 March 2018: $2,948,000; 1 April 2017: $2,356,000) which are unsecured, bear effective interest rate at 5% (31 March 2018: 5%; 1 April 2017: 5%) per annum and repayable within 6 years. The non-interest bearing loans are stated at fair value at inception. The difference between the fair value and the loan amounts at inception are recognised in "Finance costs" line item in the Group's profit or loss. Subsequent to initial recognition, the loans are measured at amortised cost using the effective interest method approximating the market rate. The unwinding of the difference is recognised in "Interest income" line item in the Group's profit or loss over the expected repayment period. The carrying amount of loans to employees approximate its fair value.

Advances to supplier relate to advance payments made to the suppliers for the purchase of goods.

Deposits mainly relate to the rental deposits of retail outlets, offices spaces, central kitchens and deposits made to suppliers for the purchase of plant and equipment.

During the financial year ended 31 March 2019, third parties trade receivables written off of approximately $5,000 (2018: $41,000) was recognised in "Other expenses" line item in the Group's profit or loss.

During the financial year ended 31 March 2019, reversal of allowance for impairment loss of third parties trade receivables of approximately $100,000 (2018: $37,000) was recognised in "Other income" line item in the Group's profit or loss.

During the financial year ended 31 March 2019, allowance for impairment loss on third parties trade receivables of approximately $69,000 (2018: $433,000) was recognised in "Other expenses" line item in the Group's profit or loss.

Movements in the allowance for impairment of trade receivables are as follows:

	Group	
	2019 $'000	2018 $'000
At 1 April	557	163
Allowance charged to profit or loss, credit-impaired	69	433
Allowance written off	(26)	(2)
Reversal of allowance for impairment loss	(100)	(37)
At 31 March	500	557

The currency profiles of the Group's and the Company's trade and other receivables as at the each reporting date are as follows:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Singapore dollar	23,163	22,360	22,685	5,149	4,616	5,412
United States dollar	1,067	1,351	889	–	–	–
Malaysian ringgit	4,378	2,183	642	–	–	–
Australian dollar	–	–	30	–	–	–
	28,608	25,894	24,246	5,149	4,616	5,412

6. CASH AND BANK BALANCES

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Cash and bank balances	18,474	13,356	10,163	3,633	330	237
Fixed deposits	553	377	377	–	–	–
Cash and bank balances on statements of financial position	19,027	13,733	10,540	3,633	330	237
Fixed deposits pledged	(401)	(226)	(226)			
Bank overdraft	(2,784)	(2,591)	(1,148)			
Cash and cash equivalents on consolidated statement of cash flows	15,842	10,916	9,166			

Fixed deposits are placed for a period of 3 to 12 (31 March 2018: 8 to 12; 1 April 2017: 8 to 12) months and bear effective interest rate at 0.10% to 0.35% (31 March 2018: 0.20% to 0.35%; 1 April 2017: 0.30%) per annum for the financial year ended 31 March 2019. The Group's fixed deposits exclude fixed deposits pledged are readily convertible to cash at minimal cost.

The currency profiles of the Group's and the Company's cash and bank balances as at each reporting date are as follows:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Singapore dollar	18,296	13,321	9,611	3,633	330	237
United States dollar	380	52	736	–	–	–
Malaysian ringgit	351	360	193	–	–	–
	19,027	13,733	10,540	3,633	330	237

7. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Building $'000	Leasehold properties $'000	Furniture and fittings $'000	Kitchen and office equipment $'000	Motor vehicles $'000	Renovation $'000	Operating supplies $'000	Factory equipment $'000	Plant and machinery $'000	Construction-in-progress $'000	Total $'000
Group												
Cost												
Balance at 1 April 2018	3,144	3,844	43,744	2,402	10,539	13,020	12,454	1,494	783	8,225	9,927	109,576
Acquisition of subsidiaries (Note 10)	–	–	515	31	156	757	132	16	–	–	–	1,607
Additions	–	–	–	306	1,216	1,269	956	385	92	1,863	1,068	7,155
Disposals	–	–	–	–	(238)	(525)	(3)	–	(1)	(66)	–	(833)
Written off	–	–	–	(152)	(315)	(2)	(634)	–	–	(120)	–	(1,223)
Currency re-alignment	(21)	(33)	–	(1)	(7)	(5)	(20)	–	(18)	(95)	–	(200)
Balance at 31 March 2019	3,123	3,811	44,259	2,586	11,351	14,514	12,885	1,895	856	9,807	10,995	116,082
Accumulated depreciation and accumulated impairment losses												
Balance at 1 April 2018	136	269	4,717	1,559	7,898	4,525	6,038	1,118	498	1,306	–	28,064
Depreciation for the financial year	–	78	1,705	464	1,545	1,500	2,081	323	141	784	–	8,621
Disposals	–	–	–	–	(185)	(464)	(1)	–	(1)	(21)	–	(672)
Written off	–	–	–	(126)	(303)	(1)	(484)	–	–	(121)	–	(1,035)
Currency re-alignment	–	–	–	–	(7)	(3)	(18)	–	(18)	(68)	–	(114)
Balance at 31 March 2019	136	347	6,422	1,897	8,948	5,557	7,616	1,441	620	1,880	–	34,864
Carrying amount												
Balance at 31 March 2019	2,987	3,464	37,837	689	2,403	8,957	5,269	454	236	7,927	10,995	81,218

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land $'000	Building $'000	Leasehold properties $'000	Furniture and fittings $'000	Kitchen and office equipment $'000	Motor vehicles $'000	Renovation $'000	Operating supplies $'000	Factory equipment $'000	Plant and machinery $'000	Construction-in-progress $'000	Total $'000
Group												
Cost												
Balance at 1 April 2017	2,127	2,147	45,241	1,807	8,968	12,533	9,556	1,232	495	3,111	8,980	96,197
Acquisition of a subsidiary (Note 10)	–	–	–	2	83	18	–	–	2	66	–	171
Additions	1,010	–	239	800	1,845	706	3,484	262	276	4,960	2,512	16,094
Disposals	–	–	(1,736)	(5)	(79)	(134)	(51)	–	(43)	(88)	–	(2,136)
Written off	–	–	–	(203)	(308)	(121)	(599)	–	(8)	(122)	–	(1,361)
Reclassification	–	1,668	–	–	–	–	–	–	–	–	(1,668)	–
Currency re-alignment	7	29	–	1	30	18	64	–	61	298	103	611
Balance at 31 March 2018	3,144	3,844	43,744	2,402	10,539	13,020	12,454	1,494	783	8,225	9,927	109,576
Accumulated depreciation and accumulated impairment losses												
Balance at 1 April 2017	136	221	3,400	1,224	6,477	3,398	4,421	868	319	529	–	20,993
Depreciation for the financial year	–	48	1,726	486	1,742	1,370	2,033	250	152	659	–	8,466
Disposals	–	–	(409)	(2)	(54)	(131)	(26)	–	(27)	(32)	–	(681)
Written off	–	–	–	(149)	(290)	(121)	(448)	–	(5)	(88)	–	(1,101)
Currency re-alignment	–	–	–	–	23	9	58	–	59	238	–	387
Balance at 31 March 2018	136	269	4,717	1,559	7,898	4,525	6,038	1,118	498	1,306	–	28,064
Carrying amount												
Balance at 31 March 2018	3,008	3,575	39,027	843	2,641	8,495	6,416	376	285	6,919	9,927	81,512
Balance at 1 April 2017	1,991	1,926	41,841	583	2,491	9,135	5,135	364	176	2,582	8,980	75,204

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Company	
	2019 $'000	2018 $'000
Renovation		
Cost		
Balance at beginning of financial year and end of the financial year	27	27
Accumulated depreciation		
Balance at beginning of financial year	22	17
Depreciation for the financial year	1	5
Balance at end of financial year	23	22
Carrying amount		
Balance at beginning of financial year	5	10
Balance at end of financial year	4	5

As at 31 March 2019, the carrying amount of plant and equipment of the Group which were acquired under finance lease agreements were approximately $8,497,000 (31 March 2018: $6,803,000; 1 April 2017: $3,749,000).

The construction in progress relate to capital expenditure for a headquarters and catering hub in the course of construction.

The freehold land, building, leasehold properties and construction-in-progress of the Group with aggregate carrying amount of approximately $55,283,000 (31 March 2018: $55,537,000; 1 April 2017: $54,738,000) as at 31 March 2019 are mortgaged as security for the banking facilities as set out in Note 19 to the financial statements.

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment during the financial year were financed as follows:

	Group	
	2019 $'000	2018 $'000
Additions to property, plant and equipment	7,155	16,094
Provision for dismantlement, removal or restoration	(68)	(29)
Acquired under finance lease arrangements	(2,657)	(2,694)
Acquired through other payables	(592)	–
Cash payments to acquire property, plant and equipment	3,838	13,371

Borrowing costs of approximately $54,000 (31 March 2018: $57,000; 1 April 2017: $85,000) which arose on the financing specifically entered into for the construction of the building were capitalised by the Group during the financial year.

8. INVESTMENT PROPERTIES

	Group 2019 $'000	Group 2018 $'000
Cost		
Balance at beginning of financial year and end of the financial year	1,431	1,431
Accumulated depreciation and accumulated impairment losses		
Balance at beginning of financial year	229	181
Depreciation for the financial year	48	48
Balance at end of financial year	277	229
Carrying amount		
Balance at beginning of financial year	1,202	1,250
Balance at end of financial year	1,154	1,202

The fair value of investment properties as at 31 March 2019 amounted to approximately $1,060,000 (31 March 2018: $1,230,000; 1 April 2017: $1,250,000). On 26 March 2019, the investment properties were valued by an independent and licensed appraiser who has recent experience in the locations and categories of the investment properties being valued, using the direct comparative method. Sales prices of comparable properties in similar locations are adjusted for differences in key attributes such as tenure, age, size, design, floor level, condition and standard of finishes amongst other factors. The valuation conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with their actual use.

The following table presents the valuation technique and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Country	Description	Fair value 31 March 2019	Fair value 31 March 2018	Fair value 1 April 2017	Valuation technique	Unobservable inputs
Singapore	Commercial property	$500,000	$650,000	$650,000	Direct comparative method	Market price per square metre
Singapore	Commercial property	$560,000	$580,000	$600,000	Direct comparative method	Market price per square metre

There have been no change in the valuation techniques of investment properties as at each reporting date. There were no transfers between levels during the financial year.

The following amounts are recognised in profit or loss:

	Group 2019 $'000	Group 2018 $'000
Rental income	2	26
Property taxes and other direct operating expenses arising from investment properties	11	11

The investment properties of the Group with carrying amounts of approximately $1,154,000 (31 March 2018: $1,202,000; 1 April 2017: $1,250,000) as at 31 March 2019 are mortgaged as security for the banking facilities as set out in Note 19 to the financial statements.

8. INVESTMENT PROPERTIES (CONTINUED)

The Group's investment properties are as follows:

Location	Description	Tenure	Approximate site area (sq m)
50 Tuas Avenue 11, #02-12 Tuas Lot, Singapore 639107	Warehouse	99 years leasehold from 1 April 1980	352
16 Jalan Kilang Timor #03-07, Redhill Forum, Singapore 159308	General office	99 years leasehold from 1 January 1961	90

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property for repairs, maintenance or enhancements.

9. INTANGIBLE ASSETS

	Computer software $'000	Goodwill $'000	Trademarks $'000	Customer relationships $'000	Unfulfilled orders $'000	Total $'000
Group						
Cost						
Balance at 1 April 2018	1,367	5,219	8,329	–	–	14,915
Acquisition of subsidiaries (Note 10)	–	2,542	–	3,892	73	6,507
Additions	449	–	–	–	–	449
Written off	(3)	–	–	–	–	(3)
Balance at 31 March 2019	1,813	7,761	8,329	3,892	73	21,868
Accumulated amortisation						
Balance at 1 April 2018	893	–	–	–	–	893
Amortisation for the financial year	318	–	–	240	73	631
Written off	(2)	–	–	–	–	(2)
Balance at 31 March 2019	1,209	–	–	240	73	1,522
Carrying amount						
Balance at 31 March 2019	604	7,761	8,329	3,652	–	20,346

9. INTANGIBLE ASSETS (CONTINUED)

	Computer software $'000	Goodwill $'000	Trademarks $'000	Total $'000
Group				
Cost				
Balance at 1 April 2017	1,088	5,165	8,329	14,582
Acquisition of a subsidiary (Note 10)	–	54	–	54
Additions	334	–	–	334
Written off	(55)	–	–	(55)
Balance at 31 March 2018	1,367	5,219	8,329	14,915
Accumulated amortisation				
Balance at 1 April 2017	634	–	–	634
Amortisation for the financial year	314	–	–	314
Written off	(55)	–	–	(55)
Balance at 31 March 2018	893	–	–	893
Carrying amount				
Balance at 31 March 2018	474	5,219	8,329	14,022
Balance at 1 April 2017	454	5,165	8,329	13,948

	2019 $'000	2018 $'000
Company		
Computer software		
Cost		
Balance at beginning of financial year	30	24
Additions	–	6
Balance at end of financial year	30	30
Accumulated amortisation		
Balance at beginning of financial year	22	15
Amortisation for the financial year	4	7
Balance at end of financial year	26	22
Carrying amount		
Balance at beginning of financial year	8	9
Balance at end of financial year	4	8

The management determines the useful life of trademarks to be indefinite as the management intends and has the ability to maintain the trademarks for foreseeable future and it is expected to contribute to net cash inflows indefinitely.

Amortisation of intangible assets is included in "Depreciation and amortisation expenses" line item in the Group's profit or loss.

9. INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill, trademarks and customer relationships

Goodwill, trademarks and customer relationships arising from the business combinations have been allocated to the respective cash-generating units ("CGU") which are also the reportable operating segments, for impairment testing. The carrying amounts of goodwill, trademarks and customer relationships allocated to each CGU are as follows:

	Goodwill $'000	Trademarks $'000	Customer relationships $'000	Total $'000
31 March 2019				
Food manufacturing segment	2,095	7,034	–	9,129
Supplies and trading segment	3,124	1,295	–	4,419
Food catering business segment	2,542	–	3,652	6,194
	7,761	8,329	3,652	19,742
31 March 2018				
Food manufacturing segment	2,095	7,034	–	9,129
Supplies and trading segment	3,124	1,295	–	4,419
	5,219	8,329	–	13,548
1 April 2017				
Food manufacturing segment	2,095	7,034	–	9,129
Supplies and trading segment	3,070	1,295	–	4,365
	5,165	8,329	–	13,494

The Group tests the CGU for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The recoverable amounts of the CGU have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period and projection to terminal year. The key assumptions for the value in use calculations are those regarding the revenue growth rates, terminal growth rate and discount rates during the financial year as follow:

	Revenue growth rate	Terminal growth rate	Discount rate
31 March 2019			
Food manufacturing segment	2.6% to 10.4%	2.0%	12.4%
Supplies and trading segment	5.0% to 27.5%	0.5%	13.6%
Food catering business segment	5.0% to 26.4%	0.5%	11.6%
31 March 2018			
Food manufacturing segment	4.0% to 12.0%	2.0%	13.5%
Supplies and trading segment	-20.7% to 24.1%	0.5%	13.6%
1 April 2017			
Food manufacturing segment	6.0% to 9.0%	2.0%	13.5%
Supplies and trading segment	5.0%	0.5%	13.6%

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rate is based on management's estimates and expectations from historical trends and market data.

Sensitivity analysis

As at each reporting date, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

10. INVESTMENTS IN SUBSIDIARIES

	Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Unquoted equity shares, at cost	41,912	30,475	29,894
Allowance for impairment loss	(1,255)	(1,255)	(925)
	40,657	29,220	28,969

Movement in unquoted equity shares, at cost was as follows:

	Company	
	2019 $'000	2018 $'000
Balance at beginning of financial year	30,475	29,894
Acquisition of subsidiaries	5,987	511
Acquisition of additional equity interest in a subsidiary	5,350	–
Incorporation of a subsidiary	100	70
Balance at end of financial year	41,912	30,475

Movement in allowance for impairment loss was as follows:

	Company	
	2019 $'000	2018 $'000
Balance at beginning of financial year	1,255	925
Impairment loss on investments in subsidiaries	–	330
Balance at end of financial year	1,255	1,255

Impairment on investments in subsidiaries

As at the end of the financial year, the Company carried out a review of the investments in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries. Based on the value in use calculations, the recoverable amount exceed the carrying amount of investments in subsidiaries hence, no impairment loss is recognised for the financial year.

In the previous financial year, impairment loss of $330,000 has been recognised for an investment in a subsidiary based on value in use calculations from cash flow projections from financial budgets approved by management covering a five-year period and projection to terminal year. Based on the value in use calculations, the subsidiary had a recoverable amount of $Nil.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The key assumptions for the value in use calculations are those regarding the revenue growth rates, terminal growth rate and discount rates at each reporting date as follow:

	Company 31 March 2019	31 March 2018	1 April 2017
Revenue growth rate	-52% to 56%	-21% to 24%	5% to 20%
Terminal growth rate	1%	1% to 2%	1% to 2%
Discount rate	8% to 14%	3% to 14%	5% to 14%

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the subsidiary. The growth rate is based on management's estimates and expectations from historical trends.

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group			Proportion of ownership interest held by non-controlling interests			Principal activities
	31 March 2019 %	31 March 2018 %	1 April 2017 %	31 March 2019 %	31 March 2018 %	1 April 2017 %	
Held by the Company							
Deli Hub Catering Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	Provision of food catering services
Liang Yuan Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	Processing and supply of food product
Neo Garden Catering Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	Provision of food catering services
Niwa Sushi Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	Food retail outlets
NKK Import & Export Trading Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	General trading
Orange Clove Catering Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	Provision of food catering services
Best Catering Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	Provision of food catering services
Neo Global Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	Leasing of vehicle and provision of after-sales services
I DO Flowers & Gifts Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	Design, marketing and distribution of floral arrangements, gifts and hampers

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group			Proportion of ownership interest held by non-controlling interests			Principal activities
	31 March 2019 %	31 March 2018 %	1 April 2017 %	31 March 2019 %	31 March 2018 %	1 April 2017 %	
Held by the Company (Continued)							
Choz Catering Pte. Ltd.[1] (formerly known as Choz Confectionery Pte. Ltd.) (Singapore)	100.0	100.0	100.0	–	–	–	Manufacturing of bread, cakes and confectionery
Thong Siek Global Pte. Ltd.[1] (Singapore)	90.7	55.0	55.0	9.3	45.0	45.0	Investment holding
CT Vegetables & Fruits Pte Ltd[1] (Singapore)	100.0	100.0	100.0	–	–	–	Importers, exporters and wholesalers of fruits and vegetables
G&C Food Investment Pte. Ltd.[1] (Singapore)	100.0	100.0	100.0	–	–	–	Food retail outlets
Gourmetz Pte. Ltd.[1] (Singapore)	51.0	51.0	51.0	49.0	49.0	49.0	Provision of food catering services
U-Market Place Enterprise Pte. Ltd.[1] (Singapore)	75.0	75.0	75.0	25.0	25.0	25.0	General trading of frozen food, retail and manufacture of cooked food preparations
Hi-Q Global Sdn. Bhd.[2] (formerly known as Hi-Q Plastic Industries Sdn. Bhd.) (Malaysia)	51.0	51.0	–	49.0	49.0	–	Manufacturer and supplier of all kinds of plastics, resins, moulds and packaging products
Kim Paradise Pte. Ltd.[1] (Singapore)	70.0	70.0	–	30.0	30.0	–	Provision of food catering services
Savoury Catering Pte. Ltd.[1] (Singapore)	100.0	100.0	–	–	–	–	Provision of food catering services
Chilli Manis Catering Pte. Ltd.[1] (Singapore)	100.0	–	–	–	–	–	Provision of food catering services
Lavish Dine Catering Pte Ltd[1] (Singapore)	51.0	–	–	49.0	–	–	Provision of food catering services
Ye Liang How Catering Service Pte. Ltd.[1] (Singapore)	51.0	–	–	49.0	–	–	Provision of food catering services
Caterco Concepts Pte. Ltd.[1] (Singapore)	100.0	–	–	–	–	–	Provision of food catering services

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group			Proportion of ownership interest held by non-controlling interests			Principal activities
	31 March 2019 %	31 March 2018 %	1 April 2017 %	31 March 2019 %	31 March 2018 %	1 April 2017 %	
<u>Held by Thong Siek Global Pte. Ltd.</u>							
Thong Siek Food Industry Pte Ltd[(1)] (Singapore)	90.7	55.0	55.0	9.3	45.0	45.0	Manufacturing of food products, processing, curing and preserving of fish and other seafood products
Dodo Marketing Pte. Ltd.[(1)] (Singapore)	90.7	55.0	55.0	9.3	45.0	45.0	Import, export and wholesale in food products and F&B supplies
TSF Engineering Pte. Ltd.[(1)] (Singapore)	90.7	55.0	55.0	9.3	45.0	45.0	Provision of services relating to mechanical and electrical engineering works
TS Food Industry Sdn. Bhd.[(2)] (Malaysia)	90.7	55.0	55.0	9.3	45.0	45.0	Manufacturing and retailing in processed seafood products
<u>Held by CT Vegetables & Fruits Pte Ltd</u>							
C T Fresh Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	Importers, exporters and wholesalers of fruits and vegetables
Harborlift Fresh Food Pte. Ltd.[(1)] (Singapore)	100.0	100.0	100.0	–	–	–	Importers, exporters and wholesalers of fruits and vegetables
<u>Held by Gourmetz Pte. Ltd.</u>							
GR8 Gourmet Pte. Ltd.[(1)] (Singapore)	51.0	–	–	49.0	–	–	Provision of food catering services
<u>Held by Lavish Dine Catering Pte Ltd</u>							
La Bonnie Pastries Pte. Ltd.[(1)] (Singapore)	40.8	–	–	59.2	–	–	Manufacturing of bread, cakes and confectionery

(1) Audited by BDO LLP, Singapore
(2) Audited by BDO PLT, Malaysia

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests

The summarised financial information before intra-group elimination of the subsidiaries that have material non-controlling interests as at each reporting date are as follows:

	Ye Liang How Catering Service Pte. Ltd. 31 March 2019 $'000	Lavish Dine Group 31 March 2019 $'000	Hi-Q Global Sdn. Bhd. 31 March 2019 $'000	U-Market Place Enterprise Pte. Ltd. 31 March 2019 $'000	Thong Siek Group 31 March 2019 $'000
Assets and liabilities					
Non-current assets	4,531	1,091	3,274	4,624	38,216
Current assets	4,709	761	971	4,681	18,687
Non-current liabilities	(1,605)	(288)	(2,283)	(7,832)	(23,214)
Current liabilities	(1,440)	(669)	(1,053)	(7,660)	(22,283)
Net assets/(liabilities)	6,195	895	909	(6,187)	11,406
Accumulated non-controlling interests	3,036	428	446	(1,547)	1,061

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests (Continued)

	Ye Liang How Catering Service Pte. Ltd. Period from 1 October 2018 (Date of acquisition) to 31 March 2019 $'000	Lavish Dine Group Period from 10 September 2018 (Date of acquisition) to 31 March 2019 $'000	Hi-Q Global Sdn. Bhd. 2019 $'000	U-Market Place Enterprise Pte. Ltd. 2019 $'000	Thong Siek Group 2019 $'000
Revenue	5,302	2,807	2,867	13,287	51,676
Profit/(Loss) for the financial period/year	543	(198)	(102)	(1,004)	188
Other comprehensive income for the financial period/year	–	–	(27)	–	54
Total comprehensive income for the financial period/year	543	(198)	(129)	(1,004)	242
Profit/(Loss) allocated to non-controlling interests	266	(104)	(50)	(251)	(129)
Total comprehensive income allocated to non-controlling interests	266	(104)	(63)	(251)	(84)
Net cash from/(used in) operating activities	1,867	67	160	282	(2,960)
Net cash (used in)/from investing activities	(1,333)	(87)	(146)	177	(2,229)
Net cash (used in)/from financing activities	(411)	41	(81)	(564)	4,757
Net change in cash and cash equivalents	123	21	(67)	(105)	(432)

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests (Continued)

	Hi-Q Plastic Industries Sdn. Bhd. 31 March 2018 $'000	U-Market Place Enterprise Pte. Ltd. 31 March 2018 $'000	Thong Siek Group 31 March 2018 $'000
Assets and liabilities			
Non-current assets	3,341	4,638	38,804
Current assets	704	7,022	16,777
Non-current liabilities	(2,393)	(8,042)	(20,593)
Current liabilities	(614)	(8,801)	(23,824)
Net assets	1,038	(5,183)	11,164
Accumulated non-controlling interests	509	(1,296)	5,024

	Period from 4 April 2017 (Date of acquisition) to 31 March 2018 $'000	2018 $'000	2018 $'000
Revenue	2,087	28,814	50,677
Profit/(Loss) for the financial period/year	71	(3,861)	1,936
Other comprehensive income for the financial period/year	72	–	(352)
Total comprehensive income for the financial period/year	143	(3,861)	1,584
Profit/(Loss) allocated to non-controlling interests	35	(965)	871
Total comprehensive income allocated to non-controlling interests	70	(965)	713
Net cash from/(used in) operating activities	24	(6,198)	6,592
Net cash used in investing activities	(2,628)	(92)	(5,832)
Net cash from/(used in) financing activities	2,615	6,413	(1,246)
Net change in cash and cash equivalents	11	123	(486)

	U-Market Place Enterprise Pte. Ltd. 1 April 2017 $'000	Thong Siek Group 1 April 2017 $'000
Assets and liabilities		
Non-current assets	4,144	33,898
Current assets	8,116	17,170
Non-current liabilities	(2,000)	(21,521)
Current liabilities	(11,582)	(19,389)
Net assets	(1,322)	10,158
Accumulated non-controlling interests	(331)	4,571

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiaries – Lavish Dine Group and Ye Liang How Catering Service Pte. Ltd. (How's Catering)

On 10 September 2018, the Company obtained control over Lavish Dine Group by acquiring a 51% equity interest with a cash consideration of an amount of $1,428,000 and the issuance of 566,666 ordinary shares of the Company with the fair value of approximately $300,000. As at the date of acquisition, Lavish Dine Catering Pte Ltd holds 80% equity interest in La Bonnie Pastries Pte. Ltd.. The acquisition of Lavish Dine Group extends the Group's catering offering to the high-end market by adding a reputable and well-known brand with a good customer base to its stable of brands. The Group also expects synergies arising from shared marketing, procurement and operation functions while maintaining individual brand identities.

On 1 October 2018, the Company obtained control over How's Catering acquiring a 51% equity interest with a cash consideration of an amount of approximately $3,631,000, the issuance of 877,193 ordinary shares of the Company with the fair value of approximately $465,000 and the earn out consideration with the fair value of approximately $163,000. The acquisition of How's Catering extends the Group's catering brand options by adding a reputable brand with an established customer base to its stable of brands. The Group also expects synergies arising from shared marketing, procurement and operation functions while maintaining individual brand identities.

The fair values of the identifiable assets and liabilities of Lavish Dine Group and How's Catering as at the date of acquisition were:

	Lavish Dine Group $'000	How's Catering $'000	Total $'000
Plant and equipment	270	1,337	1,607
Intangible assets	869	3,096	3,965
Inventories	7	21	28
Trade and other receivables	408	1,591	1,999
Prepayments	–	63	63
Cash and bank balances	186	2,336	2,522
Total assets	1,740	8,444	10,184
Trade and other payables	340	846	1,186
Provisions	–	38	38
Finance lease payables	141	587	728
Bank borrowings	–	696	696
Income tax payable	–	93	93
Deferred tax liabilities	166	529	695
Total liabilities	647	2,789	3,436
Net identifiable assets acquired	1,093	5,655	6,748
Purchase consideration	(1,728)	(4,259)	(5,987)
Less: Non-controlling interest measured at the non-controlling interests' proportionate share of net identifiable assets	(532)	(2,771)	(3,303)
Goodwill arising from acquisition	(1,167)	(1,375)	(2,542)

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiary - Hi-Q Plastic Industries Sdn. Bhd. ("Hi-Q")

On 4 April 2017, the Company obtained control over Hi-Q by acquiring a 51% equity interest with a cash consideration of an amount of RM1,602,859 (equivalent to $511,000). The acquisition of Hi-Q represents a strategic advancement of the Group's business into the upstream of the supply chains and provides vertical integration that will complement and support the Group's existing catering and manufacturing businesses and operation.

The fair values of the identifiable assets and liabilities of Hi-Q as at the date of acquisition were:

	Hi-Q $'000
Plant and equipment	171
Inventories	129
Trade and other receivables	239
Prepayments	50
Cash and bank balances	613
Total assets	1,202
Trade and other payables	279
Finance lease payables	11
Deferred tax liabilities	16
Total liabilities	306
Net identifiable assets acquired	896
Purchase consideration	(511)
Less: Non-controlling interest measured at the non-controlling interests' proportionate share of net identifiable assets	(439)
Goodwill arising from acquisition	(54)

The effects of acquisition of subsidiaries on the consolidated statement of cash flows were as follows:

	2019 $'000	2018 $'000
Total purchase consideration	5,987	511
Less: Fair value of earn out consideration	(163)	–
Less: Fair value of shares issued	(765)	–
Less: Cash and cash equivalents of subsidiaries acquired	(2,522)	(613)
Net cash outflow/(inflow) on acquisition	2,537	(102)

Had the business combination during the financial year ended 31 March 2019 been effected at 1 April 2018, the revenue of the Group would have been approximately $186,942,000 (2018: $178,210,000) and the profit for the year would have been approximately $6,248,000 (2018: $3,010,000).

Transaction costs related to the acquisitions of approximately $89,000 (2018: $14,000) have been recognised in "Other expenses" line item in the Group's profit or loss for the financial year.

None of the goodwill are expected to be deductible for tax puposes.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Acquisition of non-controlling interests

On 31 October 2018, the Company acquired 330,000 ordinary shares in Thong Siek Global Pte. Ltd. ("TSG"), representing 25.7% equity interest in TSG for a cash consideration of $3,850,000. TSG currently holds the 100% equity interest Thong Siek Food Industry Pte Ltd, Dodo Marketing Pte. Ltd., TSF Engineering Pte. Ltd. and TS Food Industry Sdn. Bhd..

On 1 February 2019, the Company further acquired 128,571 ordinary shares in TSG, representing 10.0% equity interest in TSG for a cash consideration of $1,500,000.

As at 31 March 2019, the consideration in relation to the above acquisition that remains unpaid amounted to $2,500,000.

	Acquisition on 31 October 2018 $'000	Acquisition on 1 February 2019 $'000	Total $'000
Carrying amount of non-controlling interests acquired	2,739	1,141	
Consideration for the acquisition of non-controlling interests	(3,850)	(1,500)	
Premium on acquisition of non-controlling interests recognised in equity	(1,111)	(359)	(1,470)

The difference of $1,470,000 between the consideration and the carrying amount of non-controlling interests acquired has been recognised as "Acquisition of non-controlling interests without a change in control" within the consolidated statement of changes in equity.

Incorporation of a subsidiary

On 1 March 2019, the Company established a wholly-owned subsidiary in the Republic of Singapore, namely CaterCo Concepts Pte. Ltd. with a registered capital of $100,000.

On 8 June 2018, the Company established a wholly-owned subsidiary in the Republic of Singapore, namely Chilli Manis Catering Pte. Ltd. with a registered capital of $1.

On 26 March 2018, the Company established a wholly-owned subsidiary in the Republic of Singapore, namely Savoury Catering Pte. Ltd. with a registered capital of $1.

On 8 January 2018, the Company established a partially-owned subsidiary with 70% equity interest in the Republic of Singapore, namely Kim Paradise Pte. Ltd. with a registered capital of $100,000. The remaining 30% equity interest of the subsidiary is held by a third party. The investment of 70% equity interest in the subsidiary amounted to $70,000.

11. FINANCIAL ASSETS AT FVOCI/AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company	
	2019 $'000	2018 $'000
Quoted equity securities, at fair value		
Balance at beginning of financial year	792	630
Fair value (loss)/gain recognised in other comprehensive income	(72)	162
Balance at end of financial year	720	792

The Group has designated all equity investments previously classified as available-for-sale financial assets in financial year ended 31 March 2018, to be measured as fair value through other comprehensive income ("FVOCI") as at 1 April 2018. The Group intends to hold these investments for long-term for appreciation in value as well as strategic investments purposes. Dividend income recognised for these investments are included in "Other income".

The investment in quoted equity securities has no fixed maturity date or coupon rate. The fair value of the securities is based on closing quoted market prices on the last market day of the financial year. The securities are listed on Singapore Exchange Securities Trading Limited (SGX-ST).

The currency profile of the Group's and the Company's quoted equity securities as at each reporting date is Singapore dollar.

12. SHARE CAPITAL

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares		$'000	$'000
Issued and fully-paid:				
Balance at beginning of the financial year	145,907,100	145,907,100	7,899	7,899
Issued for acquisition of subsidiaries (Note 10)	1,443,859	–	765	–
Balance at end of the financial year	147,350,959	145,907,100	8,664	7,899

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

13. MERGER AND CAPITAL RESERVES

Merger reserves represent the differences between the consideration paid and the share capital of subsidiaries acquired in prior years.

Capital reserves represent the differences between the consideration paid and the deemed fair value of non-controlling interests acquired during the financial year.

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Merger reserve	(326)	(326)	(326)
Capital reserve	(965)	505	505
	(1,291)	179	179

14. FAIR VALUE ADJUSTMENT ACCOUNT

Fair value adjustment account represents the cumulative fair value changes, net of tax, of financial assets at FVOCI until it is disposed of.

15. FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is not distributable.

16. RETAINED EARNINGS

Retained earnings are distributable and the movement of retained earnings of the Company are as follows:

	Company	
	2019 $'000	2018 $'000
Balance at beginning of financial year	1,377	2,519
Profit for the financial year, representing total comprehensive income for the financial year	5,744	317
Dividends (Note 31)	(1,459)	(1,459)
Balance at end of financial year	5,662	1,377

17. TRADE AND OTHER PAYABLES

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Current						
Trade payables						
– third parties	11,347	8,282	10,923	–	–	–
Non-trade payables						
– third parties	8,648	5,301	2,939	2,724	271	163
– subsidiaries	–	–	–	2,275	306	1,008
– related parties	337	239	102	68	68	94
– Directors of the Company	8	73	140	6	9	8
	8,993	5,613	3,181	5,073	654	1,273
Goods and services tax payable	711	1,194	908	36	36	44
Deferred income	582	297	403	–	–	–
Deposits received	236	137	130	–	–	–
Loan from a Director of the Company	–	997	300	–	997	–
Accrued operating expenses	7,612	7,062	6,167	749	903	816
Unutilised annual leave	584	366	404	16	–	–
	18,718	15,666	11,493	5,874	2,590	2,133
Total current trade and other payables	30,065	23,948	22,416	5,874	2,590	2,133
Non-current						
Non-trade payables						
– third parties	163	–	–	163	–	–
– subsidiaries	–	–	–	24,417	21,418	21,447
Loan from a related party	1,555	1,555	1,255	1,555	1,555	1,255
Loan from a Director of the Company	861	300	–	561	–	–
Total non-current other payables	2,579	1,855	1,255	26,696	22,973	22,702
Total trade and other payables	32,644	25,803	23,671	32,570	25,563	24,835

Trade payables are unsecured, non-interest bearing and generally on 7 to 90 (31 March 2018: 7 to 90; 1 April 2017: 7 to 90) days credit terms.

Included in the current non-trade payables is an amount of $592,000 (31 March 2018: $Nil; 1 April 2017: $Nil) that is for the purchase of property, plant and equipment (Note 7).

Current non-trade amount due to subsidiaries, related parties and Directors of the Company are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash, except for current non-trade amount due to a subsidiary of $1,000,000 (31 March 2018: $Nil; 1 April 2017: $300,000) which is unsecured, bear effective interest at 5.0% (31 March 2018: Nil; 1 April 2017: 5.0%) per annum and repayable on demand.

In prior year, current loan from a Director of the Company was unsecured, non-interest bearing, repayable on demand and was expected to be settled in cash.

Non-current non-trade amount due to subsidiaries of the Company are unsecured, bear effective interest at 3.5% to 5.0% (31 March 2018: 3.0% to 5.0%; 1 April 2017: 2.7% to 5.0%) per annum, are repayable after 12 months subsequent to the reporting date and are expected to be settled in cash.

17. TRADE AND OTHER PAYABLES (CONTINUED)

Non-current loan from related parties of the Group are unsecured, bear effective interest at 3.5% (31 March 2018: 5%; 1 April 2017: 5%) per annum, are repayable after 12 months subsequent to the reporting date and are expected to be settled in cash.

Non-current loan from a Director of the Company is unsecured, bear effective interest at 3.5% (31 March 2018: 3.5%; 1 April 2017: Nil) per annum and is repayable after 12 months subsequent to the reporting date and is expected to be settled in cash except for an amount of approximately $562,000 (31 March 2018: $Nil; 1 April 2017: $Nil) which is interest free.

The carrying amount of non-current non-trade payables (except for payables to third parties) approximates its fair value as they are floating rate instruments that are repriced to market interest rates on or near the date of statement of financial position. The non-current non-trade payables to third parties is carried at amortised cost and the fair value is not materially different from its carrying amount.

Deferred income represents the amount of billing raised and received in advance for uncompleted orders from customers. Management expects the revenue from this deferred income to be realised within the next 12 months from the reporting date.

The currency profiles of the Group's and the Company's trade and other payables as at each reporting date are as follows:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Singapore dollar	30,137	23,527	20,187	32,570	25,561	24,835
Chinese renminbi	3	3	3	–	–	–
Euro	3	3	3	–	–	–
United States dollar	1,770	401	2,388	–	–	–
Malaysian ringgit	731	1,869	1,090	–	2	–
	32,644	25,803	23,671	32,570	25,563	24,835

18. PROVISIONS

	Group	
	2019 $'000	2018 $'000
Balance at beginning of financial year	368	404
Acquisition of subsidiaries (Note 10)	38	–
Provision made during the financial year	68	29
Utilisation during the financial year	(41)	(75)
Amortisation of discount	10	10
Balance at end of financial year	443	368

Provision for dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

19. BANK BORROWINGS

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Current						
Secured						
Term loans	7,233	6,475	5,965	668	–	–
Revolving loans	3,000	3,000	5,000	–	–	–
Bank overdrafts	1,979	2,046	1,148	–	–	–
Trust receipts	1,370	3,853	4,179	–	–	–
Unsecured						
Term loans	965	463	833	–	–	–
Revolving loans	9,000	9,000	10,535	–	–	–
Bank overdrafts	805	545	–	–	–	–
Trust receipts	8,816	6,782	9,278	–	–	–
	33,168	32,164	36,938	668	–	–
Non-current						
Secured						
Term loans	40,784	38,611	32,885	2,517	–	–
Unsecured						
Term loans	2,068	2,075	307	–	–	–
	42,852	40,686	33,192	2,517	–	–
	76,020	72,850	70,130	3,185	–	–

The carrying amount of non-current bank borrowings approximates its fair value as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

Non-current bank borrowings are repayable as follows:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
In the second year	9,757	7,036	4,614	697	–	–
In the third year	5,935	7,141	4,317	1,820	–	–
In the fourth year	8,790	2,827	2,933	–	–	–
In the fifth year	1,731	6,294	1,806	–	–	–
After five years	16,639	17,388	19,522	–	–	–
	42,852	40,686	33,192	2,517	–	–

The effective interest rates per annum of the bank borrowings are as follows:

	Group			Company		
	31 March 2019 %	31 March 2018 %	1 April 2017 %	31 March 2019 %	31 March 2018 %	1 April 2017 %
Term loans	1.6 – 6.0	2.5 – 6.0	2.2 – 11.0	4.2 – 4.4	–	–
Revolving loans	3.7	3.3	3.0	–	–	–
Bank overdrafts	4.69	5.39	5.13	–	–	–
Trust receipts	3.39	2.95	2.66	–	–	–

Bank borrowings are arranged at floating rates, thus exposing the Group to interest rate risk (Note 36.2).

19. BANK BORROWINGS (CONTINUED)

The Group's and Company's secured term loans are secured as follows:

(i) legal mortgage on leasehold properties (Note 7) and investment properties (Note 8);

(ii) legal charge over freehold properties (Note 7);

(iii) guarantee provided by the Company, a subsidiary, joint and several guarantees of certain Directors of a subsidiary; and

(iv) pledges over fixed deposits.

The term loans have maturity dates between 2020 and 2036.

Revolving loans have maturity periods ranging from 28 to 92 (31 March 2018: 30 to 90; 1 April 2017: 30 to 180) days. Revolving loans amounted to $3,000,000 (31 March 2018: $3,000,000; 1 April 2017: $5,000,000) are secured by legal mortgage on leasehold properties with carrying amount of approximately $14,785,000 (31 March 2018: $15,254,000; 1 April 2017: $15,483,000) and supported by corporate guarantees provided by the Company and a subsidiary of the Company (31 March 2018: joint and several guarantees of a Director of the subsidiary, corporate guarantees provided by the Company and a subsidiary of the Company; 1 April 2017: joint and several guarantees of a Director of the subsidiary, corporate guarantees provided by the Company and a subsidiary of the Company).

Bank overdrafts are repayable on demand. As at 31 March 2019, certain bank overdrafts are secured by legal mortgage on leasehold properties, investment properties and fixed deposits (31 March 2018: leasehold properties, investment properties and fixed deposits; 1 April 2017: leasehold properties and investment properties) with aggregate carrying amount of approximately $27,267,000 (31 March 2018: $28,489,000; 1 April 2017: $16,830,000).

Trust receipts are repayable within 28 to 180 days (31 March 2018: 37 to 182 days; 1 April 2017: 30 to 150 days). As at 31 March 2019, certain trust receipts are secured by fixed deposits, legal mortgage on leasehold properties and investment properties (31 March 2018: leasehold properties and investment properties; 1 April 2017: leasehold properties and investment properties) with aggregate carrying amount of approximately $15,460,000 (31 March 2018: $15,254,000; 1 April 2017: $16,830,000) and supported by corporate guarantees provided by the Company and the subsidiaries of the Company.

As at each reporting date, the Group has banking facilities as follows:

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Banking facilities granted	121,148	112,412	100,166
Banking facilities utilised	92,832	90,399	84,356

The currency profiles of the Group's and the Company's bank borrowings as at the end of the reporting date are as follows:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Singapore dollar	75,819	72,850	70,130	3,185	–	–
Malaysian ringgit	201	–	–	–	–	–
	76,020	72,850	70,130	3,185	–	–

20. FINANCE LEASE PAYABLES

The Group has finance leases for certain items of plant and equipment. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
Group			
31 March 2019			
Current			
Within one financial year	2,474	(261)	2,213
Non-current			
After one financial year but within five financial years	4,706	(272)	4,434
After five financial years	27	(4)	23
	4,733	(276)	4,457
	7,207	(537)	6,670
31 March 2018			
Current			
Within one financial year	1,642	(137)	1,505
Non-current			
After one financial year but within five financial years	3,418	(275)	3,143
After five financial years	27	(3)	24
	3,445	(278)	3,167
	5,087	(415)	4,672
1 April 2017			
Current			
Within one financial year	1,589	(108)	1,481
Non-current			
After one financial year but within five financial years	2,574	(247)	2,327
After five financial years	73	(5)	68
	2,647	(252)	2,395
	4,236	(360)	3,876

The finance lease terms range from 1 to 7 (31 March 2018: 1 to 7; 1 April 2017: 1 to 7) years for the financial year ended 31 March 2019. The effective interest rates for the finance lease obligations for the financial year ended 31 March 2019 range from 2.8% to 6.4% (31 March 2018: 1.5% to 6.4%; 1 April 2017: 2.0% to 6.4%) per annum.

The fair values of the Group's non-current finance lease payables approximate its carrying amount as at 31 March 2019, 31 March 2018 and 1 April 2017.

All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group. As at 31 March 2019, certain finance lease payables of approximately $3,253,000 (31 March 2018: $2,290,000; 1 April 2017: $3,123,000) are supported by the corporate guarantee provided by the Company.

20. FINANCE LEASE PAYABLES (CONTINUED)

The currency profiles of the Group's finance lease payables as at each reporting date are as follows:

	Group 31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Singapore dollar	6,560	4,610	3,781
Malaysian ringgit	110	62	95
	6,670	4,672	3,876

21. DEFERRED TAX LIABILITIES

	Group 2019 $'000	2018 $'000
Balance at beginning of financial year	3,195	3,177
Acquisition of subsidiaries (Note 10)	695	16
Charge to profit or loss	61	1
Currency realignment	5	1
Balance at end of financial year	3,956	3,195

Deferred tax liabilities arise as a result of temporary differences of the following computed at statutory tax rate of 17% (2018: 17%):

	Group Consolidated statement of financial position 31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	Consolidated statement of comprehensive income 2019 $'000	2018 $'000
Accelerated tax depreciation	1,116	920	676	192	227
Accrued unutilised leave	(46)	(25)	(18)	(21)	(7)
Fair value of property, plant and equipment	753	783	979	(51)	(196)
Fair value of investment properties	96	101	124	(6)	(23)
Fair value of intangible assets	2,037	1,416	1,416	(53)	–
	3,956	3,195	3,177	61	1

22. REVENUE

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- enable users to understand the relationship with revenue segment information provided in Note 35 to the financial statements.

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Total $'000
Group						
Primary geographical markets						
2019						
Revenue						
Singapore	81,739	16,872	30,882	34,079	1,155	164,727
Others	–	–	1,453	14,840	–	16,293
	81,739	16,872	32,335	48,919	1,155	181,020
2018						
Revenue						
Singapore	65,981	16,757	43,880	36,553	1,107	164,278
Others	–	–	1,121	12,811	–	13,932
	65,981	16,757	45,001	49,364	1,107	178,210
Group						
Sales channel						
2019						
Revenue						
Consumers	81,739	16,872	7,933	21,129	1,155	128,828
Intermediaries	–	–	24,402	27,790	–	52,192
	81,739	16,872	32,335	48,919	1,155	181,020
2018						
Revenue						
Consumers	65,981	16,757	6,878	20,962	1,107	111,685
Intermediaries	–	–	38,123	28,402	–	66,525
	65,981	16,757	45,001	49,364	1,107	178,210

	Group 2019 $'000	Group 2018 $'000
Sales of food and beverages		
– Food catering business	81,739	65,981
– Food retail business	16,872	16,757
– Supplies and trading	32,335	45,001
– Food manufacturing	48,919	49,364
Other businesses	1,155	1,107
	181,020	178,210

The Group recognised its revenue at a point in time except for revenue from "Tingkat sales" amounting to $4,720,000 (2018: $2,965,000) that is recognised over time.

23. OTHER INCOME

	Group 2019 $'000	Group 2018 $'000
Reversal of allowance for impairment loss of trade receivables	100	37
Bad third parties trade receivables written back	–	47
Food reimbursement income	22	26
Dividend income	34	45
Foreign exchange gain, net	–	96
Gain on disposal of property, plant and equipment	26	27
Government grants	851	1,120
Rental income	496	502
Compensation claim	173	131
Scrap income	209	148
Others	288	174
	2,199	2,353

24. EMPLOYEE BENEFITS EXPENSE

	Group 2019 $'000	Group 2018 $'000
Salaries, wages, bonuses and other staff benefits	46,759	42,156
Contributions to defined contribution plans	7,356	6,723
Directors' fees	199	227
	54,314	49,106

Included in the employee benefits expense were the remuneration of Directors and key management personnel of the Group as set out in Note 32 to the financial statements.

25. DEPRECIATION AND AMORTISATION EXPENSES

	Group 2019 $'000	Group 2018 $'000
Depreciation of property, plant and equipment	8,621	8,466
Depreciation of investment properties	48	48
Amortisation of intangible assets	631	314
	9,300	8,828

26. OPERATING LEASE EXPENSES

	Group	
	2019 $'000	2018 $'000
Rental of equipment, vessel and vehicles	1,494	2,018
Rental of hostel, kitchens and warehouse	1,306	2,673
Rental of offices	1,353	1,230
Rental of outlets		
– minimum lease payments	3,055	2,745
– contingent rent	72	268
	7,280	8,934

27. FINANCE COSTS

	Group	
	2019 $'000	2018 $'000
Interest expenses		
– loan from a related party	54	68
– loan from employees	29	–
– loan from a Director	11	7
– term loans	1,590	1,435
– finance leases	252	151
– amortisation of discount on provision	10	10
– bank overdraft	111	74
– revolving loans	345	110
– trust receipts	401	623
	2,803	2,478

28. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group 2019 $'000	Group 2018 $'000
Other expenses		
Audit fees:		
– Auditor of the Company	260	221
– Other auditors	16	14
Non-audit fees:		
– Auditor of the Company	108	90
– Other auditors	2	2
Bad third parties trade receivables written off	5	41
Allowance for impairment loss on third parties trade receivables	69	433
Credit card charges	728	610
Foreign exchange loss, net	218	–
Insurance	596	686
Intangible assets written off	1	–
Inventories written down	81	217
Laundry and dish washing expenses	222	119
Low value assets items expensed	730	636
Printing and stationery expenses	297	289
Professional and legal fees	969	987
Plant and equipment written off	188	260
Repairs and maintenance	1,378	1,451
Software and programming expenses	846	645
Telephone and internet charges	540	490
Upkeep of motor vehicles	2,007	1,088

29. INCOME TAX EXPENSE

	Group	
	2019 $'000	2018 $'000
Current income tax		
– current financial year	1,451	709
– over-provision in respect of prior financial years	(442)	(450)
	1,009	259
Deferred income tax		
– current financial year	(55)	(188)
– under-provision in respect of prior financial year	116	189
	61	1
Total income tax expense recognised in profit or loss	1,070	260

Reconciliation of effective income tax rate

	Group	
	2019 $'000	2018 $'000
Profit before income tax	6,236	3,270
Income tax calculated at Singapore's statutory income tax rate of 17% (2018: 17%)	1,060	556
Effect of difference in tax rate	9	67
Expenses not deductible for income tax purposes	1,072	908
Income not subject to income tax	(94)	(42)
Income tax exemption	(193)	(179)
Enhance tax deduction and tax rebate	(261)	(336)
Over-provision of income tax in prior financial years	(442)	(450)
Under-provision of deferred tax in prior financial years	116	189
Deferred tax assets not recognised	146	104
Utilisation of previously unrecognised deferred tax assets	(296)	(437)
Others	(47)	(120)
Total income tax expense recognised in profit or loss	1,070	260

29. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets

	Group	
	2019 $'000	2018 $'000
Balance at beginning of financial year	2,842	3,175
Amount not recognised during the financial year	146	104
Utilisation of previously unrecognised deferred tax assets	(296)	(437)
Balance at end of financial year	2,692	2,842

The unrecognised deferred tax assets are attributable to the following temporary differences:

		Group	
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Unutilised tax losses	1,331	1,507	1,765
Unabsorbed capital allowances	1,238	1,130	1,115
Accelerated tax depreciation	49	168	270
Accrued unutilised leave	21	12	8
Others	53	25	17
	2,692	2,842	3,175

As at 31 March 2019, the Group has unutilised tax losses of approximately $7,205,000 (31 March 2018: $8,015,000; 1 April 2017: $9,355,000) and unabsorbed capital allowances of approximately $5,733,000 (31 March 2018: $5,669,000; 1 April 2017: $5,516,000) available for offset against future taxable profits which has no expiry date and subject to the agreement by the tax authorities and provisions of the tax legislations of Singapore and Malaysia. No deferred tax assets have been recognised in respect of the unutilised tax losses and unabsorbed capital allowances of approximately $2,569,000 (31 March 2018: $2,637,000; 1 April 2017: $2,880,000) as at 31 March 2019 as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.21 to the financial statements.

30. EARNINGS PER SHARE

The calculation for earnings per share is based on:

	Group	
	2019	2018
Profit attributable to owners of the parent ($'000)	5,398	3,630
Weighted average/Actual number of ordinary shares in issue during the financial year applicable to basic earnings per share	146,659,654	145,907,100
Basic and diluted earnings per share (in cents)	3.68	2.49

The basic earnings per share is computed by dividing the profit attributable to owners of the parent in each financial year by the weighted average/actual number of ordinary shares in issue during the respective financial year.

The diluted earnings per share for the relevant periods are the same as the basic earnings per share as the Group does not have any dilutive options for the relevant periods.

31. DIVIDENDS

	Group	
	2019 $'000	2018 $'000
A final tax-exempt dividend of $0.01 per share on 145,907,100 ordinary shares in respect of financial year ended 31 March 2018	1,459	–
A final tax-exempt dividend of $0.01 per share on 145,907,100 ordinary shares in respect of financial year ended 31 March 2017	–	1,459
	1,459	1,459

The Board of Directors proposed that a final tax-exempt dividend of $0.005 per ordinary share amounting to approximately $737,000 to be paid in respect of current financial year ended 31 March 2019. This final dividend has not been recognised as a liability as at 31 March 2019 as it is subject to approval by shareholders at the coming Annual General Meeting of the Company.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in these financial statements, the following were significant related party transactions at terms and rates agreed between the Group and the Company with its related parties during the financial year:

	2019 $'000	2018 $'000
Group		
With related parties*		
Sales to	–	(2)
Loan from	–	300
Loan interest to	54	68
Provision of IT services by	342	82
Purchases of IT equipment from	37	209
Rental income received from	(18)	(18)
Operating lease expenses paid to	414	342
Utilities income received from	(6)	(6)
Group		
With Directors of the Company		
Sales to	(9)	(10)
Loan interest to	11	7
Operating lease expenses paid to	293	305
Company		
With subsidiaries		
Dividend income from	(6,380)	(2,000)
Rental income from	(35)	(35)
Membership income from	(24)	(46)
Expenses made on behalf of	(568)	(722)
Loan from	3,000	511
Loan interest to	1,103	1,020
Loan to	(50)	(450)
Loan interest from	(135)	(132)
Capitalisation of debt	(1,800)	–
Management fee income from	(3,240)	(2,837)

* Related parties refer to entities in which the Directors of the Company have beneficial interests

As the Group employs foreign workers in Singapore, a security bond of $5,000 (2018: $5,000) is required to be furnished to the Ministry of Manpower Singapore ("MOM") for each foreign worker before the Group is allowed to engage such foreign workers. Instead of furnishing the security bonds, the Group entered into arrangements with an insurance company for letters of guarantee to be issued to MOM by such insurance company in respect of each foreign worker. In return for the issuance of such letters of guarantee, the Group pays the insurance company an insurance premium and three Directors of the Company provided indemnities to the insurance company to secure the Group's obligations amounting to approximately $1,220,000 (2018: $1,190,000) as at 31 March 2019. As at 31 March 2019, no fee was paid by the Group to the Directors for the provision of the above indemnities.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

Key management personnel are Directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The remuneration of Directors of the Company and subsidiaries and key management personnel of the Group during the financial year was as follows:

	Group	
	2019	2018
	$'000	$'000
Directors of the Company		
– short-term benefits	1,276	1,774
– post-employment benefits	50	71
– Directors' fee	199	227
Directors of subsidiaries		
– short-term benefits	1,006	854
– post-employment benefits	113	91
Other key management personnel		
– short-term benefits	1,109	755
– post-employment benefits	109	63
	3,862	3,835

33. OPERATING LEASE COMMITMENTS

The Group as a lessor

The Group leased out office spaces under non-cancellable operating leases. The leases are contracted for an average of 1 (2018: 2) years.

The future minimum lease receivables under non-cancellable operating leases contracted for at each reporting date but not recognised as receivables are as follows:

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Not later than one financial year	408	445	474
Later than one financial year but not later than five financial years	–	433	–
	408	878	474

The Group as a lessee

The Group leased industrial land, various retail outlets, office spaces and central kitchens under non-cancellable operating leases. The operating lease commitments are based on existing rental rates as at each reporting date. Some of the operating leases of premises provide for rentals based on percentage of sales derived from the rented premises. The Group has the options to renew certain agreements on the lease premises for an average of 3 (2018: 3) years.

The future minimum lease payable under non-cancellable operating leases contracted for at each reporting date but not recognised as liabilities are as follows:

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Not later than one financial year	4,898	3,879	4,543
Later than one financial year but not later than five financial years	4,929	3,826	5,234
Later than five financial years	10,261	10,686	11,735
	20,088	18,391	21,512

34. CAPITAL COMMITMENTS

As at 31 March 2019, the Group has capital commitments on plant and equipment amounting to approximately $52,588,000 (31 March 2018: $1,178,000; 1 April 2017: $3,244,000).

35. SEGMENT INFORMATION

Management has determined the operating segment based on the reports reviewed by the chief operating decision maker. For management purposes, the Group is organised into business units based on its services, and has five reportable operating segments as follows:

(a) Food catering business

(b) Food retail business

(c) Supplies and trading

(d) Food manufacturing

(e) Other businesses

Food catering business segment provides events catering services under ten catering brands to corporate, community or private functions. Food catering business segment also provides daily meal delivery services to families, Halal-certified food as well as catering for last minute events or emergency orders.

Food retail business segment operates a chain of food retail outlets specialising in Japanese cuisine.

Supplies and trading business segment supplies food ingredients used in food catering business and food retail business and the supply of food products for third parties' catering business. Supplies and trading business segment also imports, exports and wholesale fruits, vegetables and meat products to a wide customer base.

Food manufacturing segment manufactures, distributes and retails surimi-based seafood products, the "DoDo" brand of fishballs.

Other businesses segment involved in the design, marketing and distribution of floral arrangements, gifts and hampers and manufacturing of bread, cakes and confectionery.

Chief operating decision maker monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before income tax expense not including non-recurring gains and losses. There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for inter-segment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated in the financial statements. Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

Segment assets comprise primarily of inventories, receivables, prepayment, cash and bank balances, property, plant and equipment, investment properties, intangible assets and financial assets at FVOCI/available-for-sale financial asset. Segment liabilities comprise operating liabilities and exclude tax liabilities.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

35. SEGMENT INFORMATION (CONTINUED)

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group								
2019								
Revenue								
External revenue	81,739	16,872	32,335	48,919	1,155	–	–	181,020
Inter-segment revenue	1,038	104	23,046	2,757	890	–	(27,835)	–
	82,777	16,976	55,381	51,676	2,045	–	(27,835)	181,020
Results								
Segment results	10,940	230	2,067	4,396	259	6,772	(6,380)	18,284
Interest income	1,330	13	738	3	7	270	(2,089)	272
Interest expense	(870)	(24)	(1,402)	(1,356)	(11)	(1,229)	2,089	(2,803)
Depreciation of property, plant and equipment	(3,820)	(731)	(1,281)	(2,611)	(177)	(1)	–	(8,621)
Depreciation of investment properties	–	–	–	–	–	(48)	–	(48)
Amortisation of intangible assets	(403)	(9)	(110)	(100)	(5)	(4)	–	(631)
Plant and equipment written off	(36)	(104)	(6)	(41)	(1)	–	–	(188)
Gain/(Loss) on disposal of property, plant and equipment	27	–	9	(10)	–	–	–	26
Other non-cash expenses:								
– Inventories written down	–	–	(80)	–	(1)	–	–	(81)
– Allowance for impairment loss on third parties trade receivables	(11)	–	(11)	(47)	–	–	–	(69)
– Bad third parties trade receivables written off	(5)	–	–	–	–	–	–	(5)
– Reversal of allowance for impairment loss of trade receivables	–	–	100	–	–	–	–	100
Profit/(Loss) before income tax	7,152	(625)	24	234	71	5,760	(6,380)	6,236
Income tax expense								(1,070)
Profit for the financial year								5,166

35. SEGMENT INFORMATION (CONTINUED)

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group								
2019								
Capital expenditure								
Property, plant and equipment	5,325	624	414	2,173	226	–	–	8,762
Intangible assets	6,700	11	180	64	1	–	–	6,956
Assets and liabilities								
Assets	90,315	4,051	57,244	58,998	1,921	10,578	(59,962)	163,145
Liabilities	45,494	4,761	43,876	44,140	1,715	35,755	(59,964)	115,777
Add:								
– Income tax payable								1,619
– Deferred tax liabilities								3,956
								121,352

35. SEGMENT INFORMATION (CONTINUED)

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group								
2018								
Revenue								
External revenue	65,981	16,757	45,001	49,364	1,107	–	–	178,210
Inter–segment revenue	229	2	33,988	1,313	942	–	(36,474)	–
	66,210	16,759	78,989	50,677	2,049	–	(36,474)	178,210
Results								
Segment results	10,003	963	(438)	5,083	(18)	1,640	(2,000)	15,233
Interest income	1,153	14	793	–	4	131	(1,912)	183
Interest expense	(703)	(21)	(1,438)	(1,127)	(13)	(1,088)	1,912	(2,478)
Depreciation of property, plant and equipment	(3,650)	(865)	(1,364)	(2,365)	(217)	(5)	–	(8,466)
Depreciation of investment properties	–	–	–	–	–	(48)	–	(48)
Amortisation of intangible assets	(113)	(10)	(88)	(88)	(8)	(7)	–	(314)
Plant and equipment written off	(3)	(112)	(129)	(14)	(2)	–	–	(260)
Gain/(Loss) on disposal of property, plant and equipment	24	40	(3)	(34)	–	–	–	27
Other non-cash expenses:								
– Inventories written down	–	–	(217)	–	–	–	–	(217)
– Allowance for impairment loss on third parties trade receivables	–	–	(433)	–	–	–	–	(433)
– Bad third parties trade receivables written off	(18)	–	(18)	(4)	(1)	–	–	(41)
– Reversal of allowance for impairment loss of trade receivables	–	–	37	–	–	–	–	37
– Bad third parties trade receivables written back	–	–	–	47	–	–	–	47
Profit/(Loss) before income tax	6,693	9	(3,298)	1,498	(255)	623	(2,000)	3,270
Income tax expense								(260)
Profit for the financial year								3,010

35. SEGMENT INFORMATION (CONTINUED)

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group								
2018								
Capital expenditure								
Property, plant and equipment	3,016	928	3,674	8,631	16	–	–	16,265
Intangible assets	37	16	220	100	10	5	–	388
Assets and liabilities								
Assets	72,578	3,359	55,931	57,676	1,746	6,983	(50,981)	147,292
Liabilities	38,770	3,444	42,402	42,862	1,613	25,563	(50,961)	103,693
Add:								
– Income tax payable								991
– Deferred tax liabilities								3,195
								107,879

35. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group operates mainly in Singapore with revenue generated in the Singapore market. Accordingly, an analysis of assets and profits of the Group by geographical distribution has not been presented.

	Singapore $'000	Others $'000	Total $'000
Group			
2019			
Total revenue from external customers	164,727	16,293	181,020
Non-current assets	98,402	8,247	106,649
2018			
Total revenue from external customers	164,278	13,932	178,210
Non-current assets	96,339	4,364	100,703

Major customer

The Group's customers comprise the general public, households, community clubs and corporations. Due to the diverse base of customers, the Group is not reliant on any customer for its sales and no one single customer accounted for 10% or more of the Group's total revenue for each reporting period.

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's and the Company's activities expose them to financial risks (including credit risk, interest rate risk, equity price risk and liquidity risk) arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets in the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which they manage and measure the risk. The Group and the Company do not hold or issue derivative financial instruments for trading purposes, if any, in interest rates and foreign exchange rates.

36.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals.

The Group's and the Company's major classes of financial assets are cash and bank balances and trade and other receivables. The maximum exposure to credit risk for each class of financial assets is the carrying amount presented on the statements of financial position. The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. As at 31 March 2019, the Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to approximately $4,774,000 (31 March 2018: $4,299,000; 1 April 2017: $5,314,000).

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

36.1 Credit risk (Continued)

Loss allowance measured at expected credit loss model

Cash and bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and subject to immaterial credit loss.

The Group provides for lifetime expected credit losses for trade receivables based on the Group's historical observed default rates which is adjusted with forward-looking information. At the end of the financial year, management had assessed the expected credit losses for non credit-impaired trade receivables to be insignificant. The loss allowance as at the financial year end represents allowances made for trade receivables that are credit-impaired.

Credit-impaired financial assets is identified when there is observable evidence indicates that the debtor is in significant financial difficulty, breach of payment terms or probable that the debtor will enter into bankruptcy or financial restructuring.

The Group and the Company provide expected credit losses for non-trade receivables based on the general three-stage model. Credit performance of each debtor is monitored regularly by management. Management considers the performance, financial capability as well as any delay in agreed payment to determine whether there is a significant increase in credit risk of each debtor since initial recognition. Based on the assessment, the non-trade receivables of the Group and the Company are subject to immaterial credit losses.

Additionally, for the financial corporate guarantee issued (Note 36.4), management has assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future and does not expect any material credit loss allowance to be recognised as at year end.

Previous policy for impairment of trade and other receivables

In previous financial year, the impairment of financial assets was assessed and determined based on incurred loss model. Allowance for impairment loss is accounted for when there is objective evidence indicates that the receivable will not be fully collected. The Group assessed individually and collectively for any objective evidence presents as at reporting date. Allowance for impairment of trade receivables are disclosed in Note 5 to the financial statements.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The age analysis of third parties trade receivables that are past due but not impaired as at each reporting date is as follows:

	Group	
	31 March 2018 $'000	1 April 2017 $'000
Past due for 1 to 30 days	5,746	4,237
Past due for 31 to 60 days	2,081	1,435
Past due for 61 to 90 days	735	261
Past due for more than 90 days	1,017	177

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

36.2 Interest rate risk

The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 19 to the financial statements.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at each reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at each reporting date was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% (31 March 2018: 0.5%; 1 April 2017: 0.5%) change in the interest rates from each reporting date, with all variables held constant.

If the interest rate increases or decreases by 0.5%, the Group's and the Company's profit before tax, will decrease or increase by:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Bank borrowings	378	364	351	16	–	–

36.3 Equity price risk

The Group and the Company are exposed to equity price risk arising from quoted equity investment classified as financial assets at FVOCI (31 March 2018: available-for-sale financial asset; 1 April 2017: available-for-sale financial asset). The quoted equity investment is held for strategic rather than for trading purposes. The Group and the Company do not actively trade financial assets at FVOCI/available-for-sale financial asset.

Further details of this quoted equity investment are set out in Note 11 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at each reporting date.

The sensitivity analysis assumes an instantaneous 20% (31 March 2018: 20%; 1 April 2017: 20%) increase or decrease in the equity price from each reporting date, with all variables held constant, the Group's other comprehensive income will, increase or decrease by:

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Financial assets at FVOCI/Available-for-sale financial asset	144	158	126

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

36.4 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all repayment needs are met. As part of its overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintains sufficient levels of cash to meet working capital requirements.

Contractual maturity analysis

The following table details the Group's and the Company's remaining contractual maturity for non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Group				
31 March 2019				
Financial liabilities				
Trade and other payables	28,254	2,682	–	30,936
Bank borrowings	34,680	30,932	20,516	86,128
Finance lease payables	2,474	4,706	27	7,207
Total undiscounted financial liabilities	65,408	38,320	20,543	124,271
31 March 2018				
Financial liabilities				
Trade and other payables	22,157	2,023	–	24,180
Bank borrowings	33,344	27,159	21,506	82,009
Finance lease payables	1,642	3,418	27	5,087
Total undiscounted financial liabilities	57,143	32,600	21,533	111,276
1 April 2017				
Financial liabilities				
Trade and other payables	20,770	1,469	–	22,239
Bank borrowings	37,941	18,262	22,685	78,888
Finance lease payables	1,589	2,574	73	4,236
Total undiscounted financial liabilities	60,300	22,305	22,758	105,363

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

36.4 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Company				
31 March 2019				
Financial liabilities				
Trade and other payables	6,865	28,258	–	35,123
Total undiscounted financial liabilities	6,865	28,258	–	35,123
Financial corporate guarantee	69,018	–	–	69,018
31 March 2018				
Financial liabilities				
Trade and other payables	3,598	25,577	–	29,175
Total undiscounted financial liabilities	3,598	25,577	–	29,175
Financial corporate guarantee	86,413	–	–	86,413
1 April 2017				
Financial liabilities				
Trade and other payables	3,142	26,345	–	29,487
Total undiscounted financial liabilities	3,142	26,345	–	29,487
Financial corporate guarantee	77,881	–	–	77,881

The earliest period that the guarantee could be called is within 1 year from each reporting date. Based on expectations at each reporting date, the Company considers that it is more likely than not that no amount will be payable under the arrangement. The financial guarantees have not been recognised in the financial statements of the Group as the Directors do not consider it probable that a claim will be made against the Group under the guarantees.

The Group's and the Company's operations are financed mainly through equity, retained earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the Group's non-current bank borrowings are disclosed in Note 19 to the financial statements.

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

36.5 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company constantly review the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on its operating cash flows. The capital structure of the Group consists of equity attributable to owners of the parent. The Group's and the Company's overall strategy remains unchanged from 31 March 2018.

As at 31 March 2019 and 31 March 2018, the Group is subject to financial covenant in respect of most of the bank borrowings as disclosed in Note 19 to the financial statements. The Group has complied with these externally imposed capital requirements.

36.6 Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – 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); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

36.6 Fair values of financial assets and financial liabilities (Continued)

Fair values of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at each reporting date due to the relatively short-term maturity of these financial instruments.

Fair values of financial instruments carried at fair value

The fair value of non-current financial asset carried at fair value in relation to financial assets at FVOCI/available-for-sales financial asset is disclosed in Note 11 to the financial statements.

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at each reporting date:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 March 2019				
Financial assets at FVOCI	720	–	–	720
31 March 2018				
Available-for-sale financial asset	792	–	–	792
1 April 2017				
Available-for-sale financial asset	630	–	–	630

36.7 Categories of financial instruments

The following table sets out the financial instruments as at each reporting date:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Financial assets						
Financial assets carried at amortised cost/Loans and receivables	46,283	38,705	30,584	8,782	4,946	5,596
Financial assets at FVOCI/ Available-for-sale financial asset	720	792	630	720	792	630
	47,003	39,497	31,214	9,502	5,738	6,226
Financial liabilities						
Other financial liabilities, at amortised cost	113,457	101,468	95,962	35,703	25,527	24,791

STATISTICS OF SHAREHOLDINGS

AS AT 21 JUNE 2019

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		
Substantial Shareholders	Number of Shares	%	Number of Shares	%	Total %
Neo Kah Kiat	101,116,550	68.623	8,064,000	5.473	74.096 [1]
Liew Oi Peng	8,064,000	5.473	101,116,550	68.623	74.096

Note:

[1] By virtue of Section 7 of the Act, Mr Neo Kah Kiat is deemed to have interests in the shares of all the wholly-owned subsidiaries of the Company. Mr Neo Kah Kiat is also deemed to be interested in the shares held by his spouse, Ms Liew Oi Peng, and vice versa.

SHAREHOLDING HELD IN PUBLIC HANDS

Approximately 22.948% of the shareholding of the Company is held in the hands of the public as at 21 June 2019 and Rule 723 of the Catalist Rule is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Shareholders	%	No. of Shares	%
100 – 1,000	131	22.86	106,600	0.07
1,001 – 10,000	239	41.71	1,368,500	0.93
10,001 – 1,000,000	194	33.86	18,231,751	12.37
1,000,001 and above	9	1.57	127,644,108	86.63
Total	**573**	**100.00**	**147,350,959**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	NEO KAH KIAT	101,116,550	68.62
2	LIEW OI PENG	8,064,000	5.47
3	LEE KWANG BOON (LI GUANGWEN)	5,200,000	3.53
4	POON WAI	2,850,000	1.93
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,555,000	1.73
6	CHIN MAY YEE EMILY	2,270,000	1.54
7	SIRIUS VENTURE CAPITAL PTE LTD	2,200,000	1.49
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,697,000	1.15
9	LIEW CHOH KHING	1,691,558	1.15
10	CITIBANK NOMINEES SINGAPORE PTE LTD	1,000,000	0.68
11	LIM BOON CHAY	1,000,000	0.68
12	TEO HWEE AI (ZHANG HUI'AI)	986,200	0.67
13	TONY PHUA	907,100	0.62
14	KHOO HANG CHOONG	885,000	0.60
15	TEO HEE HUAT (ZHANG XIFA)	720,400	0.49
16	DBS NOMINEES (PRIVATE) LIMITED	657,000	0.45
17	SOH CHWEE SENG	569,700	0.39
18	TAN KOK CHING	500,000	0.34
19	CHOO KWE YEN	414,000	0.28
20	JAMES ALVIN LOW YIEW HOCK	400,600	0.27
	TOTAL	**135,684,108**	**92.08**

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Meeting Room @ Level 2, 1 Enterprise Road, Singapore 629813 on Thursday, 25 July 2019 at 9.30 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax exempt (one-tier) final dividend of S$0.005 per ordinary share in respect of the financial year ended 31 March 2019. **(Resolution 2)**

3. To approve the proposed Directors' fees of S$199,167 for the financial year ended 31 March 2019. (2018:S$227,000) **(Resolution 3)**

4. To re-elect the following Directors of the Company who retired by rotation in accordance with Article 98 of the Company's Constitution and who being eligible, offer themselves for re-election:

   (a) Ms Liew Oi Peng *[See Explanatory Note (a)]* **(Resolution 4)**

   (b) Mr Tan Lye Huat *[See Explanatory Note (b)]* **(Resolution 5)**

5. To re-appoint Messrs BDO LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to (i) issue and allot new shares ("**Shares**") in the capital of the Company (whether by way of rights, bonus or otherwise); and/or 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) 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 may, in their absolute discretion, deem fit; and (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force, provided that:

(1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis ("**non pro-rata basis**"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time such authority was conferred, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercising of share options or the vesting of share awards which are outstanding or subsisting at the time this resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and

(c) any subsequent consolidation or subdivision of the Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and

(4) unless revoked or varied by the Company in a general meeting, the authority so conferred shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (c)] **(Resolution 7)**

8. **AUTHORITY TO ISSUE SHARES UNDER THE NEO GROUP EMPLOYEE SHARE OPTION SCHEME**

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the provisions of the Neo Group Employee Share Option Scheme ("**ESOS**"), authority be and is hereby given to the Directors of the Company to allot and 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 under the ESOS, provided that the aggregate number of additional ordinary Shares to be issued pursuant to the ESOS and Neo Group Performance Share Plan ("**PSP**") collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time."

[See Explanatory Note (d)] **(Resolution 8)**

9. **AUTHORITY TO ISSUE SHARES UNDER THE NEO GROUP PERFORMANCE SHARE PLAN**

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the provisions of the Neo Group Performance Share Plan ("**PSP**"), authority be and is hereby given to the Directors of the Company to allot and 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 vesting of awards under the PSP, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the ESOS and PSP collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.
[See Explanatory Note (e)] **(Resolution 9)**

10. **RENEWAL OF SHARE PURCHASE MANDATE**

THAT:

(a) the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**"),

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of the Shares pursuant to Share Purchase Mandate are carried out to the full extent mandated.

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Ordinary Shares representing 5% of the total number of the issued Ordinary Shares as at the date of the passing of this Resolution (excluding any Ordinary Shares which are held as treasury shares as at that date);

"**Maximum Price**", in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 105% of Average Closing Price or Highest Last Dealt Price (as defined hereinafter), pursuant to an equal access scheme;

"**Average Closing Price**" means the average of the closing market prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five Market Days;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase.

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company be and are hereby authorised to deal with the Shares purchased by the Company pursuant to the Share Purchase Mandate in any manner as they think fit, which is allowed under the Companies Act, Chapter 50; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (f)] **(Resolution 10)**

By Order of the Board

Ong Bee Choo
Company Secretary

10 July 2019
Singapore

Explanatory Notes:

(a) Key information on Ms Liew Oi Peng, who is seeking re-election as a Director of the Company, is found on page 10 of the Annual Report. Details of the share interests of Ms Liew Oi Peng in the Company can be found on page 85 of the Annual Report. Ms Liew Oi Peng is the Executive Director of the Company. She is the spouse of Mr Neo Kah Kiat, who is also the Executive Chairman and Chief Executive Officer of the Company.

(b) Key information on Mr Tan Lye Huat, who is seeking re-election as a Director of the Company, is found on page 11 of the Annual Report. Mr Tan Lye Huat will remain as the Independent Director of the Company and Chairman of the Audit and Risk Committee as well as member of the Nominating Committee and Remuneration Committee upon re-election as a Director of the Company. There are no relationships (including immediate family relationships) between Mr Tan Lye Huat and the other Directors, or the Company, or its substantial shareholders.

(c) The proposed ordinary resolution 7, if passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding 100% of the total number of issued shares in the capital of the Company with a sub-limit of 50% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

(d) The proposed ordinary resolution 8, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the exercise of such options under the ESOS. The aggregate amount of new Shares over which the Company may grant options on any date, when added to the amount of new Shares to be issued in respect of all options granted under the ESOS, and all awards vested under PSP of the Company and for the time being in force, collectively shall not exceed total 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

(e) The proposed ordinary resolution 9, if passed, will empower the Directors of the Company to allot and issue Shares in the Company collectively of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the share capital of the Company from time to time pursuant to the grant of share awards under the PSP.

(f) The proposed ordinary resolution 10, if passed, will empower the Directors of the Company from the date of the above meeting until the date of the next annual general meeting to purchase or acquire up to 5% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution. Details of the proposed Renewal of Share Purchase Mandate are set out in the Appendix to this Annual Report.

Notes:

(1) A member of the Company (other than a "Relevant Intermediary") entitled to attend and vote at the Seventh Annual General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(2) A Relevant Intermediary may appoint more than two proxies provided that each proxy must be appointed to exercise the rights attached to different shares held by him (which number and class of shares shall be specified). Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

(3) A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

(4) The instrument appointing a proxy must be duly deposited at the registered office of the Company at 1 Enterprise Road, Singapore 629813 at least forty-eight (48) hours before the time appointed for the holding of the Seventh Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Seventh Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Seventh Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Seventh Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ms Liew Oi Peng and Mr Tan Lye Huat are the Directors seeking re-election at the forthcoming Seventh Annual General Meeting of the Company to be convened on 25 July 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Listing Manual of the SGX-ST:

	MS LIEW OI PENG	MR TAN LYE HUAT
Date of Appointment	22 March 2012	11 June 2012
Date of last re-appointment	27 July 2017	27 July 2017
Age	46	70
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution, performance, attendance, preparedness, participation, candour and suitability of Ms Liew Oi Peng for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Ms Liew Oi Peng, who is the spouse of founder of the business, possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experiences, contribution and performance, objectivity of views, attendance, preparedness, participation, candour and suitability of Mr Tan Lye Huat for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Tan Lye Huat possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Ms Liew Oi Peng is the Chief Executive Officer of overall catering segment. She oversees and manages the Group's core functions including sales and marketing, information technology and human resources.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director, Chairman of the Audit and Risk Committee, member of the NC and Remuneration Committee.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS LIEW OI PENG	MR TAN LYE HUAT
Professional qualifications	N/A	1. Fellow Chartered Director of the Institute of Directors, UK; 2. Fellow of the Association of Chartered Certified Accountants; 3. Life Member of the Institute of Singapore Chartered Accountant; and 4. Member of the Australian Institute of Company Directors.
Working experience and occupation(s) during the past 10 years	Neo Group Limited and its subsidiaries	Professional Independent Director
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 8,064,000 Deemed Interest: 101,116,550	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 of any of its principal subsidiaries	Ms Liew Oi Peng is the spouse of Mr Neo Kah Kiat, who is also the Chairman and Chief Executive Officer of the Company, as well as sister of Mr Liew Choh Khing, Executive Director, and Ms Liew Oi Yen, Director of Operations	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships	None	Yes
Past (for the last 5 years)		None
Present		SP Corporation Limited (1999 to present); Japan Foods Holdings Ltd. (2008 to present); Dynamic Colours Limited (2011 to present); and Nera Telecommunications Ltd (2013 to present).

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MS LIEW OI PENG	MR TAN LYE HUAT
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?	No	No
(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?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(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?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MS LIEW OI PENG	MR TAN LYE HUAT
(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?	No	No
(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?	No	No
(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?	No	No
(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?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MS LIEW OI PENG	MR TAN LYE HUAT
(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?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	No	No, except for (i):
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or		Assisting in the 'post crisis' work at CAM International Holdings Ltd in 1998 and Kian Ho Bearings Ltd (now known as Raffles United Holdings Ltd) in 1999.
	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?		

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS LIEW OI PENG	MR TAN LYE HUAT
(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?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company?	N/A	Yes
If yes, please provide details of prior experience.		Mr Tan is a director of SP Corporation Limited, Japan Foods Holdings Ltd., Dynamic Colours Limited and Nera Telecommunications Ltd. He was also an Independent Director of CAM International Holdings Ltd and Kian Ho Bearings Ltd.
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.		N/A
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).		

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NEO GROUP LIMITED
Registration Number: 201207080G
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT
1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap.50 of Singapore may appoint more than two proxies to attend, speak and vote at the Seventh Annual General Meeting.
2. By submitting an instrument appointing a proxy (ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Seventh Annual General Meeting dated 10 July 2019.

I / We, ____________________ (name) ____________________ (NRIC/Passport No.)

of ____ (address)

being a member/members of Neo Group Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

and/or

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Seventh Annual General Meeting ("**AGM**") of the Company to be held at Meeting Room @ Level 2, 1 Enterprise Road, Singapore 629813 on Thursday, 25 July 2019 at 9.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Seventh AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the Seventh AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the Seventh AGM shall be *my/our proxy to vote, for or against the Resolutions to be proposed at the Seventh AGM as indicated hereunder, for *me/us and on *my/our behalf at the Seventh AGM and at any adjournment thereof.

No.	Resolutions	**For	**Against
ORDINARY BUSINESS			
1.	Adoption of Audited Financial Statements of the Company for the financial year ended 31 March 2019 and the Directors' Statement and the Auditors' Report thereon.		
2.	Declaration of final one tier tax-exempt dividend of 0.5 Singapore cent per ordinary share for the financial year ended 31 March 2019.		
3.	Approval for payment of proposed Directors' fees for the financial year ended 31 March 2019.		
4.	Re-election of Ms Liew Oi Peng as Director.		
5.	Re-election of Mr Tan Lye Huat as Director.		
6.	Re-appointment of Messrs BDO LLP as Auditors.		
SPECIAL BUSINESS			
7.	Authority to allot and issue shares.		
8.	Authority to issue shares under the Neo Group Employee Share Option Scheme.		
9.	Authority to allot and issue shares under the Neo Group Performance Share Plan.		
10.	Approval for the proposed renewal of Share Purchase Mandate.		

* *Delete accordingly*
** *Voting will be conducted by poll. Indicate your vote "For" or "Against" with a (✓) within the box provided. Alternatively, please indicate the number of votes "For" or "Against" next to each resolution.*

Dated this ____________ day of ____________ 2019

Total Number of Shares Held

____
Signature(s) of Member(s)/ Common Seal

IMPORTANT: Please read notes overleaf

Affix
Postage
Stamp
Here

The Company Secretary
NEO GROUP LIMITED
1 Enterprise Road
Singapore 629813

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Notes:-

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Seventh AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which the appointments will be deemed to have been made in the alternative.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Seventh AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be signed by the appointor or his duly authorised attorney or if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
4. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the registered office of the Company at 1 Enterprise Road, Singapore 629813 at least forty-eight (48) hours before the time appointed for the Seventh AGM.
6. Completion and return of an instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Seventh AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Seventh AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy or proxies, to the Seventh AGM.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he 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.
8. The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies which has been lodged if such member, being the appointor, is not shown to have shares entered against his name in the Depository Register at least 72 hours before the time appointed for the Seventh AGM, as certified by The Central Depository (Pte) Limited to the Company.

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NEO GROUP LIMITED
Company Registration Number: 201207080G

1 Enterprise Road Singapore 629813
Tel: (65) 6896 7757 Fax: (65) 6515 1235

www.neogroup.com.sg

NEO GROUP LIMITED

ANNUAL REPORT 2019