



NEO GROUP 梁苑集团

Neo Group Limited

(Company Registration No.: 201207080G)

(Incorporated in the Republic of Singapore on 22 March 2012)

OFFER DOCUMENT DATED 2 JULY 2012

(registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore on 2 July 2012)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).

CIMB Bank Berhad, Singapore Branch (the "Sponsor") has made an application to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of Neo Group Limited (the "Company") already issued, the new shares (the "New Shares") which are the subject of the Invitation (as defined herein), the new Shares which may be issued under the Neo Group Performance Share Plan (the "Performance Shares") and the new Shares which may be issued upon the exercise of the options which may be granted under the Neo Group Employee Share Option Scheme (the "Option Shares") on Catalyst (as defined herein). Acceptance of applications will be conditional upon the issue of the New Shares and the listing and quotation of all our existing issued Shares, the New Shares, the Performance Shares and the Option Shares. Monies paid in respect of any application accepted will be returned if the admission and listing do not proceed. The dealing in and quotation of the Shares will be in Singapore dollars.

Companies listed on Catalyst may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalyst without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalyst. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This offer of New Shares is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the "Authority").

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that our Company is suitable to be listed and complies with the Listing Manual (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares being offered for investment. The registration of this Offer Document by the SGX-ST does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, have been complied with.

We have not lodged this Offer Document in any other jurisdiction.

Investing in our Shares involves risks which are described in the section entitled "RISK FACTORS" of this Offer Document.

After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

Invitation in respect of 22,000,000 New Shares, comprising:

- (a) 1,000,000 Offer Shares at S\$0.30 each by way of public offer; and
- (b) 21,000,000 Placement Shares at S\$0.30 each by way of placement,

payable in full on application.

Sponsor



CIMB Bank Berhad (13491-P)
Singapore Branch
(Incorporated in Malaysia)

Underwriter and Placement Agent



CIMB Securities (Singapore) Pte. Ltd.
(Company Registration No.: 198701621D)
(Incorporated in the Republic of Singapore)



No. 1 EVENTS CATERER IN SINGAPORE¹



CORPORATE PROFILE

Neo Group Limited is a leading food catering group with some of the most recognised brand names in Singapore. In a report dated April 2012, we were ranked by Euromonitor International Limited ("Euromonitor") as the number one events caterer in Singapore.

As testament to our quality, we have received several awards over the years, including Singapore Prestige Brand Award (Established Brands), Singapore Prestige Brand Award (Most Popular Established Brand), Successful Entrepreneur (Platinum Category) Award and Excellent Service Award in 2011.

Our main businesses comprise Food Catering Business and Food Retail Business. To support our operations, we have central kitchens in four locations in the eastern and western parts of Singapore, a fleet of 107 vehicles (of which 87 are sub-contract vehicles) and over 330 operational and logistics staff. We also have an established network of delivery subcontractors.

OUR BUSINESS

Food Catering Business:

Through "Neo Garden Catering", "Orange Clove" and "Deli Hub" brands, we supply buffets spanning a wide variety of styles and prices to suit a diverse range of occasions, from private to corporate to community functions. As at the Latest Practicable Date on 11 June 2012, we are generally able to serve up to 15,000 headcounts per day. For the Lunar New Year in 2012, we catered for about 800 events serving up to 23,000 headcounts in a day.

Our Brands	 NEO GARDEN CATERING We deliver the restaurant to you	 ORANGE CLOVE (Halal-certified)	 Deli hub (Halal-certified)
Target Audience	<ul style="list-style-type: none"> • Middle class • Corporations • Households 	<ul style="list-style-type: none"> • Middle to upper class • Corporations 	<ul style="list-style-type: none"> • Mass market • Corporations • Public sector institutions

We offer a wide selection of buffet menus and services, including a "Buffet Express" service², "Healthier Choice" menus, daily meal delivery or "tingkat" service (from Neo Garden Catering only) and other value-added services.

¹ Based on Euromonitor's report entitled "Events Catering Services Singapore" dated April 2012 ("Euromonitor Report"). "Events catering" means food catering services provided for social or corporate events only.

² A service for last minute events or emergency orders where, subject to capacity constraints, a full buffet for selected menus can be arranged within three hours (inclusive of delivery time) from confirmation of an order.





Competitive supply chain structure and efficient production system enable us to offer quality food products at competitive prices

- Exert better control over our supply of quality food products and enjoy better pricing from suppliers through bulk purchases.
- Achieve productivity and efficiency gains as the majority of our production processes are fully or semi-automated.

PROSPECTS

Growth of the F&B industry in Singapore

- Total operating receipts of food caterers increased by 13.1% to S\$711 million in 2010, accounted for 11.4% of total operating receipts of the F&B services industry³.
- Events catering industry grew 13.2% in 2011, fuelled by higher spending in corporate catering and social catering⁴, and proved relatively recession-resistant in the financial crisis from 2008-2009⁵.
- Low threat of new entrants to the events catering industry due to extensive entry barriers that include the entrenched position of large incumbent market players with established brand loyalty, economies of scale and adequate capacity to process large orders within a short period of time⁵.
- Increase in demand for convenience food arising from the busy pace of modern living and the increase in the dual-income families in Singapore which have led to the increase in the number of households who do not prepare their own meals.
- Increase in consumer affluence and willingness to spend on food.

³ Derived from information extracted from the Singapore Department of Statistics' ("Sing Stat") Economic Surveys Series: Food and Beverages Services, Reference Year 2010 published in November 2011 and accessed from the Sing Stat website at (<http://www.singstat.gov.sg/pubn/business/essfmb2010.pdf>) on 10 March 2012.

⁴ The terms below shall have the meanings ascribed to them in the Euromonitor Report, as follows:

a) "events catering" means food catering services provided for social or corporate events only.

b) Social catering: a sub-category of events catering, refers to catering that is provided in all residential venues such as HDBs, condominiums, landed properties etc. Social catering also includes wedding functions regardless of venue.

c) Corporate catering: another sub-category of events catering, refers to catering services that are provided at all places other than residences, including offices, club houses, churches, etc. Corporate catering also includes government events.

⁵ Based on the Euromonitor Report.

COMPETITIVE STRENGTHS

Strong market recognition of our brands

- Successfully established ourselves as the number one events caterer in Singapore.
- Well-recognised catering brands in Singapore due to our track record for consistently delivering quality food products at competitive prices in a timely manner.
- "Umisushi" brand is increasingly becoming popular as a reputable player in the Japanese convenience food market.
- Able to increase our offerings and market share through brand diversification.

Comprehensive range of quality food and catering services

- Attract a broader customer base due to our wide range of buffet menus, from international to local cuisines, and our ability to offer both Halal and non-Halal food.

Experienced and dedicated management team

- Founder, Chairman and CEO, Mr Neo Kah Kiat has over 20 years of experience in the F&B industry, and he is assisted by our senior management, majority of whom have more than eight years of experience in their respective fields.

Customised information system for our operations

- Production and operation processes including procurement and logistics, sales and production, are integrated, and real-time data is transmitted to relevant departments.
- Greatly improved the speed, accuracy and efficiency of our production and delivery processes, controlled costs and wastages and allowed us to process many orders at the same time.

Food Retail Business:



We operate a successful chain of 16 food retail outlets as at 2 July 2012 under our "Umisushi" brand, offering Japanese convenience food, located in accessible locations mainly near MRT stations and in shopping malls with high human traffic. We also offer delivery services for a range of products on our delivery menu. Our target customers include students, working adults and young families.

Food and Catering Supplies Business:

We source some of the food ingredients and catering supplies directly from manufacturers and/or distributors to ensure a timely supply of such products to our Food Catering Business and Food Retail Business. We also supply food ingredients and Japanese food products to third parties.



BUSINESS STRATEGIES AND FUTURE PLANS

FINANCIAL PERFORMANCE

(Financial Year Ended 31 January)

Consolidate our business operations and increase our production capacity

- Plan to develop our newly acquired property at 30B Quality Road (area of approximately 122,149.93 sq ft) into a multi-storey building and consolidate most of our central kitchens, offices, warehouses, logistics and storage facilities and other F&B operations in the same location.
- When fully operational, daily capacity is expected to cater to approximately 1,000 events or serve approximately 30,000 headcounts a day.
- Intend to acquire new machinery required for various stages of our food preparation and production processes.

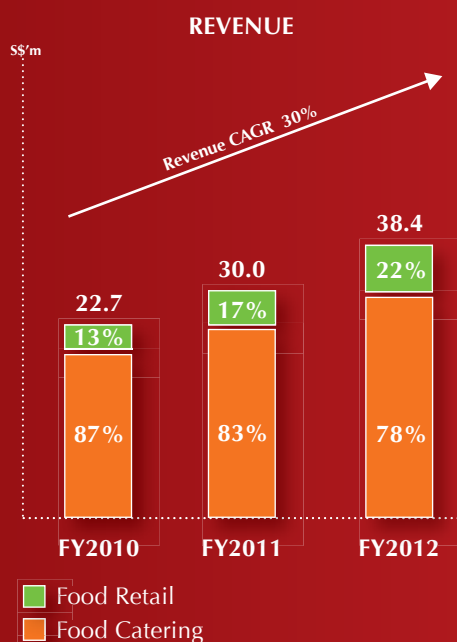
Expand and develop our Food Retail business

- Intend to increase the number of Umisushi food retail outlets in Singapore to 30 by 2016.

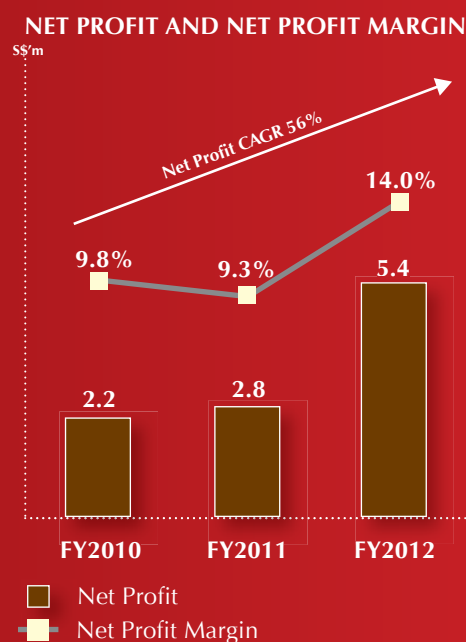
Strengthen our existing brands and introduce new concepts

- Increase our marketing and advertising efforts to increase brand awareness and customers' loyalty.
- Continue to develop new menus, innovative catering concepts and F&B retail experience and may also venture into institutional catering.

Expand our businesses through acquisitions, joint ventures and/or strategic alliances



Note: Revenue from our Food and Catering Supplies Business was not significant for the period under review.



Note: Net profit is defined as profit for the financial year, representing total comprehensive income for the financial year.

DIVIDEND

We intend to recommend and distribute dividends of not less than 60% of our net profits attributable to Shareholders in each of FY2013, FY2014 and FY2015.

MORATORIUM

To demonstrate their commitment to our Group, all our existing shareholders have each undertaken to have 100%, 70% and 40% of their respective shareholdings in our Company moratorised in the first, second and third year from the date of admission of our Company to Catalyst.



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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Neo Kah Kiat (<i>Founder, Chairman and CEO</i>) Liew Oi Peng (<i>Executive Director</i>) Lee Kwang Boon (<i>Executive Director (Business Development)</i>) Liew Choh Khing (<i>Executive Director (Food Retail)</i>) Wong Hin Sun Eugene (<i>Non-Executive Director</i>) Tan Lye Huat (<i>Lead Independent Director</i>) Yeo Guat Kwang (<i>Independent Director</i>) Ng How Hwan, Kevin (<i>Independent Director</i>)
COMPANY SECRETARIES	:	Pan Mi Keay (<i>ACIS</i>) Lee Wei Hsiung (<i>ACIS</i>)
REGISTERED OFFICE	:	6A Wan Lee Road Singapore 627938
SHARE REGISTRAR AND 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
UNDERWRITER AND PLACEMENT AGENT	:	CIMB Securities (Singapore) Pte. Ltd. 50 Raffles Place #19-00 Singapore Land Tower Singapore 048623
INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS	:	BDO LLP Public Accountants and Certified Public Accountants 21 Merchant Road #05-01 Royal Merukh S.E.A. Building Singapore 058267 Partner-in-charge: Leong Hon Mun Peter (a member of the Institute of Certified Public Accountants of Singapore)
SOLICITORS TO THE INVITATION AND LEGAL ADVISER TO OUR COMPANY ON SINGAPORE LAW	:	Drew & Napier LLC 10 Collyer Quay #10-01 Ocean Financial Centre Singapore 049315
PRINCIPAL BANKERS	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624 Oversea-Chinese Banking Corporation Limited 65 Chulia Street OCBC Centre Singapore 049513

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

INDUSTRY CONSULTANT : **Euromonitor International Limited**
60-61 Britton Street
London EC1M 5UX
United Kingdom

DEFINITIONS

In this Offer Document and the accompanying Application Forms, the following definitions apply where the context so admits:

Group Companies

<i>“Company” or “Neo Group”</i>	:	Neo Group Limited. The terms “we”, “our”, “our Company” or “us” have correlative meanings
<i>“Deli Hub”</i>	:	Deli Hub Catering Pte. Ltd.
<i>“Group”</i>	:	Our Company and our subsidiaries, following the completion of the Restructuring Exercise
<i>“H-Cube”</i>	:	H-Cube F&B Pte. Ltd.
<i>“Neo Garden Catering”</i>	:	Neo Garden Catering Pte. Ltd. (formerly known as Neo Group Pte. Ltd.)
<i>“Niwa Sushi”</i>	:	Niwa Sushi Pte. Ltd.
<i>“NKK Import & Export”</i>	:	NKK Import & Export Trading Pte. Ltd.
<i>“Orange Clove”</i>	:	Orange Clove Catering Pte. Ltd.

Other Corporations and Agencies

<i>“Authority”</i>	:	The Monetary Authority of Singapore
<i>“AVA”</i>	:	The Agri-Food and Veterinary Authority of Singapore
<i>“Best Catering”</i>	:	A partnership between Neo Kah Kiat and Liew Oi Peng, involved in the manufacture of cooked food preparations and proprietors of food establishments and catering, which was terminated on 31 March 2012
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“CIMB” or “Sponsor”</i>	:	CIMB Bank Berhad, Singapore Branch
<i>“CPF”</i>	:	The Central Provident Fund
<i>“Euromonitor”</i>	:	Euromonitor International Limited
<i>“GUI Solutions”</i>	:	GUI Solutions Pte. Ltd.
<i>“H-Cube (partnership)”</i>	:	A partnership established in Singapore, between Liew Choh Khing, Liew Oi Yen and an unrelated third party, which had expired on 11 September 2009
<i>“Independent Auditors and Reporting Accountants”</i>	:	BDO LLP

<i>"MOM"</i>	:	Ministry of Manpower of Singapore
<i>"MUIS"</i>	:	Majlis Ugama Islam Singapura
<i>"NEA"</i>	:	The National Environment Agency
<i>"Neo @ 406 Restaurant"</i>	:	Neo @ 406 Restaurant Pte. Ltd.
<i>"Participating Banks"</i>	:	United Overseas Bank Limited ("UOB") and its subsidiary, Far Eastern Bank Limited (collectively, the "UOB Group"); DBS Bank Ltd (including POSB) ("DBS Bank") and Oversea-Chinese Banking Corporation Limited ("OCBC")
<i>"Perdure Technology"</i>	:	Perdure Technology Pte. Ltd.
<i>"Placement Agent" or "Underwriter" or 'CIMB Securities'</i>	:	CIMB Securities (Singapore) Pte. Ltd.
<i>"Receiving Bank"</i>	:	CIMB Bank Berhad, Singapore Branch
<i>"SCCS"</i>	:	Securities Clearing and Computer Services (Pte) Limited
<i>"SGX-ST"</i>	:	Singapore Exchange Securities Trading Limited
<i>"Share Registrar"</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<i>"Sirius Venture"</i>	:	Sirius Venture Capital Pte. Ltd. (formerly known as "Sirius Venture Consulting Pte. Ltd.")
<i>"Solicitors to the Invitation"</i>	:	Drew & Napier LLC
<i>"Twinkle Investment"</i>	:	Twinkle Investment Pte. Ltd. (formerly known as "Neo Group Realty Pte. Ltd.")

Locations

<i>"Shimei East Kitchen"</i>	:	3015 Bedok North Street 5, Shimei East Kitchen #06-07, Singapore 486350
<i>"#01-12/13 Jalan Tepong"</i>	:	15 Jalan Tepong #01-12 and #01-13, Jurong Food Hub, Singapore 619336 and references to the respective units shall be construed accordingly
<i>"30B Quality Road"</i>	:	30B Quality Road, Singapore 618826
<i>"6A Wan Lee Road"</i>	:	6A Wan Lee Road, Singapore 627938
<i>"#05-03/04/05/06 Enterprise One"</i>	:	1 Kaki Bukit Road, 1 #05-03, #05-04, #05-05 and #05-06 Enterprise One, Singapore 415934 and references to the respective units or a combination thereof shall be construed accordingly

General

<i>“Application Forms”</i>	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Offer Document
<i>“Application List”</i>	:	The list of applications for subscription of the New Shares
<i>“Articles” or “Articles of Association”</i>	:	The articles of association of our Company
<i>“Associate”</i>	:	<p>(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more;</p> <p>(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more</p>
<i>“ATM”</i>	:	Automated teller machine of a Participating Bank
<i>“Audit Committee”</i>	:	The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Awards”</i>	:	An award of Shares granted under the PSP
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“CEO”</i>	:	Chief Executive Officer
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<i>“Consultancy Agreement”</i>	:	The consultancy agreement dated 21 June 2011 (as amended by a letter dated 11 June 2012) entered into between Neo Garden Catering and Sirius Venture, pursuant to which Sirius Venture agreed to provide consultancy services to our Group, details as described in the section entitled “Interested Person Transactions – Past Interested Person Transactions” of this Offer Document

<i>“Controlling Shareholder”</i>	: In relation to a corporation, (a) a person who has an interest in the voting shares of a corporation and who exercises control over the corporation; or (b) a person who has an interest of 15% or more of the aggregate of the nominal amount of all the voting shares in a corporation, unless he does not exercise control over the corporation
<i>“Directors”</i>	: The directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Electronic Applications”</i>	: Applications for the Offer Shares made through an ATM or through the IB website of one of the Participating Banks in accordance with the terms and conditions of this Offer Document
<i>“EPS”</i>	: Earnings per Share
<i>“ESOS”</i>	: The Neo Group Employee Share Option Scheme, adopted by our Company on 11 June 2012, the terms of which are set out in Appendix H of this Offer Document
<i>“Euromonitor Report”</i>	: The report on “Events Catering Services Singapore” dated April 2012 prepared by Euromonitor
<i>“events catering”</i>	: Has the meaning ascribed to it on page 114 of the Offer Document and “events caterer” shall be construed accordingly
<i>“Executive Directors”</i>	: The executive directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	: The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
<i>“Facebook”</i>	: An on-line social networking service
<i>“Food Catering Business”</i>	: Has the meaning ascribed to it on page 84 of the Offer Document
<i>“Food and Catering Supplies Business”</i>	: Has the meaning ascribed to it on page 88 of the Offer Document
<i>“Food Retail Business”</i>	: Has the meaning ascribed to it on page 84 of the Offer Document
<i>“F&B”</i>	: Food and beverage
<i>“FY”</i>	: Financial year ended or, as the case may be, ending 31 January
<i>“GST”</i>	: Goods and services tax
<i>“HACCP”</i>	: Hazard Analysis and Critical Control Point, a scientific, rational and systematic approach to identify, assess and control hazards during production, processing, manufacturing, preparation and use of food to ensure that food is safe for consumption

<i>“Halal”</i>	:	Contains no pork, lard or other elements of impurities as defined under Islamic law
<i>“headcount”</i>	:	The number of persons catered for
<i>“HY”</i>	:	Half year ended or, as the case may be, ending 31 July
<i>“IB”</i>	:	Internet Banking
<i>“Independent Auditors’ Report”</i>	:	Audited combined financial statements for the financial years ended 31 January 2010, 2011 and 2012
<i>“Independent Directors”</i>	:	The independent directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Invitation”</i>	:	The invitation by our Company to the public in Singapore to subscribe for the New Shares at the Issue Price, subject to and on the terms and conditions of this Offer Document
<i>“Issue Price”</i>	:	S\$0.30 for each New Share
<i>“IT”</i>	:	Information technology
<i>“Latest Practicable Date”</i>	:	11 June 2012, being the latest practicable date for the purposes of lodgement of this Offer Document with the SGX-ST
<i>“Listing Manual”</i>	:	Section B of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
<i>“Management Agreement”</i>	:	The management and sponsorship agreement dated 2 July 2012 entered into between our Company and CIMB pursuant to which CIMB agreed to manage and sponsor the Invitation, details as described in the section entitled “General and Statutory Information - Management, Underwriting and Placement Arrangements” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“MRT”</i>	:	Mass Rapid Transit
<i>“NAV”</i>	:	Net asset value
<i>“NETS”</i>	:	Network for Electronic Transfers (Singapore) Pte Ltd
<i>“New Shares”</i>	:	The 22,000,000 new Shares which are the subject of this Invitation
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Non-executive Directors”</i>	:	The non-executive directors of our Company (including Independent Directors) as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets

<i>“Offer”</i>	:	The offer by our Company of the Offer Shares to the public in Singapore for subscription at the Issue Price, subject to and on the terms and conditions of this Offer Document
<i>“Offer Document”</i>	:	This offer document dated 2 July 2012 issued by our Company in respect of the Invitation
<i>“Offer Shares”</i>	:	The 1,000,000 New Shares which are the subject of the Offer
<i>“Option(s)”</i>	:	The option(s) which may be granted pursuant to the ESOS
<i>“Option Shares”</i>	:	The new Shares which may be allotted and issued upon the exercise of the Options
<i>“PER”</i>	:	Price earnings ratio
<i>“Performance Shares”</i>	:	The new Shares which may be issued from time to time pursuant to the vesting of Awards granted under the PSP
<i>“period under review”</i>	:	The period which comprises FY2010, FY2011 and FY2012
<i>“Placement”</i>	:	The placement of the Placement Shares by the placement agent on behalf of our Company for subscription at the Issue Price, subject to and on the terms and conditions of this Offer Document
<i>“Placement Shares”</i>	:	The 21,000,000 New Shares which are the subject of the Placement
<i>“PRC”</i>	:	People’s Republic of China
<i>“Proforma Report”</i>	:	Compilation report of the Independent Reporting Auditors on the unaudited Proforma Combined Financial Information of Neo Group Limited and its subsidiaries
<i>“PSP”</i>	:	The Neo Group Performance Share Plan, adopted by our Company on 11 June 2012, the terms of which are set out in Appendix G of this Offer Document
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Invitation as described in the section entitled “Restructuring Exercise” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a depositor with CDP but does not include a securities sub-account
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and our Executive Directors, namely Neo Kah Kiat, Liew Oi Peng, Lee Kwang Boon and Liew Choh Khing, as set out in the section entitled “Directors, Management and Staff - Service Agreements” of this Offer Document
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time

<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of our Company
<i>“Share Split”</i>	:	The sub-division of each Share in the issued share capital of our Company into 122 Shares
<i>“Shareholder(s)”</i>	:	Registered holder(s) of Share(s), except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
<i>“SMS”</i>	:	Short message service, a system that enables cellular phone users to send and receive text messages
<i>“Substantial Shareholder(s)”</i>	:	Person(s) who has or have an interest in the Share(s), the nominal amount of which is not less than 5% of the aggregate of the nominal amount of all the voting shares of our Company
<i>“Twitter”</i>	:	An on-line social networking and microblogging service
<i>“Underwriting and Placement Agreement”</i>	:	The underwriting and placement agreement dated 2 July 2012 entered into between our Company and CIMB Securities pursuant to which CIMB Securities agreed to (i) underwrite our offer of the Offer Shares; and (ii) subscribe and/or procure subscribers for the Placement Shares, details as described in the section entitled “General and Statutory Information - Management, Underwriting and Placement Arrangements” of this Offer Document

Currencies, Units and Others

<i>“S\$” or “\$” and “cents”</i>	:	Singapore dollars and cents respectively
<i>“%” or “per cent.”</i>	:	Per centum
<i>“m”</i>	:	Metre
<i>“sq ft”</i>	:	Square feet
<i>“sq m”</i>	:	Square metre
<i>“US\$”</i>	:	United States dollars

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document, the Application Forms and Electronic Applications to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Offer Document, the Application Forms and Electronic Applications shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be.

Any reference in this Offer Document, the Application Forms and Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that Applicant.

Any reference to a time of day in this Offer Document, the Application Forms and Electronic Applications shall be a reference to Singapore time unless otherwise stated.

References in this Offer Document to “the Group”, “we”, “our”, and “us” or any other grammatical variations thereof shall unless otherwise stated, mean our Company, our Group or any member of our Group as the context requires.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Industry and Market Data

The information contained in “Appendix C - Euromonitor Report”, including market and industry statistical data, was provided by Euromonitor. We commissioned Euromonitor to provide the text for this Appendix. In compiling the data for this Appendix, Euromonitor relied on industry sources, published materials, its own private databanks and direct contacts within the industry. All of these sources were used to calculate the data and market information shown in this document.

This document includes market share, market position and industry data and forecasts. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While we have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, we have not independently verified the accuracy of any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein, and none of us, the Sponsor, the Underwriter and the Placement Agent makes any representation as to the accuracy or completeness of that information. Statements as to our market share and market position are based on the most currently available market data obtained from such sources.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, trend information, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) expected growth in demand;
- (c) expected industry trends and development;
- (d) anticipated expansion plans; and
- (e) other matters discussed in this Offer Document regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- (a) changes in political, social and economic conditions and the regulatory environment in Singapore and other countries in which we conduct business or expect to conduct business;
- (b) changes in currency exchange rates;
- (c) our inability to implement our business strategies and future plans;
- (d) our inability to realise our anticipated growth strategies and expected internal growth;
- (e) changes in the availability and prices of raw materials and goods which we require to operate our business;
- (f) changes in customer preferences;
- (g) changes in competitive conditions and our ability to compete under such conditions;
- (h) changes in our future capital needs and the availability of financing and capital to fund such needs; and
- (i) other factors beyond our control.

Some of these risk factors are discussed in more detail in this Offer Document, in particular, the discussions under the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Financial Position and Results of Operations” and “General Information on our Group - Trend Information” of this Offer Document. These forward-looking statements are applicable only as at the date of this Offer Document.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements which apply only as at the date of this Offer Document. Neither our Company, the Sponsor, the Underwriter, the Placement Agent nor any other person represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements.

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Sponsor, the Underwriter and the Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances. We are, however, subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the registration of the Offer Document but before the close of the Invitation, our Company becomes aware of (a) a false or misleading statement or matter in the Offer Document; (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since the Offer Document was lodged which would have been required by Section 243 of the SFA to be included in the Offer Document if it had arisen before the Offer Document was lodged and that is materially adverse from the point of view of an investor, our Company may in consultation with the Sponsor, the Underwriter and the Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority.

SELLING RESTRICTIONS

Singapore

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the filing and/or lodgement of this Offer Document in Singapore in order to permit a public offering of the New Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the New Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by our Company, the Sponsor, the Underwriter and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions.

DETAILS OF THE INVITATION

LISTING ON CATALIST

We have applied to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued, the New Shares, the Performance Shares and the Option Shares. Such permission will be granted when our Company has been admitted to Catalist. Our acceptance of applications will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all our existing issued Shares, the New Shares, the Performance Shares and the Option Shares. Monies paid in respect of any application accepted will be returned to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk, if the said permission is not granted and you will not have any claims whatsoever against us, the Sponsor, the Underwriter and the Placement Agent.

A copy of this Offer Document has been lodged with the SGX-ST acting as agent on behalf of the Authority. The registration of this Offer document by the SGX-ST acting as agent on behalf of the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Offer Document. Admission to Catalist is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares, the New Shares, the Performance Shares or the Option Shares.

We are subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, if after the registration of this Offer Document but before the close of the Invitation, we become aware of:

- (a) a false or misleading statement or matter in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST would have been required by Section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document pursuant to Section 241 of the SFA.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the New Shares and:

- (a) where the New Shares have not been issued to the applicants, we shall either:
 - (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to withdraw their applications, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we shall, within seven days from the date of lodgement of the supplementary or replacement offer document, pay the applicants all monies the applicants have paid on account of their applications for the New Shares; or

- (b) where the New Shares have been issued to the applicants, we shall either:
- (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to return to us the New Shares which they do not wish to retain title in, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the New Shares which they do not wish to retain title in; or
 - (iii) treat the issue of the New Shares as void, in which case the issue shall be deemed void and we shall within seven days from the date of lodgement of the supplementary or replacement offer document, pay the applicants all monies the applicants have paid on account of their applications for the New Shares.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for the New Shares.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the New Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those New Shares, to us, whereupon we shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those New Shares, and the issue of those New Shares shall be deemed to be void.

Where the Authority, the SGX-ST (acting as agent on behalf of the Authority) or other competent authority issues a stop order ("Stop Order") which directs that no or no further shares to which this Offer Document relates be allotted, and:

- (a) in the case where the New Shares have not been issued to the applicants, the applications of the New Shares pursuant to the Invitation shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the New Shares; or
- (b) in the case where the New Shares have been issued to the applicants, the issue of the New Shares pursuant to the Invitation shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order pay to the applicants all monies paid by them for the New Shares.

Such monies paid in respect of your application will be returned to you at your own risk, without interest or any share or revenue or other benefit arising therefrom, and you will not have any claim against us, the Sponsor, the Underwriter and the Placement Agent.

This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation, our Company and our subsidiaries, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

Neither our Company, the Sponsor, the Underwriter and the Placement Agent, nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Sponsor, the Underwriter and the Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Invitation, nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur, we may make an announcement of the same to the SGX-ST and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST. All applicants should take note of any such announcements and, upon the release of such an announcement, shall be deemed to have notice of such changes. Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies.

This Offer Document has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the New Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation of the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability during office hours, from:

CIMB Securities (Singapore) Pte. Ltd.
CIMB Investment Centre
50 Raffles Place
#01-01 Singapore Land Tower
Singapore 048623

A copy of this Offer Document is also available on the SGX-ST website <http://www.sgx.com>.

The Application List will open immediately upon the registration of the Offer Document by the SGX-ST acting as agent on behalf of the Authority and will remain open until 12.00 noon on 9 July 2012 or for such further period or periods as our Directors may, in consultation with the Sponsor, the Underwriter and the Placement Agent, in their absolute discretion decide, subject to any limitations under all applicable laws and regulations. In the event a supplementary offer document or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for application of the New Shares are set out in Appendix I of this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable is set out below for the reference of applicants:

Indicative date / time	Event
9 July 2012 at 12.00 noon	Close of Application List
10 July 2012	Balloting of applications or otherwise as may be approved by the SGX-ST, if necessary (in the event of over-subscription for the Offer Shares)
11 July 2012 at 9.00 a.m.	Commence trading on a “ready” basis
16 July 2012	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 9 July 2012, the date of admission of our Company to Catalist is 11 July 2012, the SGX-ST’s shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 11 July 2012.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit commencement of trading on a “ready” basis and the commencement date of such trading.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (a) through an SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>; and
- (b) in local English newspapers.

We will publicly announce the level of subscription for the New Shares as soon as it is practicable after the close of the Application List through the channels described in (a) and (b) above.

Investors should consult the SGX-ST’s announcement of the “ready” trading date on the internet (at the SGX-ST website <http://www.sgx.com>), or the newspapers or check with their brokers on the date on which trading on a “ready” basis will commence.

PLAN OF DISTRIBUTION

The Invitation

The Invitation is for 22,000,000 New Shares offered in Singapore by way of public offer and placement comprising 1,000,000 Offer Shares and 21,000,000 Placement Shares managed by CIMB and underwritten by CIMB Securities.

Prior to the Invitation, there has been no public market for our Shares. The Issue Price is determined by our Company in consultation with the Sponsor, the Underwriter and the Placement Agent, taking into consideration, *inter alia*, the prevailing market conditions and estimated market demand for our Shares. The Issue Price is the same for each New Share and is payable in full on application.

Pursuant to the Management Agreement, we have appointed CIMB and CIMB has agreed to manage and sponsor the Invitation.

Offer Shares

The Offer Shares are made available to the members of the public in Singapore for subscription at the Issue Price. The terms, conditions and procedures for application and acceptance are set out in Appendix I of this Offer Document entitled “Terms, Conditions and Procedures for Application and Acceptance”.

An applicant who has made an application for Offer Shares by way of an Application Form may not make another separate application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and shall be rejected.

Pursuant to the Underwriting and Placement Agreement, CIMB Securities has agreed to underwrite our offer of the Offer Shares for a commission of 3.00% of the Issue Price for each Offer Share (“Underwriting Commission”), payable by our Company pursuant to the Invitation. CIMB Securities may, at its absolute discretion, appoint one or more sub-underwriters for the Offer Shares.

Brokerage will be paid by our Company to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or IB websites at the rate of 0.25% of the Issue Price for each Offer Share or in the case of DBS Bank, 0.50% of the Issue Price for each Offer Share. This brokerage has already been included in the Underwriting Commission stated above. In addition, DBS Bank will levy a minimum brokerage fee of S\$10,000.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors after consultation with the Sponsor and the Placement Agent and approved by the SGX-ST.

Placement Shares

The Placement Shares are made available to members of the public and institutional investors in Singapore.

Application for the Placement Shares may only be made by way of the Application Forms. The terms, conditions and procedures for application and acceptance are set out in Appendix I of this Offer Document entitled “Terms, Conditions and Procedures for Application and Acceptance”.

Pursuant to the Underwriting and Placement Agreement, CIMB Securities has agreed to subscribe and/or procure subscribers for the Placement Shares for a placement commission of 3.00% of the Issue Price for each Placement Share, payable by our Company. The Placement Agent may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Subscribers of the Placement Shares may be required to pay a brokerage of up to 1.00% of the Issue Price to the Placement Agent (and the prevailing GST thereon, if applicable).

The Underwriting and Placement Agreement is conditional upon the Management Agreement not having been terminated or rescinded pursuant to the provisions of the Management Agreement.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Subscription for New Shares

To the best of our knowledge and belief, none of our Directors or Substantial Shareholders intends to subscribe for the New Shares in the Invitation. If such person(s) were to make an application for Shares and are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time.

To the best of our knowledge and belief, none of our Independent Directors, members of our management or employees intends to subscribe for more than 5% of the New Shares in the Invitation.

To the best of our knowledge and belief, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for more than 5% of the New Shares. However, in assessing the market demand for our Shares, there may be persons who may indicate an interest to subscribe for Shares amounting to more than 5% of the New Shares. If such person(s) were to make an application for Shares amounting to more than 5% of the New Shares and are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment of Shares will be made in accordance with the shareholding spread and distribution guidelines as set out in the Listing Manual.

No Shares shall be allotted on the basis of this Offer Document later than six months after the date of registration of this Offer Document.

OFFER DOCUMENT SUMMARY

The following summary highlights certain information found in greater detail elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meaning when used herein. In addition to this summary, we urge you to read the entire Offer Document carefully, especially the section entitled “Risk Factors” of this Offer Document, before deciding to invest in our Shares.

OVERVIEW OF OUR GROUP

Our Business

We are a leading food catering group with some of the most recognised brand names in Singapore. In a report dated April 2012, we were ranked by Euromonitor as the number one events caterer in Singapore.

Through our “Neo Garden Catering”, “Orange Clove” and “Deli Hub” brands, we supply buffets spanning a wide variety of styles and prices to suit a diverse range of occasions, from private to corporate and community functions (“Food Catering Business”).

Our offerings in the catering business include daily meal delivery services, Halal-certified food as well as catering for last minute events or emergency orders.

In addition to the Food Catering Business, we also operate a successful chain of 16 food retail outlets as at the date of this Offer Document under our “Umisushi” brand offering Japanese convenience food (“Food Retail Business”).

As testament to our commitment to quality, we have received several awards over the years, including Singapore Prestige Brand Award (Established Brands), Singapore Prestige Brand Award (Most Popular Established Brand), Successful Entrepreneur (Platinum Category) Award and Excellent Service Award in 2011.

To support the operations of our Food Catering Business and Food Retail Business, we have central kitchens in four locations in the eastern and western parts of Singapore, a fleet of 107 vehicles (of which 87 are sub-contract vehicles) and over 330 operational and logistics staff. We also have an established network of delivery subcontractors that we may tap on to meet our delivery requirements and to ensure timely delivery of our food.

For FY2010, FY2011 and FY2012, we recorded revenues of S\$22.65 million, S\$30.00 million and S\$38.38 million, and profit for the financial year of S\$2.21 million, S\$2.79 million and S\$5.38 million respectively.

Please refer to section entitled “Business Overview” of this Offer Document for further details.

Our Financial Results and Financial Position

Our financial performance for FY2010, FY2011 and FY2012 and our financial position as at 31 January 2012 are summarised below. Please refer to the section entitled “Management’s Discussion and Analysis of Financial Position and Results of Operations” of this Offer Document, the Independent Auditors’ Report and the Proforma Report as set out in Appendices A and B of this Offer Document respectively for further details.

Operating Results of our Group

(S\$’000)	Financial years ended 31 January		
	2010	2011	2012
Revenue	22,654	29,998	38,376
Profit before income tax	2,474	3,303	6,482
Profit for the financial year, representing total comprehensive income for the financial year	2,209	2,787	5,384

Financial Position of our Group

(S\$'000)	Audited as at 31 January 2012	Unaudited Proforma as at 31 January 2012
Non-current assets	17,085	15,914
Current assets	9,507	7,650
Current liabilities	8,781	7,540
Non-current liabilities	7,530	6,451
Total equity	10,281	9,573

Our Competitive Strengths

We have been ranked by Euromonitor as the number one events caterer in Singapore and we believe that we have achieved this due to our following competitive strengths:

- Our brands enjoy strong market recognition
- We offer a comprehensive range of quality food and catering services
- We have an experienced and dedicated management team
- We deploy a customised information system for our operations
- We have a competitive supply chain structure and an efficient production system which enable us to offer quality food products at competitive prices

Please refer to section entitled “General Information on our Group - Competitive Strengths” of this Offer Document for further details.

Our Business Strategies and Future Plans

Our business strategies and future plans are as follows:

- To consolidate our business operations and increase our production capacity
- To expand and develop our Food Retail Business
- To strengthen our existing brands and introduce new concepts
- To expand our businesses through acquisitions, joint ventures and/or strategic alliances

Please refer to section entitled “General Information on our Group - Business Strategies and Future Plans” of this Offer Document for further details.

Where you can find us

Our principal and registered office is located at 6A Wan Lee Road. Our telephone number is (65) 6896 7757 and our facsimile number is (65) 6515 1235. Our internet address is <http://www.neogroup.com.sg>. **Information contained in our website does not constitute part of this Offer Document.**

THE INVITATION

Issue size	:	<p>Invitation in respect of 22,000,000 New Shares, comprising 1,000,000 Offer Shares and 21,000,000 Placement Shares.</p> <p>The New Shares, upon issue and allotment, will rank <i>pari passu</i> in all respects with the existing issued Shares.</p>
Issue Price	:	S\$0.30 for each New Share, payable in full on application.
The Offer	:	<p>The Offer comprises an invitation by our Company to the public in Singapore to subscribe for 1,000,000 Offer Shares at the Issue Price, subject to and on the terms and conditions of this Offer Document.</p> <p>In the event of an under-subscription for the Offer Shares, that number of Offer Shares not subscribed for shall be used to satisfy excess applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares as at the close of the Application List.</p>
The Placement	:	<p>The Placement comprises a placement of 21,000,000 Placement Shares at the Issue Price, subject to and on the terms and conditions of this Offer Document.</p> <p>In the event of an under-subscription for the Placement Shares, that number of Placement Shares not subscribed for shall be used to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.</p>
Purpose of the Invitation	:	The purpose of the Invitation is to secure admission of our Company to Catalist. Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance the public image of our Group locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide members of the public with an opportunity to participate in the equity of our Company.
Listing status	:	Prior to the Invitation, there has been no public market for our Shares. Our Shares will be quoted on Catalist, subject to the admission of our Company to Catalist and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST.

RISK FACTORS

Prospective investors should consider carefully and evaluate the following risk factors and all other information contained in this Offer Document, before deciding to invest in our Shares. You should also note that certain of the statements set forth below constitute “forward-looking statements” that involve risks and uncertainties.

If any of the following risk factors and uncertainties develops into actual events, our business, financial condition or results of operations or cash flows or prospects may be adversely affected. In such circumstances, the trading price of our Shares could decline and investors may lose all or part of their investment in our Shares. To the best of our Directors’ belief and knowledge, all the risk factors that are material to investors in making an informed judgement regarding our Group have been set out below. Please also refer to the section entitled “General Information on our Group - Trend Information” of this Offer Document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We face the risk of food contamination and tampering and we are exposed to negative publicity, customer complaints and potential litigation due to the nature of our business

Food contamination and tampering is a risk inherent to all operators in the F&B industry. Our food products face the risk of food contamination in the preparatory or delivery process. Further, food products sold may be subject to tampering. Should such risks materialise, our reputation would be adversely affected.

Like any operator in a service-oriented industry, we may be adversely affected by negative publicity concerning our catering services and food retail outlets, our food quality, our service level or any accidents occurring on our premises. We may also be subject to malicious or groundless rumours that may be easily transmitted through the increased use of the internet and mobile phone text messaging. Such negative publicity, regardless of whether or not these allegations are genuine, would adversely affect the image and reputation of our Group, reduce customers’ confidence and result in a reduced patronage of our food retail outlets. These occurrences will have an adverse impact on our business, profitability and financial performance and we may also have to incur additional costs in placating customers and/or restoring our reputation. Further, depending on the severity of such events, we may even be ordered to suspend or cease all or part of our business operations by the relevant authorities. Should such risks materialise, our results of operations will be materially and adversely affected.

In addition, if complaints from our customers escalate into legal claims, resources such as time and legal costs would have to be utilised and incurred to address such claims, thereby further affecting our business and financial performance. There is no assurance that material litigation will not be brought against us in the future. Our liabilities in respect of such claims could adversely affect our financial position and results of operations.

Our business may be affected by any outbreak of diseases in livestock or food scares

Any outbreak of diseases in livestock or food scares in the region and around the world, for instance, the avian influenza (bird flu), salmonella, porcine respiratory, encephalitis syndrome or the Nipah virus, may lead to a reduction in the consumption of the affected type of food by consumers. We are not able to predict the outbreak and occurrences of such diseases, or when there might be an outbreak of new diseases affecting the ingredients used in our food products. Moreover, customers may be less willing to consume any Japanese cuisines if there is any report on radiation leakage in Japan or food contamination as a result thereof. A loss in consumer confidence arising from an outbreak of diseases or food scares concerning any particular food ingredient may force us to reduce or totally eliminate the use of that food ingredient in our menus. In the event of any such outbreaks resulting in a severe loss of consumer confidence and a decline in the demand for our catering services or patronage of our food retail outlets, our business may be materially and adversely affected.

Further, sources of supply for the affected types of food ingredients may also be reduced or the Singapore Government may ban the import of the affected types of food ingredients from particular countries as a result of outbreaks of disease. The reduction in supply of such food ingredients may lead to an increase in the prices of such affected food ingredients which we may not be able to pass on to our customers, or a shortage in supply of the affected food ingredients. Any increase in prices of or shortage in supply of the food ingredients required for our food products will adversely affect our operations, profitability and financial performance.

In addition, any outbreak of any contagious or virulent disease (such as SARS and Influenza A (H1N1)) in various countries around the world, including Singapore, could have a material adverse effect on our business. In the event of such an outbreak, customer sentiments may be adversely affected, leading to a reduced demand for our catering services and/or reduced patronage of our food retail outlets. Furthermore, if any of the employees in our food retail outlets or central kitchen facilities is affected with any contagious or virulent diseases, we may be required to temporarily shut down the affected outlets and/or central kitchen facilities to prevent the spread of the disease, which may have an adverse impact on our business and financial performance.

We may be affected by major or sustained disruptions to our operations

In the event of any major or sustained disruptions in the supply of utilities such as electricity and water, or any outbreak of fire or flood which results in significant damage to our premises, our operations will be adversely affected. Further, our operations of central kitchens are especially susceptible to any prolonged significant equipment downtime, since timely delivery of orders is a priority in any food catering business. Should such events materialise, customer confidence will drop and our business and financial position will be adversely affected.

Our business is dependent on prompt delivery and transportation of food ingredients to our facilities, and catered food to our customers

Disruptions caused by adverse weather conditions, natural disasters and labour strikes in places where our supplies of food ingredients are sourced could lead to delayed or lost deliveries and may result in interruptions to our business. Disruptions such as flooding and traffic congestion in Singapore could also lead to delayed or lost deliveries to our customers.

There may also be instances where the conditions of our food ingredients deteriorate due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by our logistics staff or suppliers. This may result in a failure of our Group to provide quality food and services to our customers, thereby damaging our reputation.

We will be affected by any failure to maintain the quality of the food products, the quality of services and ambience of our food retail outlets

In the F&B industry, it is essential that the quality of food products served must be consistent. Any inconsistency in the quality of our food products may result in customers' dissatisfaction and hence a decrease in their demand for our catering services or patronage of our food retail outlets. In addition, high staff turnover, shortage of staff or the lack of proper supervision may also affect the consistency and quality of our food products and/or the standard of services offered at our food retail outlets.

The furnishings are also essential in maintaining the clean, cozy and comfortable ambience at our food retail outlets to support our image and branding, and encourage repeat patronage by our customers.

In the event there is dissatisfaction from customers of the quality of our food products or services, or our furnishings are not properly maintained, the demand for our catering services or patronage of our food retail outlets may be reduced and our business and financial performance will be adversely affected.

Our business is largely service-oriented and heavily dependent on labour

As a service-oriented company, our continued success depends largely on our ability to hire, train and retain a sufficient number of suitable employees at a reasonable cost.

Our business operations are labour intensive. Our employee benefit expenses accounted for 24.0%, 27.3% and 29.0% of our total expenses for FY2010, FY2011 and FY2012 respectively. Please refer to the section entitled “Management’s Discussion and Analysis of Financial Position and Results of Operations” of this Offer Document for further details.

Moreover, for our food retail outlets, positive interaction between our customers and our staff, particularly the frontline service staff, is essential to create customer satisfaction and repeat patronage of our food retail outlets. However, due to the personal nature of such interaction, it is difficult to enforce strict uniform standards. If our staff have poor service attitudes, or are unable to meet our customers’ service requirements, we may be unable to ensure customer satisfaction and any negative word-of-mouth publicity may adversely affect our business. Please also refer to the risk factor “We face the risk of food contamination and tampering and we are exposed to negative publicity, customer complaints and potential litigation due to the nature of our business”.

There is no assurance that we will be able to attract suitable employees or that we will be able to retain and motivate the employees whom we have trained or that adequate replacements can be found for employees that leave us. In particular, experienced and skilled chefs are scarce. Any failure to recruit skilled personnel and to retain our key staff might adversely impact our operations and expansion plans. Any material increases in employee turnover rates in any of our existing food retail outlets could have a material adverse effect on our business operations and financial performance. Additionally, competition for qualified employees would require us to pay higher wages to attract and retain sufficient employees, which could result in higher labour costs and adversely affect our profitability and financial performance.

We are dependent on foreign labour

Our business is labour-intensive. As we rely largely on foreign workers (including skilled workers) mainly from the PRC, Malaysia and the Philippines to meet our labour needs, we are vulnerable to changes in the availability and costs of employing foreign workers. Any changes in the labour policies of these countries of origin may affect the supply and/or cost of foreign workers and cause disruptions to our operations. As at 31 January 2012, foreign workers accounted for approximately 50% of our workforce.

With the increasing demand for foreign workers worldwide, there is no assurance that we will be able to continue attracting foreign workers at the current level of wages or that our current foreign workers will continue to be employed by us. Any increase in competition for foreign workers, especially skilled workers from outside Singapore, will increase our labour wages. Consequently, if we are not able to pass on the increase in labour costs to our customers, our financial performance will be adversely affected.

The supply of foreign workers is also subject to the policies (including those governing levies on employment of foreign workers) imposed by the MOM. Any increase in levies or security bond payments imposed will affect our profitability. In the event that there are shortages in foreign labour, unfavourable policy changes or disciplinary proceedings undertaken by the regulatory authorities in Singapore or elsewhere relating to our use of foreign labour, and there are no suitable and timely replacements obtainable, our operations will be adversely affected.

We are dependent on key personnel for our continued growth

Our success depends on the continued efforts of our management team, in particular, our Founder, Chairman and CEO, Neo Kah Kiat, and our other Executive Directors, Liew Oi Peng, Lee Kwang Boon and Liew Choh Khing. They have been instrumental to the development and growth of our business and are expected to continue to play important roles in the continued development and growth of our Group.

Accordingly, the termination of the employment or the loss of the services of Neo Kah Kiat, Liew Oi Peng, Lee Kwang Boon and/or Liew Choh Khing or of any of our key personnel without suitable and timely replacement or the inability to attract and retain qualified personnel will adversely affect our operations and hence, our revenue and profits. Please refer to the section entitled “Directors, Management and Staff - Directors” of this Offer Document for further details of our Directors.

We may be affected by increases in rental or the failure to procure the renewal of our existing leases on favourable terms or procure new leases at good locations

We lease all our premises from third parties for our Food Retail Business operations. We also lease some of our central kitchens for our business operations, some of which are leased from our interested persons. As such, rental costs form a significant component of our total operating expenses. For FY2010, FY2011 and FY2012, rental costs of our premises as a percentage of our total revenue were approximately 2.5%, 3.5% and 5.0% respectively. Please refer to the section entitled “Management’s Discussion and Analysis of Financial Position and Results of Operations” of this Offer Document for further details.

The tenure of most of our existing leases is for a period not exceeding three years. We generally commence negotiations of new leases about six months prior to the expiry of the leases. During the negotiation process, the landlords have the right to review and change the terms and conditions of the leases. In this regard, we face the possibility of an increase in the rental prices by the landlords or we may not be able to renew the leases on terms and conditions favourable to us or at all. The non-renewal of the leases, or renewal upon less favourable terms, or early termination of the leases may force us to relocate the affected operations. Any increase in rental rate will increase our operating expenses. In addition, relocation of our operations will cause disruptions to our normal business operations and we may have to incur additional expenses to, among other things, renovate the new premises. Further, our regular customers may not be able to find us at our new premises, and this could have an adverse impact on our business and profitability.

We are susceptible to any increase in cost or shortage of food ingredients and any increase in transportation costs

We source the food ingredients used in our operations from both local and overseas suppliers.

Purchases of food ingredients and consumables used as a percentage of our revenue for FY2010, FY2011 and FY2012 were approximately 41.4%, 38.4% and 31.5% respectively. Please refer to the sections entitled “Management’s Discussion and Analysis of Financial Position and Results of Operations” and “General Information on our Group – Trend Information” of this Offer Document for further details.

We do not have long-term supply arrangements with our major suppliers. Although we have not experienced any significant problems with our suppliers and have maintained good relations with them since we began our business relationships, there can be no assurance that we will continue to be able to obtain the same levels of support from our major suppliers or that they will provide us with sufficient food ingredients of an acceptable quality at competitive prices. If our suppliers are not able to continue to supply us with the amount of food ingredients required to satisfy our present and future demand, and/or are not able to supply us with food ingredients up to our stringent quality standard, there may be interruptions to or a decline in the amount or quality of our food ingredients as we may not be able to seek alternative products in time, or we may be subject to higher costs from alternative suppliers.

In the event that we are unable to pass on any increase in the costs of food ingredients to our customers, our profit margin may be adversely affected. There is also no assurance that even if we are able to adjust our selling prices, our profit margin will be maintained as such price adjustment may result in a decrease in demand for our catering services or patronage at our food retail outlets.

Further, any increase in the cost of transportation (such as increases in fuel price, electronic road pricing (ERP) charges and price of certificates of entitlement (COE)) and/or freight charges may increase our operating expenses and affect our overall profitability.

We are subject to changes in economic, social and political conditions in Singapore and discretionary consumer spending

Currently, we operate only in Singapore. Accordingly, our businesses are subject to the prevailing economic and social conditions in Singapore. Any adverse changes in economic and social conditions may affect consumers' disposable income and confidence and hence discretionary consumer spending. These economic and social changes include unemployment levels, inflation, interest rates, consumer debt levels, availability of credit, levels of taxation and others. In the event of an economic downturn, consumers will tend to become more conscious of the amount they are willing to spend on F&B. Further, any change in regulations or the implementation of new regulations and government policies, such as increases in GST, may also impact consumers' discretionary spending. Any adverse changes in discretionary consumer spending will have a negative impact on our businesses and hence our financial performance.

We are subject to changes in consumers' tastes and preferences

Our growth and success is also dependent on the popularity of our catering services and food retail outlets, which is in turn dependent on factors such as our menu, consumers' dietary habits, customers' perception of Japanese food, the ambience of our food retail outlets and our service level.

There is no assurance that we will be able to anticipate and react quickly and effectively to changes in consumers' tastes and preferences. Any shift in consumers' tastes and preferences from our catering services and food products may materially and adversely affect our business and financial performance.

We operate in a highly competitive environment and face competition from existing competitors and new market entrants

We operate in a highly competitive environment. We generally compete with our competitors on, among other things, competitive pricing, quality of our food products, good customer service and accessibility of our food retail outlets.

There is no assurance that we can continue to compete against our competitors successfully in the future. If our competitors are able to offer, for example, better quality food at lower prices, our sales and market share will be adversely affected. Stiff competition may lead to an overall decline in demand resulting in a downward pressure on our prices and the erosion of our profit margins.

We may face more intense competition in the future from existing competitors and new market entrants. There are low barriers to entry in our industry. Our competitors or potential competitors, some of whom may have longer operating histories, larger customer base, wider range of products and/or services, more advanced technology or greater financial resources, may be in a better position to expand their market share. Increased competition may result in lower profit margins and loss of market share.

If we fail to compete effectively, and to maintain or grow our market share, our financial performance and prospects will be adversely affected. Please refer to the section entitled "General Information on our Group - Competition" of this Offer Document for more information.

Pilferage and theft by our employees and sub-contract drivers will harm our operating results

Sales for our catering services are settled by cash, cheque, credit card or electronic payments and we rely on our employees and sub-contract drivers who provide setting-up services for such cash sales. Sales in our food retail outlets are settled by cash, NETS and EZ-link card only and we rely on our frontline service staff at our food retail outlets to handle such cash sales. Although we have cash management and control measures in place, lapses in such internal controls may occur. If we fail to impose and maintain strict internal controls for possible pilferage and theft of cash and food products by our employees and our sub-contract drivers, we will not be able to prevent such misdeeds from happening. Such wrongdoings, if material, will harm our financial performance, reputation and branding.

Our business will be adversely affected by the revocation of Halal certifications issued to our central kitchens

MUIS, which is constituted under the Administration of Muslim Law Act (Cap. 3) of Singapore, may issue a Halal certificate in relation to the operation of a retail food establishment and regulate the holder of such certificate to ensure that the requirements of the Islamic law are complied with in the operation of the establishment. As at the Latest Practicable Date, Halal certifications had been issued to our central kitchens located at 6A Wan Lee Road (Level 3) and #05-03/04/05/06 Enterprise One. Such Halal certification has enabled us to expand our customer base to include Muslim consumers.

To maintain such Halal certification, we have implemented a system under which all the processes involved in the production and sale of our food products are monitored closely to ensure that our food products are processed, cooked, stored and packed in compliance with the requirements of Islamic laws. Any irregularities detected by the system will be rectified.

However, there can be no assurance that the Halal certifications issued to our central kitchens will not be revoked or will be renewed. In the event such Halal certifications are revoked or not renewed, our customer base will be reduced thus resulting in an adverse effect on our business and financial performance. For example, due to inadvertent breaches of Halal certification's terms and conditions issued by MUIS, our Orange Clove's Halal certification at #05-03/04/05/06 Enterprise One was revoked for a period of three months from 18 January 2011 to 18 April 2011, which resulted in us ceasing to supply any Halal food at such central kitchen during the revocation period.

We are subject to various laws and regulations governing our operations and any changes in such laws and regulations

We are subject to various laws and regulations governing the F&B industry in Singapore. Such laws and regulations include but are not limited to those relating to liquor, food safety, hygiene and sale of F&B requirements. Details of these laws and regulations are described in the section entitled "General Information on our Group - Government Regulations" of this Offer Document.

Any failure by us to comply with the various laws and regulations could result in penalties such as fines and/or not being able to continue or expand our business. In such event, our financial performance will be adversely affected. Any changes in or introduction of new regulations that require our compliance may increase our cost of operations. Such changes may also require us to obtain additional licences and approvals. Any difficulties or failure in obtaining such licences and approvals could adversely affect our business operations and financial performance.

In addition, under these laws and regulations, we are also required to obtain various licences, permits, approvals and certificates to operate our business. The licences and permits are generally subject to conditions stipulated in the licences and permits and/or relevant laws or regulations under which such licences and permits are issued. Failure to comply with such conditions could result in the revocation or non-renewal of the relevant licence or permit. As such, we have to constantly monitor and ensure our compliance with such conditions. Should there be any failure to comply with such conditions resulting in the revocation of any of the licences and permits, we will not be able to carry out our operations. All of these will have an adverse effect on our business and financial performance.

We may be subject to regulatory sanctions and civil lawsuits arising from the occurrence of accidents

Our staff in our central kitchens and food retail outlets are involved in the preparation of food products and cleaning of the kitchen equipment. Due to the nature of their work, accidents may occur resulting in personal injury, death or losses or damages to property. In the event we are found guilty of any lapses or inadequacy in safety standards which result in such accidents, we may be subject to regulatory sanctions or civil law suits. In addition, our employees and/or our sub-contract drivers may encounter traffic accidents during the course of transportation for the delivery of our food products. The occurrence of accidents may disrupt or delay our operations, result in liabilities incurred by us and adversely affect our reputation, financial condition and results of operations.

While we maintain insurance policies, we cannot assure you that our insurance coverage will be sufficient to cover all our potential losses arising from accidents in our premises. In the event that our insurance coverage is not sufficient to cover our liabilities from such accidents, our cash flows, financial position and results of operations may be adversely affected.

Our business is dependent on the customised information system that we licensed

Our continued success depends on our ability to continue to use the information system which is specifically customised and developed by GUI Solutions, an interested person, over the years to suit our business requirements and streamline our day-to-day operations. To this end, we had on 1 April 2012 entered into a software licence and services agreement with GUI Solutions pursuant to which, among other things, GUI Solutions granted our Company an unlimited user and non-exclusive right and licence to use the software developed by GUI Solutions for our Group's business at a licence fee of S\$70 per user per month. The licence is perpetual and irrevocable unless the agreement is terminated in accordance with the terms of the agreement. Please refer to the section entitled "Interested Person Transactions – Person and On-going Interested Person Transactions" of this Offer Document for further details.

There is no assurance that the software licence and services agreement with GUI Solutions will not be terminated or that we will be able to find an alternative IT service provider for similar services in the event of such termination. Should such risks materialise, our business and financial performance will be adversely affected.

Intellectual property infringement by or against us could seriously harm our business

It is possible that our competitors may adopt trade or service names similar to ours notwithstanding that our trademarks have been registered in Singapore, and we may not be able to completely prevent any infringement of our intellectual property rights. As a result, the goodwill generated by our brands may be eroded and our business may be adversely affected. Details of our trademarks are set out in the section entitled "General Information on our Group - Intellectual Property" of this Offer Document.

There can be no assurance that third parties will not initiate litigation against our Group alleging infringement of their proprietary rights. Any claim or litigation against us in respect of infringement of intellectual property rights of third parties, whether with or without merit, could result in a diversion of our resources and our Group's financial results or operations may be adversely affected.

We may face uncertainties associated with the growth and expansion of our business

Our continued growth is dependent on our ability to increase market share for our Food Catering Business and to open and operate financially successful new food retail outlets at strategic locations which allows us to reach out to a wide base of customers. There can be no assurance that we will continue to secure strategic locations for our Food Retail Business. There can also be no assurance that the new food retail outlets we may open in the future will be financially successful. The profitability of such new food retail outlets will be dependent on, among other things, customer flow, the pricing of our products, the location and the costs of opening and managing the new food retail outlets including but not limited to operations, renovations and personnel costs. In the event that such new food retail outlets are not financially successful, our financial performance will be adversely affected.

In addition, we intend to explore strategic alliances, acquisitions or investment opportunities in businesses that are complementary to our businesses. Participation in strategic alliances, acquisitions or investments similarly involves numerous risks, including but not limited to difficulties in the assimilation of the management, operations, services, products and personnel and the possible diversion of management attention from other business concerns. The successful implementation of our growth strategies depends on our ability to identify suitable partners and the successful integration of their operations with ours. There can be no assurance that we will be able to execute such growth strategies successfully and as such, the performance of any strategic alliances, acquisitions or investments could fall short of expectations.

We may require additional funding for our future growth

Although we have identified our future growth plans as set out in the section entitled “General Information on our Group - Business Strategies and Future Plans” of this Offer Document, the issue proceeds from this Invitation will not be sufficient to fully cover the estimated costs of implementing all these plans. We may also find future opportunities to grow through acquisitions which we have yet to identify at this juncture. Under such circumstances, we may need to obtain debt or equity financing to implement these growth opportunities.

Additional equity and/or debt financing may result in dilution to our Shareholders. If such financing does not generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our Share price.

Additional debt financing may, apart from increasing interest expense and gearing, result in all or any of the following:

- limit our ability to pay dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital and other requirements; and/or
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

There is no assurance that we will be able to obtain the additional equity and/or debt financing on terms that are acceptable to us or at all. Any inability to secure additional equity and/or debt financing may materially and adversely affect our business, implementation of our business strategies and future plans and results of operations.

Our insurance coverage may not be adequate

We have taken up insurance policies for risks such as fire, public liability and work injury compensation. However, in the event that any claims arise which are not covered by such insurance policies or if our insurance coverage is insufficient, we may be exposed to losses which may adversely affect our profitability.

We may face risk of loss to our properties, equipment and inventories due to fire, theft and natural disasters. In the event that such eventualities were to occur, our operations will be interrupted and if our insurance policies are not sufficient to cover all potential losses, our business operations and financial position will be adversely affected.

We may face foreign exchange transaction risks

Our revenue is denominated in S\$ while our expenses are denominated principally in S\$ and to a lesser extent US\$.

To the extent that our revenue and costs are not sufficiently matched in the same currency and that there are time gaps between invoicing and receipt of payment, we will be exposed to fluctuations of the various currencies against the S\$. Accordingly, any significant foreign currency fluctuations may have an impact on our financial performance. If there is a weakening of the S\$ against the US\$, this will have an adverse impact on our financial performance.

Currently, we do not have a formal foreign currency hedging policy with respect to our foreign exchange exposure. Our management believes that it is more efficient for us to assess such transaction individually on the need to hedge our foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure should the need arise.

We are subject to the general risk of doing business overseas

Depending on the availability of business opportunities, our Group may expand our business overseas in the future. There are inherent general risks in doing business overseas. These general risks include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty regarding liability, tariffs and other trade barriers, variable and unexpected changes in local law and barriers to the repatriation of capital or profits, any of which could materially affect our overseas operations. These risks if materialised may affect our business and financial condition. In addition, if the governments in the jurisdictions in which we intend to expand our business tighten or otherwise adversely change their laws and regulations relating to the repatriation of their local currency, it may affect the ability of our overseas operations to repatriate profits to us and, accordingly, our cash flows will be adversely affected.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

We have made an application for our Shares to be listed for quotation on Catalist, a listing platform primarily designed for fast growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST and the future success and liquidity in the market of our Shares cannot be guaranteed.

Pursuant to the Listing Manual, we are required to, *inter alia*, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, the Sponsor must act as our continuing sponsor for at least three years after the admission of our Company to Catalist. In addition, we may be delisted in the event that we do not have a sponsor for more than three continuous months. There is no guarantee that following the expiration of the three-year period, the Sponsor will continue to act as our sponsor or that we are able to find a replacement sponsor within the three-month period. Should such risks materialise, we may be delisted.

Control by Neo Kah Kiat and Liew Oi Peng may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

Upon completion of the Invitation, Neo Kah Kiat and Liew Oi Peng will collectively own approximately 78.66% of our post-Invitation share capital. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group even if such change may be beneficial to our minority Shareholders.

Investors in our Shares will face immediate and substantial dilution in our Proforma NAV (as defined on page 36 of this Offer Document) per Share and may experience future dilution

Our Issue Price of S\$0.30 per Share is substantially higher than our Proforma NAV per Share after adjusting for the estimated net proceeds due to our Company from the Invitation. Details of the immediate dilution of our Shares incurred by new investors are described under the section entitled "Dilution" of this Offer Document.

Future sales or issuance of our Shares could materially and adversely affect our Share price

Any future sale or issuance or availability of a large number of our Shares in the public market or perception thereof may have a downward pressure on our Share price. These factors also affect our ability to sell additional equity securities in the future, at a time and price we deem appropriate. Save as disclosed under the section entitled "Shareholders - Moratorium" of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares either on Catalist or otherwise.

In addition, our Share price may be under downward pressure if certain of our Shareholders sell their Shares upon the expiry of their moratorium periods.

There has been no prior market for our Shares and the Invitation may not result in an active or liquid market and there is a possibility that our Share price may be volatile

Prior to the Invitation, there has been no public market for our Shares. Although we have made an application to the SGX-ST to list our Shares on Catalist, there is no assurance that an active trading market for our Shares will develop, or if it develops, be sustained. There is also no assurance that the market price for our Shares will not decline below the Issue Price. The market price of our Shares could be subject to significant fluctuations due to various external factors and events including the liquidity of our Shares in the market, difference between our actual financial or operating results and those expected by investors and analysts, the general market conditions and broad market fluctuations.

Our Share price may be volatile in future which could result in substantial losses for investors purchasing Shares pursuant to the Invitation

The trading price of our Shares may fluctuate significantly and rapidly after the Invitation as a result of, among others, the following factors, some of which are beyond our control:

- variations of our operating results;
- changes in analysts' estimates of our financial performance;
- changes in market valuations and share prices of companies with business similar to that of our Company that may be listed in Singapore;
- announcements by us of significant acquisitions, strategic alliances or joint ventures;
- fluctuations in stock market prices and volume;
- our involvement in material litigation;
- additions or departures of our key management personnel;
- material changes or uncertainty in the political, economic and regulatory environment in the markets that we operate;
- success or failure of our efforts in implementing business and growth strategies; and
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors.

Negative publicity which includes those relating to any of our Directors, Executive Officers or Substantial Shareholders may materially and adversely affect our Share price

Negative publicity or announcements relating to any of our Directors, Executive Officers or Substantial Shareholders may materially and adversely affect the market perception or the performance of our Shares, whether or not they are justified. Examples of these include unsuccessful attempts in joint ventures, acquisitions or takeovers, or involvement in insolvency proceedings.

ISSUE STATISTICS

Issue Price	S\$0.30
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Proforma NAV

NAV per Share based on the audited combined financial position of our Group as at 31 January 2012 adjusted for the significant events highlighted in the Proforma Report ("Proforma NAV"):

- | | |
|---|-------------|
| (a) before adjusting for the estimated net proceeds from the Invitation and based on our Company's pre-Invitation share capital of 122,000,000 Shares | 7.85 cents |
| (b) after adjusting for the estimated net proceeds from the Invitation and based on our Company's post-Invitation share capital of 144,000,000 Shares | 10.14 cents |

Premium of Issue Price over the Proforma NAV per Share as at 31 January 2012:

- | | |
|---|------|
| (a) before adjusting for the estimated net proceeds from the Invitation and based on our Company's pre-Invitation share capital of 122,000,000 Shares | 282% |
| (b) after adjusting for the estimated net proceeds from the Invitation and based on our Company's post-Invitation share capital of 144,000,000 Shares | 196% |

Earnings

Historical EPS based on the audited combined financial results of our Group for FY2012 and our Company's pre-Invitation share capital of 122,000,000 Shares	4.41 cents
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Historical EPS based on the audited combined financial results of our Group for FY2012 and our Company's pre-Invitation share capital of 122,000,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2012	3.66 cents
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PER

Historical PER based on the Issue Price and the historical EPS for FY2012	6.80 times
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Historical PER based on the Issue Price and the historical EPS for FY2012, assuming that the Service Agreements had been in place from the beginning of FY2012	8.20 times
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Net operating cash flow⁽¹⁾

Historical net operating cash flow per Share based on the audited combined financial results of our Group for FY2012 and our Company's pre-Invitation share capital of 122,000,000 Shares	5.51 cents
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Historical net operating cash flow per Share based on the audited combined financial results of our Group for FY2012 and our Company's pre-Invitation share capital of 122,000,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2012	4.75 cents
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Price to net operating cash flow ratio

Issue Price to historical net operating cash flow per Share for FY2012 5.44 times

Issue Price to historical net operating cash flow per Share for FY2012, assuming that the Service Agreements had been in place from the beginning of FY2012 6.31 times

Market capitalisation

Our market capitalisation based on the Issue Price and our Company's post-Invitation share capital of 144,000,000 Shares S\$43.20 million

Note:

(1) Net operating cash flow is defined as profit after income tax with depreciation added back.

USE OF PROCEEDS AND LISTING EXPENSES

USE OF PROCEEDS

The estimated net proceeds from the Invitation (after deducting the estimated expenses incurred in connection with the Invitation) is approximately S\$5.00 million. Each principal intended use of proceeds from the Invitation and major expenses is set out below.

Use of proceeds from the Invitation	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the proceeds raised from the Invitation (as a % of gross proceeds)
To expand and develop our Food Catering Business and Food Retail Business (which may include acquisitions, joint ventures and/or strategic alliances)	5,000	75.8
Net proceeds⁽¹⁾	5,000	75.8
Expenses		
Professional fees ⁽²⁾	1,000	15.1
Underwriting and placement commission and brokerage ⁽³⁾	200	3.0
Miscellaneous expenses (including listing fees)	400	6.1
Gross proceeds	6,600	100.00

Notes:

- (1) Should the net proceeds from the Invitation exceed the amount estimated in this section, the excess will be applied towards our Group's working capital.
- (2) This includes (i) the management fees payable to the Sponsor; and (ii) the fees payable to the Solicitors to the Invitation and the Independent Auditors and Reporting Accountants.
- (3) Pursuant to the Underwriting and Placement Agreement, the Underwriter has agreed to underwrite our offer of the Offer Shares for a commission of 3.00% of the Issue Price ("Underwriting Commission") for each Offer Share. Pursuant to the Underwriting and Placement Agreement, the Placement Agent has agreed to subscribe and/or procure subscribers for a placement commission of 3.00% of the Issue Price for each Placement Share. Brokerage will be paid by our Company to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at the rate of 0.25% of the Issue Price for each Offer Share, or in the case of DBS Bank, 0.50% of the Issue Price for each Offer Share. This brokerage has already been included in the Underwriting Commission stated above. In addition, DBS Bank will levy a minimum brokerage fee of S\$10,000. Subscribers of the Placement Shares may be required to pay a brokerage of up to 1.00% of the Issue Price to the Placement Agent (and the prevailing GST, if applicable).

In the reasonable opinion of our Directors, there is no minimum amount which must be raised by the Invitation.

Currently, we are not engaged in any formal discussion with any parties for acquisitions, joint ventures or the formation of strategic alliances.

Pending the deployment of the net proceeds from the Invitation, the funds will be placed in deposits with banks and financial institutions or invested in money market instruments or used for our working capital requirements as our Directors may deem fit at their absolute discretion.

The discussion above represents our Company's reasonable estimate of its allocation of the net proceeds of the Invitation based upon its current plans for our Group and reasonable estimates regarding its anticipated expenditures. Actual expenditures may vary from these estimates and our Company may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that our Company decides to reallocate the net proceeds of the Invitation for other purposes, our Company will publicly announce its intention to do so through an SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

Please refer to the section entitled "General Information on our Group - Business Strategies and Future Plans" of this Offer Document for further details.

Expenses incurred in connection with the Invitation

In accordance with the Singapore Financial Reporting Standards, a portion of the listing expenses incurred in connection with the Invitation amounting to approximately S\$800,000 will be treated as a charge in our financial statements, which will affect our financial results in FY2013.

DIVIDEND POLICY

Our Company was incorporated on 22 March 2012 and has not distributed any dividend on our Shares since incorporation. Save as disclosed below, none of our subsidiaries has declared or paid dividends in the last three financial years ended 31 January 2012 and for the period from 1 February 2012 to the Latest Practicable Date:

- (i) Neo Garden Catering declared and paid interim dividends of approximately S\$0.15 million to its then shareholders in FY2010;
- (ii) Neo Garden Catering declared and paid interim dividends of approximately S\$0.80 million to its then shareholders in FY2011;
- (iii) Neo Garden Catering declared and paid interim dividends of approximately S\$0.75 million to its then shareholders in FY2012;
- (iv) Neo Garden Catering declared and paid an interim dividend of approximately S\$0.50 million to its then shareholders in FY2013, namely Neo Kah Kiat and Liew Oi Peng;
- (v) Neo Garden Catering declared and paid an interim dividend of approximately S\$0.30 million to its then shareholder in FY2013 by way of a distribution in specie of all the ordinary shares held in Niwa Sushi and H-Cube pursuant to the Restructuring Exercise;
- (vi) Orange Clove declared and paid interim dividends of approximately S\$0.10 million to its then shareholders in FY2011;
- (vii) Orange Clove declared and paid interim dividends of approximately S\$0.15 million to its then shareholders in FY2012; and
- (viii) Deli Hub declared and paid interim dividends of approximately S\$0.10 million to its then shareholders in FY2012.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares that our Directors 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 our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and expansion plans;
- (d) our working capital requirements and general financing condition; and
- (e) restrictions on payment of dividends imposed on us by our financing arrangements (if any).

We may declare dividends by way of an ordinary resolution of our Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by our Board of Directors. The declaration and payment of dividends will be determined at the sole discretion of our Directors, subject to the approval of our Shareholders. Our Directors may also declare an interim dividend without the approval of our Shareholders. Future dividends will be paid by us as and when approved by our Shareholders (if necessary) and our Directors.

Subject to the above, our Directors intend to recommend and distribute dividends of not less than 60% of our net profits attributable to our Shareholders in each of FY2013, FY2014 and FY2015 (the “Proposed Dividend”). However, investors should note that all the foregoing statements, including the statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors’ sole and absolute discretion.

The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. Investors should not make any inference from the foregoing statements as to our actual future profitability or our ability to pay any future dividends.

For information relating to taxes payable on dividends, please refer to the section entitled “Taxation” in Appendix F of this Offer Document.

SHARE CAPITAL

Our Company (company registration number 201207080G) was incorporated in Singapore on 22 March 2012 under the Companies Act as a private limited company under the name of Neo Group Pte. Ltd. On 13 June 2012, we converted to a public company limited by Shares and changed our name to Neo Group Limited.

As at the date of incorporation, our issued and paid-up share capital was S\$1.50 comprising one Share. On 8 June 2012, the one Share was subdivided into three Shares.

Pursuant to the completion of the Restructuring Exercise, the issued and paid-up share capital of our Company was increased to S\$500,000 comprising 1,000,000 Shares.

At an extraordinary general meeting held on 11 June 2012, our Shareholders approved, *inter alia*, the following:

- (a) the Share Split;
- (b) the conversion of our Company into a public company limited by shares and the consequential change of our name to “Neo Group Limited”;
- (c) the adoption of a new set of Articles;
- (d) the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued as part of the Invitation), the Performance Shares and the Option Shares to be issued (if any) on Catalist;
- (e) the allotment and issue of the New Shares which are the subject of the Invitation, on the basis that the New Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;
- (f) the authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Listing Manual to (i) issue Shares whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) 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 our Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by our Directors while this resolution was in force, provided that:
 - (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below);
 - (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of our Company (excluding treasury shares) immediately after the Invitation, after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible

securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of Shares;

- (3) in exercising such authority, our Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company; and
- (4) unless revoked or varied by our Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of our Company or (ii) the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier;
- (g) the adoption of the PSP, the rules of which are set out in Appendix G of this Offer Document and that our Directors be authorised to allot and issue Shares upon the release of Awards granted under the PSP; and
- (h) the adoption of the ESOS, the rules of which are set out in Appendix H of this Offer Document and that our Directors be authorised to allot and issue Option Shares upon the exercise of Options granted under the ESOS.

As at the Latest Practicable Date, there is only one class of shares in the capital of our Company, being ordinary shares. A summary of the Articles of Association of our Company relating to, among others, the voting rights of our Shareholders is set out in the section entitled “Summary of Selected Articles of Association of our Company” in Appendix E of this Offer Document.

There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose. Save for the ESOS, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$500,000 divided into 122,000,000 Shares. Upon the allotment and issue of the New Shares which are the subject of the Invitation, the resultant issued and paid-up share capital of our Company will be increased to S\$6,300,000 comprising 144,000,000 Shares.

Details of changes in the issued and paid-up capital of our Company since our incorporation and immediately after the Invitation are as follows:

	Number of Shares	Issued and paid-up capital
Issued and fully paid Shares as at our incorporation ⁽¹⁾	1	S\$1.50
The sub-division of each Share in the issued share capital of our Company into three Shares	3	S\$1.50
Issue of Shares pursuant to the Restructuring Exercise	999,997	S\$499,998.50
Resultant issued and fully paid Shares immediately after the Restructuring Exercise	1,000,000	S\$500,000
Share Split	122,000,000	S\$500,000
New Shares issued pursuant to the Invitation	22,000,000	S\$5,800,000 ⁽²⁾
Post-Invitation issued and paid-up share capital	144,000,000	S\$6,300,000

Notes:

- (1) Save as disclosed in this section and in the section entitled “Restructuring Exercise” of this Offer Document, there are no changes in the issued and paid-up share capital of our Company within the last three years preceding the Latest Practicable Date.
- (2) This takes into account set-off of approximately S\$800,000 of estimated issue expenses and excludes further estimated issue expenses of approximately S\$800,000 to be charged directly to the income statement.

The shareholders' funds of our Company as at the date of incorporation, after adjustments to reflect the Restructuring Exercise and the Share Split, and assuming the allotment and issue of the New Shares pursuant to the Invitation are set out below:

	As at the date of incorporation (S\$)	After adjustment to reflect the Restructuring Exercise and Share Split (S\$)	Assuming the allotment and issue of the New Shares (S\$)
Shareholders' funds			
Issued and paid-up ordinary shares	1.50	500,000	6,300,000 ⁽¹⁾
Retained earnings	—	—	—
	1.50	500,000	6,300,000

Note:

- (1) This takes into account set-off of approximately S\$800,000 of estimated issue expenses and excludes further estimated issue expenses of approximately S\$800,000 to be charged directly to the income statement.

SHAREHOLDERS

OWNERSHIP STRUCTURE

Our Directors and Substantial Shareholders and their respective shareholdings in our Company immediately before and after the Invitation are set out below:

	Before the Invitation				After the Invitation			
	Direct interest		Deemed interest		Direct interest		Deemed interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Neo Kah Kiat ⁽¹⁾	101,751,992	83.40	11,520,000	9.44	101,751,992	70.66	11,520,000	8.00
Liew Oi Peng ⁽¹⁾	11,520,000	9.44	101,751,992	83.40	11,520,000	8.00	101,751,992	70.66
Lee Kwang Boon ⁽²⁾	1,691,558	1.39	–	–	1,691,558	1.17	–	–
Liew Choh Khing ⁽²⁾	1,691,558	1.39	–	–	1,691,558	1.17	–	–
Wong Hin Sun Eugene ⁽³⁾	–	–	4,320,000	3.54	–	–	4,320,000	3.00
Tan Lye Huat	–	–	–	–	–	–	–	–
Yeo Guat Kwang	–	–	–	–	–	–	–	–
Ng How Hwan, Kevin	–	–	–	–	–	–	–	–
Other Shareholders								
Sirius Venture ⁽²⁾	4,320,000	3.54	–	–	4,320,000	3.00	–	–
Ng Kah Lye	1,024,892	0.84	–	–	1,024,892	0.71	–	–
Public	–	–	–	–	22,000,000	15.28	–	–
Total	<u>122,000,000</u>	<u>100.00</u>	–	–	<u>144,000,000</u>	<u>100.00</u>	–	–

Notes:

- (1) Neo Kah Kiat (Founder, Chairman and CEO) and Liew Oi Peng (Executive Director) are spouses.
- (2) Lee Kwang Boon (Executive Director (Business Development)) is the brother-in-law of Liew Oi Peng and Liew Choh Khing (Executive Director (Food Retail)) is the brother of Liew Oi Peng (Executive Director).
- (3) Wong Hin Sun Eugene (Non-executive Director) is the managing director and shareholder of Sirius Venture. As at the Latest Practicable Date, Wong Hin Sun Eugene holds 100% of the issued share capital of Sirius Venture. Wong Hin Sun Eugene is accordingly deemed to have an interest in the Shares held by Sirius Venture.

Sirius Venture is a company incorporated in Singapore on 12 September 2002 and is principally engaged in investment activities and the provision of business consultancy services. Our Group has engaged the services of Sirius Venture for the purposes of, among other things, listing on Catalist. Please refer to the section entitled “Interested Person Transactions – Past Interested Person Transactions” of this Offer Document for further details.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares which are the subject of the Invitation.

Save as disclosed above, our Company is not, whether directly or indirectly, owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly. Our Directors are not aware of any arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of a business trust which has occurred between 1 February 2011 and the Latest Practicable Date.

Significant Changes in Percentage of Ownership

Save as disclosed under the sections entitled “Restructuring Exercise” and “Changes in Shareholding interests in our Company” of this Offer Document, there were no significant changes in the percentages of ownership of our Directors and Substantial Shareholders in our Company from its incorporation until the Latest Practicable Date.

MORATORIUM

To demonstrate their commitment to our Group, all our existing Shareholders, namely Neo Kah Kiat, Liew Oi Peng, Lee Kwang Boon, Liew Choh Khing, Ng Kah Lye and Sirius Venture, who hold an aggregate of 122,000,000 Shares (representing approximately 84.72% of our Company's post-Invitation share capital), have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their following respective shareholdings in the share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) for the period stated below:

Moratorium Period	Percentage of Shares to be moratorised
Within one year from the date of admission of our Company to Catalist ("Year 1")	100.0%
More than one year but within two years from the date of admission of our Company to Catalist ("Year 2")	70.0%
More than two years but within three years from the date of admission of our Company to Catalist ("Year 3")	40.0%

Name	Number of Shares to be moratorised (fractional shares to be disregarded)		
	Year 1	Year 2	Year 3
Neo Kah Kiat	101,751,992	71,226,394	40,700,796
Liew Oi Peng	11,520,000	8,064,000	4,608,000
Lee Kwang Boon	1,691,558	1,184,090	676,623
Liew Choh Khing	1,691,558	1,184,090	676,623
Sirius Venture	4,320,000	3,024,000	1,728,000
Ng Kah Lye	1,024,892	717,424	409,956

In addition, Wong Hin Sun Eugene who owns 100% of the issued share capital of Sirius Venture as at the Latest Practicable Date, has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of his shareholdings in the share capital of Sirius Venture within one year from the date of admission of our Company to Catalist.

DILUTION

Dilution is the amount by which the Issue Price paid by the subscribers of our New Shares (“New Investors”) exceeds our Proforma NAV per Share immediately after the Invitation. Our Proforma NAV per Share as at 31 January 2012, before adjusting for the estimated net proceeds from the Invitation and based on our Company’s pre-Invitation share capital of 122,000,000 Shares, was 7.85 cents per Share.

Taking into account the issue of 22,000,000 New Shares at the Issue Price in connection with the Invitation and after deducting the total estimated issue expenses, our Proforma NAV per Share as at 31 January 2012 after adjusting for the estimated net proceeds from the Invitation and based on our Company’s post-Invitation share capital of 144,000,000 Shares, would have been 10.14 cents. This represents an immediate increase in the Proforma NAV per Share of 2.29 cents to our existing Shareholders and an immediate dilution in Proforma NAV per Share of 19.86 cents or approximately 66.19% to our New Investors.

The following table illustrates such dilution on a per Share basis as at 31 January 2012:

	Cents
Issue Price per Share	30.00
Proforma NAV per Share as at 31 January 2012 based on our Company’s pre-Invitation share capital and before adjusting for the Invitation	7.85
Increase in Proforma NAV per Share attributable to Invitation	2.29
Proforma NAV per Share after the Invitation ⁽¹⁾	10.14
Dilution in Proforma NAV per Share to New Investors	19.86
Dilution in Proforma NAV per Share to New Investors as a percentage of Issue Price	66.19%

Notes:

- (1) The computed Proforma NAV does not take into account our actual financial performance from 1 February 2012 up to the Latest Practicable Date. Depending on our actual results, our Proforma NAV per Share after the Invitation may be higher or lower than the computed Proforma NAV.
- (2) Please refer to the section entitled “Issue Statistics” of this Offer Document for the definition of “Proforma NAV”.

The following table shows the average effective cost per Share paid by our existing Shareholders for Shares acquired by them during the period of three years prior to the date of lodgement of this Offer Document and the price per Share to be paid by our New Investors pursuant to the Invitation:

	Number of Shares acquired	Total consideration (S\$)	Average effective cost per Share (cents)
Directors			
Neo Kah Kiat	101,751,992	417,000	0.41
Liew Oi Peng ⁽¹⁾	11,520,000	970,792	8.43
Lee Kwang Boon ⁽²⁾	1,691,558	142,548	8.43
Liew Choh Khing ⁽³⁾	1,691,558	142,548	8.43
Other Existing Shareholders			
Sirius Venture ⁽⁴⁾	4,320,000	364,047	8.43
Ng Kah Lye ⁽⁵⁾	1,024,892	86,368	8.43
New Investors pursuant to the Invitation	22,000,000	6,600,000	30.00

Notes:

- (1) On 11 June 2012, Liew Oi Peng (as the purchaser) entered into an agreement with Neo Kah Kiat (as the vendor) pursuant to which Neo Kah Kiat agreed to, *inter alia*, sell 11,520,000 Shares equivalent to approximately 9.44% of the pre-Invitation share capital of our Company to Liew Oi Peng at an aggregate cash consideration of S\$970,792. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.
- (2) On 11 June 2012, Lee Kwang Boon (as the purchaser) entered into an agreement with Neo Kah Kiat (as the vendor) pursuant to which Neo Kah Kiat agreed to, *inter alia*, sell 1,691,558 Shares equivalent to approximately 1.39% of the pre-Invitation share capital of our Company to Lee Kwang Boon at an aggregate cash consideration of S\$142,548. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.
- (3) On 11 June 2012, Liew Choh Khing (as the purchaser) entered into an agreement with Neo Kah Kiat (as the vendor) pursuant to which Neo Kah Kiat agreed to, *inter alia*, sell 1,691,558 Shares equivalent to approximately 1.39% of the pre-Invitation share capital of our Company to Liew Choh Khing at an aggregate cash consideration of S\$142,548. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.
- (4) On 11 June 2012, Sirius Venture (as the purchaser) entered into an agreement with Neo Kah Kiat (as the vendor) pursuant to which Neo Kah Kiat agreed to, *inter alia*, sell 4,320,000 Shares equivalent to approximately 3.54% of the pre-Invitation share capital of our Company to Sirius Venture at an aggregate cash consideration of S\$364,047. Wong Hin Sun Eugene (Non-executive Director) is deemed interested in the Shares held by Sirius Venture. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.
- (5) On 11 June 2012, Ng Kah Lye (as the purchaser) entered into an agreement with Neo Kah Kiat (as the vendor) pursuant to which Neo Kah Kiat agreed to, *inter alia*, 1,024,892 Shares equivalent to approximately 0.84% of the pre-Invitation share capital of our Company to Ng Kah Lye at an aggregate cash consideration of S\$86,368. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.

Save as disclosed above, none of our Directors or the Substantial Shareholders of our Company or their respective Associates have acquired any Shares during the period of three years prior to the date of lodgement of this Offer Document.

RESTRUCTURING EXERCISE

Our Company was incorporated on 22 March 2012 in Singapore in accordance with the Companies Act as a private limited company with an issued and paid-up share capital of S\$1.50 comprising one Share (before the Share Split), which was held by Neo Kah Kiat.

To streamline and rationalise our corporate structure and shareholding structure in preparation for the listing of our Company on Catalist, we implemented the following in the Restructuring Exercise prior to the Invitation:

1. Novation and assignment of indebtedness

Pursuant to a deed of novation dated 31 January 2012 entered into between Neo Kah Kiat, Neo Garden Catering, Perdure Technology, GUI Solutions, Neo @ 406 Restaurant and Poh Wee Leong ("Poh"), each of Perdure Technology, GUI Solutions, Neo @ 406 Restaurant and Poh transferred and novated to Neo Kah Kiat the benefit and burden of the following:

- (a) the indebtedness of S\$600,000 owed by Perdure Technology to Neo Garden Catering ("Perdure Loan");
- (b) the indebtedness of S\$415,000 owed by GUI Solutions to Neo Garden Catering ("GUI Loan");
- (c) the indebtedness of S\$40,000 owed by Neo @ 406 Restaurant to Neo Garden Catering ("Neo @ 406 Restaurant Loan"); and
- (d) the indebtedness of S\$460,000 owed by Poh to Neo Garden Catering ("Poh Loan").

On 31 March 2012, the following deeds of assignment and novation were entered into:

- (a) Pursuant to a deed of assignment dated 31 March 2012 entered into between our Company and Neo Garden Catering, Neo Garden Catering assigned to our Company all of Neo Garden Catering's rights, title, benefits and interests in and to the Perdure Loan, the GUI Loan, the Neo @ 406 Restaurant Loan and the Poh Loan, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to our Company.
- (b) Pursuant to a deed of assignment dated 31 March 2012 entered into between our Company and NKK Import & Export, NKK Import & Export assigned to our Company all of NKK Import & Export's rights, title, benefits and interests in and to the indebtedness of S\$3,525 owed by Neo Kah Kiat to NKK Import & Export, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to our Company.
- (c) Pursuant to a deed of assignment and novation dated 31 March 2012 entered into between our Company, Neo Kah Kiat, H-Cube and Liew Choh Khing:
 - (i) Liew Choh Khing assigned to Neo Kah Kiat all of his rights, title, benefits and interests in and to the indebtedness of S\$306,752 owed by H-Cube to Liew Choh Khing ("H-Cube indebtedness"); and
 - (ii) H-Cube transferred and novated to our Company the benefit and burden of the H-Cube indebtedness.
- (d) Pursuant to a deed of assignment and novation dated 31 March 2012 entered into between our Company, Neo Kah Kiat, Niwa Sushi and Liew Choh Khing:
 - (i) Liew Choh Khing assigned to Neo Kah Kiat all of his rights, title, benefits and interests in and to the indebtedness of S\$125,157 owed by Niwa Sushi to Liew Choh Khing ("Niwa Sushi indebtedness"); and

- (ii) Niwa Sushi transferred and novated to our Company the benefit and burden of the Niwa Sushi indebtedness.
- (e) Pursuant to a deed of assignment dated 31 March 2012 entered into between our Company and Neo Garden Catering, Neo Garden Catering assigned and transferred to our Company all of Neo Garden Catering's rights, title, benefits and interests in and to the indebtedness of S\$151,820 owed by Neo Kah Kiat to Neo Garden Catering, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to our Company.
- (f) Pursuant to a deed of novation dated 31 March 2012 entered into between our Company, Orange Clove and Neo Kah Kiat, Orange Clove transferred and novated to our Company the benefit and burden of the indebtedness of S\$113,650 owed by Orange Clove to Neo Kah Kiat.
- (g) Pursuant to a deed of novation dated 31 March 2012 entered into between our Company, Deli Hub and Neo Kah Kiat, Deli Hub transferred and novated to our Company the benefit and burden of the indebtedness of S\$440,372 owed by Deli Hub to Neo Kah Kiat.

Following the completion of the above deeds of assignment and novation, Neo Kah Kiat owed our Company a sum of S\$684,414.

2. Subscription of shares in our Company

On 8 June 2012, Neo Kah Kiat (Founder, Chairman and CEO) subscribed for 999,997 Shares at an aggregate subscription consideration of S\$499,998.50.

3. Acquisition of Neo Garden Catering

Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between our Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), our Company acquired the entire issued and paid-up share capital of Neo Garden Catering, comprising 200,000 ordinary shares, for an aggregate cash consideration of approximately S\$606,254. The purchase consideration was arrived at based on a discount of approximately 89% to the audited combined group NAV of Neo Garden Catering and its subsidiaries (namely, H-Cube and Niwa Sushi) as at 31 January 2012 (after adjusting for the dividends of S\$0.50 million declared in FY2013) of approximately S\$5,511,401.

4. Declaration of dividend by way of distribution in specie by Neo Garden Catering of its shareholding interests in Niwa Sushi and H-Cube

Pursuant to the articles of association of Neo Garden Catering, Neo Garden Catering may from time to time declare a dividend to be paid out of its profits. Immediately prior to the distribution in specie, Neo Garden Catering held 300,000 ordinary shares in Niwa Sushi and 100,000 ordinary shares in H-Cube (the "Distributed Shares"), representing the entire issued and paid-up share capital of Niwa Sushi and H-Cube respectively.

On 11 June 2012, Neo Garden Catering declared an interim dividend in respect of FY2013 amounting to S\$0.30 million by way of a distribution in specie. Pursuant thereto, all the Distributed Shares were distributed to the sole shareholder of Neo Garden Catering, namely Neo Group Limited on 11 June 2012. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is effected.

Following the completion of the distribution in specie, our Company became the sole shareholder of Niwa Sushi and H-Cube.

5. Acquisition of Orange Clove

Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between our Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), our Company acquired the entire issued and paid-up share capital of Orange Clove, comprising 100,000 ordinary shares, for an aggregate cash consideration of approximately S\$192,874. The purchase consideration was arrived at based on a discount of approximately 89% to the audited NAV of Orange Clove as at 31 January 2012 of approximately S\$1,753,403. On 11 June 2012, the transfer of such shares was completed.

6. Transfer of shares of Deli Hub

Pursuant to an agreement dated 11 June 2012 entered into between Neo Kah Kiat (as the purchaser) and Ng Kah Lye and Liew Choh Khing (as the vendors), Neo Kah Kiat acquired an aggregate of 25,000 shares representing approximately 50.0% of the issued share capital of Deli Hub for an aggregate cash consideration of S\$1,014,935. The purchase consideration was arrived at on a willing-seller willing-buyer basis based on the audited NAV of Deli Hub as at 31 January 2012 of approximately S\$2,030,682. On 11 June 2012, the transfer of such shares was completed.

7. Acquisition of Deli Hub

Pursuant to an agreement dated 11 June 2012 entered into between our Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), our Company acquired the entire issued and paid-up share capital of Deli Hub, comprising 50,002 ordinary shares, for an aggregate cash consideration of approximately S\$223,375. The purchase consideration was arrived at based on a discount of approximately 89% to the audited NAV of Deli Hub as at 31 January 2012 of approximately S\$2,030,682. On 11 June 2012, the transfer of such shares was completed.

8. Acquisition of NKK Import & Export

Pursuant to an agreement dated 11 June 2012 entered into between our Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), our Company acquired the entire issued and paid-up share capital of NKK Import & Export, comprising 300,000 ordinary shares, for an aggregate cash consideration of approximately S\$53,402. The purchase consideration was arrived at based on a discount of approximately 89% to the audited NAV of NKK Import & Export as at 31 January 2012 of approximately S\$485,470. On 11 June 2012, the transfer of such shares was completed.

Following the completion of the Restructuring Exercise, Neo Kah Kiat owed our Company S\$82,626 and our Company owed Liew Oi Peng S\$474,118. On 11 June 2012, such indebtedness owing to and from our Company were fully settled.

CHANGES IN SHAREHOLDING INTERESTS IN OUR COMPANY

1. Sale of Shares to Sirius Venture

Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between Sirius Venture (as the purchaser) and Neo Kah Kiat (as the vendor), Neo Kah Kiat agreed to sell 4,320,000 Shares equivalent to approximately 3.54% of the pre-Invitation share capital of our Company to Sirius Venture at a cash consideration of S\$364,047. The consideration was arrived at based on the audited NAV of our Group as at 31 January 2012 and also serves to align its interest with the interests of our Company and Shareholders. On 11 June 2012, the transfer of such Shares was completed and the consideration for the above acquisition was fully settled.

2. Sale of Shares to Liew Oi Peng

Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between Liew Oi Peng (as the purchaser) and Neo Kah Kiat (as the vendor), Neo Kah Kiat agreed to sell 11,520,000 Shares equivalent to approximately 9.44% of the pre-Invitation share capital of our Company to Liew Oi Peng at a cash consideration of S\$970,792. The consideration was arrived at based on the audited NAV of our Group as at 31 January 2012. On 11 June 2012, the transfer of such Shares was completed and the consideration for the above acquisition was fully settled.

3. Sale of Shares to Lee Kwang Boon

Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between Lee Kwang Boon (as the purchaser) and Neo Kah Kiat (as the vendor), Neo Kah Kiat agreed to sell 1,691,558 Shares equivalent to approximately 1.39% of the pre-Invitation share capital of our Company to Lee Kwang Boon at a cash consideration of S\$142,548. The consideration was arrived at based on the audited NAV of our Group as at 31 January 2012. On 11 June 2012, the transfer of such Shares was completed and the consideration for the above acquisition was fully settled.

4. Sale of Shares to Liew Choh Khing

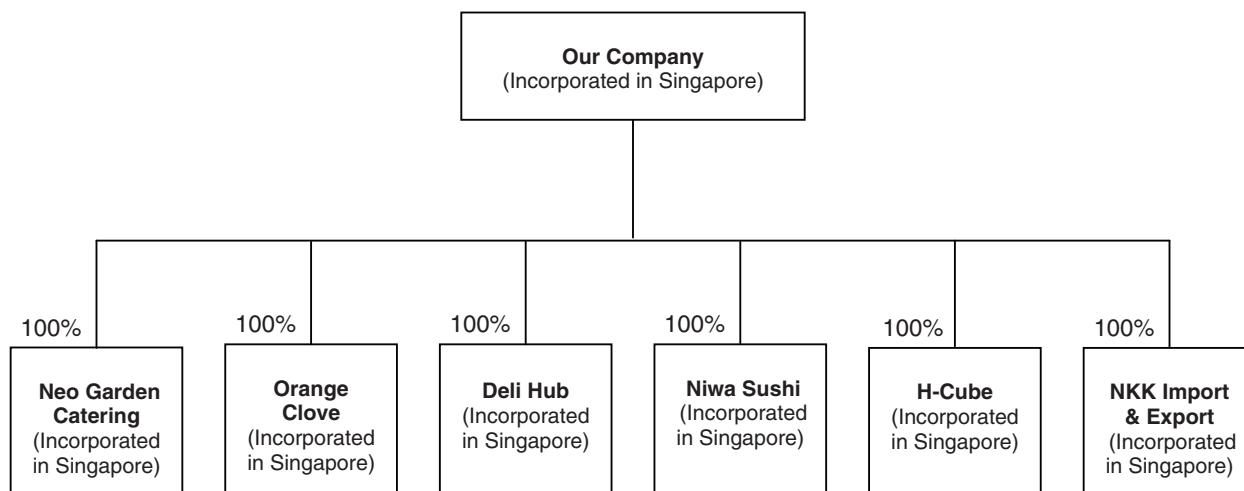
Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between Liew Choh Khing (as the purchaser) and Neo Kah Kiat (as the vendor), Neo Kah Kiat agreed to sell 1,691,558 Shares equivalent to approximately 1.39% of the pre-Invitation share capital of our Company to Liew Choh Khing at a cash consideration of S\$142,548. The consideration was arrived at based on the audited NAV of our Group as at 31 January 2012. On 11 June 2012, the transfer of such Shares was completed and the consideration for the above acquisition was fully settled.

5. Sale of Shares to Ng Kah Lye

Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between Ng Kah Lye (as the purchaser) and Neo Kah Kiat (as the vendor), Neo Kah Kiat agreed to sell 1,024,892 Shares equivalent to approximately 0.84% of the pre-Invitation share capital of our Company to Ng Kah Lye at a cash consideration of S\$86,368. The consideration was arrived at based on the audited NAV of our Group as at 31 January 2012. On 11 June 2012, the transfer of such Shares was completed and the consideration for the above acquisition was fully settled.

GROUP STRUCTURE

Our Group structure as at the date of this Offer Document is as follows:



The details of each subsidiary of our Company as at the date of this Offer Document are as follows:

Name	Date and country of incorporation	Principal place of business	Principal activities	Issued and paid-up share capital	Effective equity interest held by our Group
Neo Garden Catering	28 March 2008 / Singapore	Singapore	Provision of food catering services	S\$200,000	100%
Orange Clove	15 May 2008 / Singapore	Singapore	Provision of food catering services	S\$100,000	100%
Deli Hub	9 November 2004 / Singapore	Singapore	Investment holding and provision of food catering services	S\$50,002	100%
Niwa Sushi	14 November 2008 / Singapore	Singapore	Food retail outlets	S\$300,000	100%
H-Cube	19 November 2008 / Singapore	Singapore	Processing and supply of Japanese food products	S\$100,000	100%
NKK Import & Export	24 March 2010 / Singapore	Singapore	General trading	S\$300,000	100%

None of our subsidiaries is listed on any stock exchange. We do not have any associated companies.

SELECTED COMBINED FINANCIAL INFORMATION

The following selected combined financial information should be read in conjunction with the full text of this Offer Document, including the Independent Auditors' Report and the Proforma Report as set out in Appendices A and B of this Offer Document respectively and the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Offer Document.

Combined Statements of Comprehensive Income⁽¹⁾

(S\$'000)	Financial years ended 31 January		
	2010	2011	2012
Revenue	22,654	29,998	38,376
<i>Other items of income</i>			
Interest income	n.m.	n.m.	n.m.
Other income	180	505	295
<i>Items of expense</i>			
Purchases and consumables used	(9,388)	(11,506)	(12,080)
Changes in inventories	—	220	65
Distribution costs	(1,431)	(1,612)	(1,972)
Employee benefits expense	(4,883)	(7,412)	(9,325)
Depreciation expenses	(504)	(928)	(1,339)
Advertising expenses	(911)	(1,165)	(1,344)
Rental expenses	(574)	(1,048)	(1,907)
Utilities	(683)	(890)	(1,162)
Other expenses	(1,937)	(2,766)	(3,000)
Finance costs	(49)	(93)	(125)
Profit before income tax ⁽²⁾	2,474	3,303	6,482
Income tax expense	(265)	(516)	(1,098)
Profit for the financial year, representing total comprehensive income for the financial year⁽²⁾	2,209	2,787	5,384
EPS			
- Basic EPS (cents) ^{(2), (3)}	1.81	2.28	4.41
- Adjusted EPS (cents) ^{(2), (4)}	1.53	1.94	3.74

Notes:

- (1) The combined financial statements of our Group for the period under review have been prepared on the basis as set out in note 2 to the Independent Auditors' Report as found in Appendix A of this Offer Document.
- (2) Had the Service Agreements been in effect from the beginning of FY2012, our profit before income tax and profit for the financial year for FY2012 would have been S\$5.78 million and S\$4.46 million respectively. Our basic EPS and adjusted EPS for FY2012 would have been 3.66 cents and 3.10 cents respectively.
- (3) For comparative purposes, basic EPS is calculated using profit for the financial year divided by the pre-Invitation share capital of 122,000,000 Shares.
- (4) For comparative purposes, adjusted EPS is calculated using profit for the financial year divided by the post-Invitation share capital of 144,000,000 Shares.
- (5) "n.m." means not meaningful.

Combined Statements of Financial Position⁽¹⁾

(S\$'000)	Audited As at 31 January 2012 ⁽¹⁾	Unaudited Proforma As at 31 January 2012 ⁽³⁾
Non-current assets		
Property, plant and equipment	15,501	14,330
Investment properties	1,584	1,584
	<u>17,085</u>	<u>15,914</u>
Current assets		
Inventories	800	800
Assets held for sale	818	—
Trade and other receivables	4,116	2,446
Prepayments	295	295
Cash and cash equivalents	3,478	4,109
	<u>9,507</u>	<u>7,650</u>
Less:		
Current liabilities		
Trade and other payables	6,146	5,160
Provisions	56	56
Bank borrowings	1,620	1,365
Finance lease payables	155	155
Current income tax payable	804	804
	<u>8,781</u>	<u>7,540</u>
Net current assets	<u>726</u>	<u>110</u>
Less:		
Non-current liabilities		
Bank borrowings	7,458	6,379
Deferred tax liabilities	72	72
	<u>7,530</u>	<u>6,451</u>
	<u>10,281</u>	<u>9,573</u>
Capital and reserves		
Share capital	650	500
Merger reserves	100	(326)
Retained earnings	9,531	9,399
Total equity	<u>10,281</u>	<u>9,573</u>
NAV per Share (cents) ⁽²⁾	8.43	7.85

Notes:

- (1) Our combined statement of financial position as at 31 January 2012 have been prepared on the basis as set out in note 2 to the Independent Auditors' Report as found in Appendix A of this Offer Document.
- (2) The NAV per Share as at 31 January 2012 have been computed based on our pre-Invitation share capital of 122,000,000 Shares.
- (3) Our unaudited proforma combined statement of financial position as at 31 January 2012 have been prepared on the basis as set out in Note 3 of the Proforma Report as found in Appendix B of this Offer Document.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion of our Group's results of operations and financial position for the period under review should be read in conjunction with the Independent Auditors' Report and the Proforma Report as set out in Appendices A and B of this Offer Document, respectively.

This discussion contains forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward looking-statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section entitled "Risk Factors" of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document.

OVERVIEW

Our principal business activities can be categorised into the following three business segments:

- (a) Food Catering Business – we provide catering services under three catering brands to private, corporate and community functions. We also provide daily meal deliveries, Halal-certified food as well as catering for last minute events or emergency orders. The three catering brands that we operate are as follows:
 - (i) "Neo Garden Catering" brand – we cater to households and corporations who require our services for private and corporate events. We also provide a daily meal delivery or "tingkat" service to households which prefer the convenience and time-saving option of prepared meals delivered to their doorsteps.
 - (ii) "Orange Clove" brand – we cater Halal events to the middle and upper class market and corporations. We also provide other value-added services such as the provision of chefs to carry out on-site cooking and customised theme parties. We also supply a variety of cakes for events such as birthdays and weddings.
 - (iii) "Deli Hub" brand – we cater value for money Halal asian buffets, high-tea and barbeque feasts to the mass market consumer segment, corporations and public sector institutions.
- (b) Food Retail Business – As at the date of this Offer Document, we operate a chain of 16 food retail outlets under our "Umisushi" brand specialising in Japanese cuisine, mainly near MRT stations and in shopping malls with high human traffic. Our focus is to provide Japanese convenience food at affordable prices in a quick service environment which allows dine-in and/or take away.
- (c) Food and Catering Supplies Business – we source for some of the food ingredients and catering supplies used in our Food Catering Business and Food Retail Business and supply food ingredients to third parties.

Please refer to the section entitled "General Information on our Group - Business Overview" of this Offer Document for further details of our business.

Revenue

For the period under review, our revenue is derived from (i) the sale of food items through our catering services in Singapore operating under our various brands ("Food Catering") (ii) the sale of food items at our food retail outlets in Singapore operating under "Umisushi" brand ("Food Retail") and (iii) the sale of certain food ingredients to third parties ("Food and Catering Supplies").

A breakdown of our total revenue by our respective business segments for FY2010, FY2011 and FY2012 is as follows:

Business Segment	FY2010		FY2011		FY2012	
	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%
Food Catering	19,618	86.6	24,934	83.1	29,961	78.1
Food Retail	3,036	13.4	4,979	16.6	8,340	21.7
Food and Catering Supplies	–	–	85	0.3	75	0.2
Total Revenue	22,654	100.0	29,998	100.0	38,376	100.0

Revenue from our Food Catering Business accounted for approximately 86.6%, 83.1% and 78.1% of our total revenue in FY2010, FY2011 and FY2012 respectively.

Revenue from our Food Retail Business accounted for approximately 13.4%, 16.6% and 21.7% of our total revenue in FY2010, FY2011 and FY2012 respectively.

Revenue from our Food and Catering Supplies Business, which commenced operations in FY2011, accounted for less than 1.0% of our total revenue in each of FY2011 and FY2012.

Food Catering Business

To serve the different needs of our customers, we provide food catering services under our “Neo Garden Catering”, “Orange Clove” and “Deli Hub” brands. Our daily meal delivery service is conducted under our “Neo Garden Catering” brand.

A breakdown of total revenue from our Food Catering Business by brand for FY2010, FY2011 and FY2012 is as follows:

	FY2010		FY2011		FY2012	
	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%
Neo Garden Catering	12,687	64.7	15,706	63.0	19,526	65.2
Orange Clove	3,009	15.3	4,280	17.2	4,288	14.3
Deli Hub	3,922	20.0	4,948	19.8	6,147	20.5
Total Food Catering Revenue	19,618	100.0	24,934	100.0	29,961	100.0

Revenue from Neo Garden Catering contributed approximately 64.7%, 63.0% and 65.2% to our total revenue from the Food Catering Business in FY2010, FY2011 and FY2012 respectively.

Revenue from Orange Clove contributed approximately 15.3%, 17.2% and 14.3% to our total revenue from the Food Catering Business in FY2010, FY2011 and FY2012 respectively.

Revenue from Deli Hub contributed approximately 20.0%, 19.8% and 20.5% to our total revenue from the Food Catering Business in FY2010, FY2011 and FY2012 respectively.

Revenue recognition

Revenue from the sale of food items through our catering services is recognised after the food items are delivered and/or catering services are provided to and accepted by our customers.

Our revenue is denominated entirely in S\$. The mode of payment can be either in cash (including credit card, cheque and electronic payments) or upon credit terms given to corporate customers.

Food Retail Business

We operate our food retail outlets under our “Umisushi” brand in Singapore. As at the date of this Offer Document, we operate 16 food retail outlets, mainly near MRT stations and in shopping malls with high human traffic.

Our revenue from the Food Retail Business amounted to approximately S\$3.04 million, S\$4.98 million and S\$8.34 million for FY2010, FY2011 and FY2012 respectively.

The number of food retail outlets that we operated as at the end of each of the last three financial years ended 31 January 2012 is as follows:

	← As at 31 January →		
	2010	2011	2012
Number of food retail outlets	6	10	17

Revenue recognition

Revenue from the sale of food and beverage items in our food retail outlets is recognised upon the acceptance of these items by our customers.

Such revenue is denominated entirely in S\$ with full payment collected in cash (including by way of EZ-link card).

Food and Catering Supplies Business

We set up NKK Import & Export and H-Cube to directly source for our food ingredients and catering supplies directly from manufacturers and/or distributors and to ensure a consistent supply of such products to both our Food Catering Business and Food Retail Business.

NKK Import & Export also supplies food products to third parties while H-Cube supplies Japanese food products to third parties. Revenue from such supplies is not significant.

Revenue recognition

Revenue from the sale of Food and Catering Supplies is recognised upon delivery of the supplies to the customers.

Please refer to the sections entitled “General Information on our Group - History” and “General Information on our Group - Business Overview” of this Offer Document for further details of our Food Catering Business, Food Retail Business, and Food and Catering Supplies Business.

Factors affecting our revenue

Our revenue may be affected by, *inter alia*, the following factors:

- (a) our ability to compete successfully with our competitors in terms of food variety, pricing, quality and service as well as brand image;
- (b) the number of food establishments we operate and our ability to successfully execute our expansion plans (including securing strategic locations for our food retail outlets);
- (c) any negative publicity (with or without merits) concerning the quality and hygiene of food we serve, at our food retail outlets or other operational issues relating to our central kitchen facilities or food retail outlets;
- (d) changes in economic conditions and rate of inflation in Singapore, which may affect consumer sentiment and discretionary spending;

- (e) changes in consumer tastes and preferences which may result in a switch in consumers' patronage of our catering brands or food retail outlets to other competitors; and
- (f) outbreak of diseases in livestock, food scares, illnesses or other health concerns relating to the food we serve.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors that may affect our revenue and financial performance.

Other items of income

Other items of income comprise interest income and other income.

Our interest income for each of FY2010, FY2011 and FY2012 was not significant.

Other income

Other income comprises mainly rental income, advertising sponsorship income, gain on disposal of asset held for sale, gain on disposal of plant and equipment, and government grants.

Our other income amounted to approximately S\$0.18 million, S\$0.51 million and S\$0.29 million in FY2010, FY2011 and FY2012 respectively.

Items of expense

Items of expense comprise purchases and consumables used, changes in inventories, distribution costs, employee benefits expense, depreciation expenses, advertising expenses, rental expenses, utilities, other expenses and finance costs.

Based on our Group's accounting policies, changes in inventories are computed based on the opening and closing levels of our trading inventories for our Food and Catering Supplies Business in each of the financial period under review. For FY2011 and FY2012, computations of these changes in inventories resulted in a gain being reported in our combined statements of comprehensive income.

A breakdown of our items of expense, the percentage of each component to total revenue ("%R") and the percentage of each component to total items of expense ("%E") for each of FY2010, FY2011 and FY2012 is as follows:

	FY2010 (S\$'000)	%R	%E	FY2011 (S\$'000)	%R	%E	FY2012 (S\$'000)	%R	%E
Purchases and consumables used	9,388	41.4	46.1	11,506	38.4	42.3	12,080	31.5	37.5
Changes in inventories (gain)	—	—	—	(220)	n.m.	(0.8)	(65)	n.m.	(0.2)
Distribution costs	1,431	6.3	7.0	1,612	5.4	5.9	1,972	5.1	6.1
Employee benefit expenses	4,883	21.6	24.0	7,412	24.7	27.2	9,326	24.3	29.0
Depreciation expenses	504	2.2	2.5	929	3.1	3.4	1,340	3.5	4.2
Advertising expenses	911	4.0	4.5	1,165	3.9	4.3	1,344	3.5	4.2
Rental expenses	574	2.5	2.8	1,049	3.5	3.9	1,907	5.0	5.9
Utilities	683	3.0	3.4	890	3.0	3.3	1,163	3.0	3.6
Other expenses	1,937	8.6	9.5	2,766	9.2	10.2	3,000	7.8	9.3
Finance costs	49	0.2	0.2	94	0.3	0.3	125	0.3	0.4
Total items of expense	20,360		100	27,203		100	32,192		100

Purchases and consumables used

Purchases and consumables used forms the largest component of our total items of expense, and comprises mainly the cost of beverages and food ingredients used in the preparation of the food items for sale by our catering brands and food retail outlets. These include fish, raw meat, fresh vegetables, fruits and packet drinks.

The food ingredients used for our Food Catering Business and Food Retail Business are mostly sourced from local suppliers. The food ingredients from our Food and Catering Supplies Business are sourced from both local and overseas suppliers. Please refer to the section entitled “General Information on our Group - Major Suppliers” of this Offer Document for details on our suppliers.

Our purchases and consumables used amounted to approximately S\$9.39 million, S\$11.51 million and S\$12.08 million, and accounted for 46.1%, 42.3% and 37.5% of our total items of expense in FY2010, FY2011 and FY2012 respectively.

Our purchases and consumables used as a percentage to total revenue was approximately 41.4%, 38.4% and 31.5% for each of FY2010, FY2011 and FY2012 respectively.

Factors affecting our purchases and consumables used

Our purchases and consumables used may be affected by, *inter alia*, the following factors:

- (a) Price fluctuation and the availability of food ingredients purchased from our suppliers;
- (b) our ability to capitalise on the increased sales volume and obtain favourable pricing from bulk procurement of raw materials from our suppliers;
- (c) our ability to control and reduce food wastage;
- (d) the fluctuation in the exchange rates of S\$ against US\$ as certain of our purchases of food ingredients are denominated in these currencies;
- (e) any outbreak of diseases in livestock, food scares, adverse changes in climate, natural disasters, oil prices or other circumstances that may affect global food supply and demand; and
- (f) the changes in governmental regulations that may affect the prices of any of our raw materials imported from overseas.

Please refer to the section entitled “Risk Factors” of this Offer Document for other factors that may affect our purchases and consumables used.

Distribution costs

Distribution costs are incurred when we deliver the food items, beverages and catering supplies to the customers. Our distribution costs comprise mainly of payments to our outsourced delivery drivers.

Our distribution costs amounted to approximately S\$1.43 million, S\$1.61 million and S\$1.97 million, and accounted for 7.0%, 5.9% and 6.1% of our total items of expense in FY2010, FY2011 and FY2012 respectively.

Our distribution costs used as a percentage to total revenue was approximately 6.3%, 5.4% and 5.1% for each of FY2010, FY2011 and FY2012 respectively.

Employee Benefit Expenses

Employee benefit expenses forms the second largest component of our total items of expense, and comprise mainly staff cost (including salaries, wages and bonuses of directors and employees, employee allowances and other staff benefits such as medical expenses and training expenses) and CPF contributions.

Our employee benefit expenses amounted to approximately S\$4.88 million, S\$7.41 million and S\$9.33 million, and accounted for 24.0%, 27.3% and 29.0% of our total items of expense in FY2010, FY2011 and FY2012 respectively.

Our employee benefit expenses used as a percentage to total revenue was approximately 21.6%, 24.7% and 24.3% for each of FY2010, FY2011 and FY2012 respectively.

Factors affecting our employee benefit expenses

Our employee benefit expenses may be affected by, *inter alia*, the following factors:

- (a) our ability to recruit and retain employees at competitive remuneration;
- (b) changes in government policies and regulations relating to foreign workers such as foreign workers' levy and the permitted dependency ratio of local to foreign workers in our industry;
- (c) the availability of and the cost of recruiting sub-contract and/or part-time workers;
- (d) an increase in the volume of business for the Food Catering Business and Food and Catering Supplies Business; and
- (e) an increase in the number of stores for the Food Retail Business.

Depreciation expenses

Depreciation is charged on property, plant and equipment, such as leasehold properties, furniture and fittings, computers, kitchen and office equipment, motor vehicles, and renovations.

Depreciation expenses are dependent on the level of capital expenditure, and the estimated useful lives of each category of property, plant and equipment.

Our depreciation expenses amounted to approximately S\$0.50 million, S\$0.93 million and S\$1.34 million, and accounted for 2.5%, 3.4% and 4.2% of our total items of expense in FY2010, FY2011 and FY2012 respectively.

Advertising expenses

Advertising expenses are incurred regularly to generate awareness of the various brands to support our marketing activities.

We advertise through print media such as newspapers, lifestyle and trade magazines. We also advertise through broadcast media such as radio.

We also actively promote our products and services through publishing our own brochures that we distribute island-wide on a monthly basis. Furthermore, we also promote our products and services using other means such as SMS and electronic newsletters.

We also maintain individual websites for each of our brands and have our own Facebook page.

These advertisements and promotions would feature our latest menu offerings and special promotions, and also promote customer loyalty through various programmes.

Our advertising expenses amounted to approximately S\$0.91 million, S\$1.17 million and S\$1.34 million, and accounted for 4.5%, 4.3% and 4.2% of our total items of expense in FY2010, FY2011 and FY2012 respectively.

Please refer to the section entitled "General Information on our Group - Marketing" of this Offer Document for further details of our marketing activities.

Rental expenses

Rental expenses are incurred monthly for the premises leased by our subsidiaries involved in the Food Catering Business, Food Retail Business and Food and Catering Supplies Business.

In particular, as our Food Retail Business grows and the number of food retail outlets increases, we expect to incur higher rental expenses.

Our rental expenses amounted to approximately S\$0.57 million, S\$1.05 million and S\$1.91 million, and accounted for 2.8%, 3.9% and 5.9% of our total items of expense in FY2010, FY2011 and FY2012 respectively.

Please refer to the section entitled “General Information on our Group - Properties and Fixed Assets” of this Offer Document for details of our rental terms.

Utilities

Utilities expenses comprise electricity and water charges incurred at our offices, kitchens, food retail outlets and warehouses.

Our utilities expenses amounted to approximately S\$0.68 million, S\$0.89 million and S\$1.16 million, and accounted for 3.4%, 3.3% and 3.6% of our total items of expense in FY2010, FY2011 and FY2012 respectively.

Other expenses

Other expenses comprise mainly (i) repairs and maintenance; (ii) upkeep of motor vehicles; (iii) hire of vessels; (iv) credit card charges; (v) insurance; and (vi) printing and stationery expenses.

Our other expenses amounted to approximately S\$1.94 million, S\$2.77 million and S\$3.00 million, and accounted for 9.5%, 10.2% and 9.3% of our total items of expense in FY2010, FY2011 and FY2012 respectively.

Since our other expenses were expenses related to our business activities, they generally changed in line with our total revenue in each business segment.

Finance costs

Our finance costs comprise mainly interest expenses on our bank borrowings and finance lease liabilities. We have bank borrowings which bear average interest rates ranging from 2.25% to 4.73%, 2.09% to 4.98% and 1.88% to 5.0% per annum for FY2010, FY2011 and FY2012 respectively.

We have finance lease obligations which bear effective interest ranging from 6.40% to 8.21%, 5.47% to 8.21% and 5.47% to 6.94% per annum for FY2010, FY2011 and FY2012 respectively.

Income tax expense

We are subject to income tax at the applicable tax rate in Singapore. The statutory tax rate in Singapore remained at 17% for FY2010, FY2011 and FY2012.

Our income tax expense for FY2010, FY2011 and FY2012 was approximately S\$0.26 million, S\$0.51 million and S\$1.10 million respectively.

Our effective tax rates were approximately 10.7%, 15.6% and 16.9% in FY2010, FY2011 and FY2012 respectively. Our effective tax rates in FY2010, FY2011 and FY2012 were lower than the then prevailing statutory tax rates mainly due to certain tax exemptions and income that was not subject to income tax.

SEASONALITY

We generally experience higher sales during festive seasons and religious occasions, such as New Year, Lunar New Year, Lunar Seventh Month and Christmas.

Please also refer to the section entitled “General Information on our Group - Trend Information” of this Offer Document.

INFLATION

During the period under review, the rate of inflation did not have a material impact on our financial performance. Please also refer to the section entitled “General Information on our Group - Trend Information” of this Offer Document.

REVIEW OF RESULTS OF OPERATIONS

FY2011 compared to FY2010

Revenue

Our revenue increased by approximately S\$7.35 million or 32.4%, from S\$22.65 million in FY2010 to S\$30.00 million in FY2011, contributed mainly by our Food Catering Business and Food Retail Business segments.

Food Catering Business

Revenue from our Food Catering Business increased by S\$5.31 million or 27.1%, from S\$19.62 million in FY2010 to S\$24.93 million in FY2011.

This increase in revenue was generally a result of new marketing strategies that we adopted in FY2011, including increased frequency in the publishing, and more extensive distribution, of our marketing brochures to housing areas which we did not previously cover.

We also embarked on a re-branding exercise of our “Neo Garden Catering” brand, and also launched our “Orange Clove” brand in FY2010. The results of these efforts fully materialised in FY2011.

As a result of our continual upgrading of certain of our facilities, our production capacity increased from 2.19 million headcount in FY2010 to 2.92 million headcount in FY2011.

The increase in revenue was also due to us having a larger sales force that increased from 20 staff as at 31 January 2010 to 31 as at 31 January 2011. The larger sales force helped us achieve more orders in FY2011 compared to FY2010.

(a) “Neo Garden Catering” brand

Revenue from catering services operating under the “Neo Garden Catering” brand increased by approximately S\$3.02 million or 23.8%, from S\$12.69 million in FY2010 to S\$15.71 million in FY2011.

In FY2011, we increased our expenditure on advertisements by approximately S\$0.20 million or 30.2% from S\$0.73 million in FY2010 to S\$0.95 million in FY2011, which we believe is one of the main factors for the increased revenue for this brand.

(b) “Orange Clove” brand

Revenue from catering services operating under the “Orange Clove” brand increased by approximately S\$1.27 million or 42.2%, from S\$3.01 million in FY2010 to S\$4.28 million in FY2011.

In addition to the overall efforts to promote our Food Catering Business, we also attribute this result to our specific efforts in promoting new thematic setups which attracted new customers to this brand.

(c) “Deli Hub” brand

Revenue from the catering services operating under the “Deli Hub” brand increased by approximately S\$1.03 million or 26.2%, from S\$3.92 million in FY2010 to S\$4.95 million in FY2011.

In FY2011, Halal food was actively promoted to the customers and such sales were directed to the “Deli Hub” brand.

Food Retail Business

Revenue from our food retail outlets operating under our “Umisushi” brand increased by approximately S\$1.94 million or 64.0%, from S\$3.04 million in FY2010 to S\$4.98 million in FY2011.

The increase in revenue from this business segment was mainly attributable to the increase in the number of food retail outlets that we operated in FY2011:

- As at 31 January 2010, we had six food retail outlets each located at Eastpoint Mall, Tiong Bahru Plaza (#B1-26), One Raffles Link, 313@Somerset, Tampines MRT Station and Eunos MRT Station. The sales of these six food retail outlets continued to improve in FY2011;
- In FY2011, we opened another four new food retail outlets each located at AMK Hub, Paya Lebar MRT Station, Boon Lay MRT Station and Bukit Batok MRT Station; and
- As at 31 January 2011, we had a total of 10 food retail outlets.

Apart from the new food retail outlets that we started in FY2011, we were also able to enjoy a full year of sales from some of the food retail outlets that we opened in FY2010.

In addition, we also increased the number of food items on our menu, and introduced a delivery service for our F&B retail food products.

Food and Catering Supplies Business

The majority of the business activity in this business segment involved supplying raw materials to our Food Catering Business and Food Retail Business.

Revenue from the supply of food products for third parties’ catering business was not significant.

Other income

Our other income increased by approximately S\$0.33 million or 180.6%, from S\$0.18 million in FY2010 to S\$0.51 million in FY2011. This was mainly due to an increase of S\$0.14 million in gain on disposal of asset held for sale and an increase of S\$0.12 million in government grants particularly those granted by SPRING Singapore in FY2011.

Purchases and consumables used

Our purchases and consumables used increased by approximately S\$2.12 million or 22.6%, from S\$9.39 million in FY2010 to S\$11.51 million in FY2011. The increase in our purchases and consumables used was due to the increased sales from our Food Catering Business and Food Retail Business.

Our purchases and consumables used as a percentage of total revenue declined by 3.0% from 41.4% in FY2010 to 38.4% in FY2011.

This decline is attributable to the favourable pricing we were able to enjoy from bulk procurement of raw materials from our suppliers through the establishment of our Food and Catering Supplies Business in FY2011, and our continuing efforts to control and reduce food wastage, and sourcing of supplies at competitive prices.

Distribution Costs

Our distribution costs incurred increased by approximately S\$0.18 million or 12.6%, from S\$1.43 million in FY2010 to S\$1.61 million in FY2011.

The increase in the distribution costs was mainly due to our introduction of delivery services of food products under our “Umisushi” brand in FY2011 and was in line with the increased volume of sales and revenue from our Food Catering Business.

Employee benefit expenses

Our employee benefit expenses increased by approximately S\$2.53 million or 51.8% from S\$4.88 million in FY2010 to S\$7.41 million in FY2011.

The increase in employee benefit expenses was mainly due to the increase of our staff headcount from 209 employees as at 31 January 2010 to 270 employees as at 31 January 2011.

Our employee benefit expenses include the compensation of key management personnel of approximately S\$1.50 million in FY2010 compared to S\$1.97 million in FY2011.

Advertising expenses

Our advertising expenses increased by approximately S\$0.25 million or 27.9%, from S\$0.91 million in FY2010 to S\$1.17 million in FY2011.

The increase in advertising expenses was mainly due to a greater effort to promote our brands and services through the publication and distribution of brochures island-wide. In FY2011, we increased the frequency of publishing such brochures, and extended the distribution coverage of such brochures to include private condominiums.

Rental expenses

Our rental expenses increased by approximately S\$0.47 million or 82.7%, from S\$0.57 million in FY2010 to S\$1.05 million in FY2011.

The increase in rental expenses was mainly due to the increase in the number of food retail outlets for our Food Retail Business as we opened another four new food retail outlets in FY2011.

Utilities

Our utilities expenses increased by approximately S\$0.21 million or 30.2%, from S\$0.68 million in FY2010 to S\$0.89 million in FY2011.

The increase in utilities expenses was mainly due to the increase in sales turnover for our Food Catering Business leading to higher kitchen activities, and the increase in the number of food retail outlets.

Other expenses

Our other expenses increased by S\$0.83 million or 42.8%, from S\$1.94 million in FY2010 to S\$2.77 million in FY2011.

Since our other expenses were expenses related to our business activities, they generally changed in line with our total revenue in each business segment.

Finance costs

Our finance costs relate to the interest expenses incurred on our term loans and finance leases. The finance costs increased by approximately S\$45,000 in FY2011 compared to FY2010 mainly due to the increase in the interest charged on some of our existing term loans.

As at 31 January 2011, we recorded a net increase in bank borrowings of approximately S\$0.20 million compared to 31 January 2010.

Income tax expense

Our income tax expense increased by approximately S\$0.25 million or 95.1%, from S\$0.26 million in FY2010 to S\$0.51 million in FY2011, due to the higher profit before income tax achieved.

Profit for the Financial Year

As a result of the above, our profit for the financial year increased by approximately S\$0.58 million or 26.1 %, from S\$2.21 million in FY2010 to S\$2.79 million in FY2011.

FY2012 compared to FY2011

Revenue

Our revenue increased by approximately S\$8.38 million or 27.9% from S\$30.00 million in FY2011 to S\$38.38 million in FY2012 contributed mainly from our Food Catering Business and Food Retail Business segments.

As a result of our decision to build an extension to our facility at 6A Wan Lee Road as well as through the upgrading of our other facilities, our production capacity increased from 2.92 million headcount in FY2011 to 3.65 million headcount in FY2012.

Food Catering Business

Revenue from our Food Catering Business increased by S\$5.03 million, or 20.2% from S\$24.93 million in FY2011 to S\$29.96 million in FY2012.

The increase in revenue was mainly due to seasonality factors in FY2012 as this financial year had two Lunar New Year peaks – one each in February 2011 and January 2012.

This increase in revenue was also generally a result of additional marketing strategies in FY2012 that we adopted particularly in the area of new media and social media such as SMS, electronic newsletters and the creation of our own Facebook page. We also started to accept online sales orders through the websites of our various brands.

As we have achieved relatively good results from the publishing and distribution of our brochures in housing residential areas, we also decided to further increase the frequency of these activities to almost on a monthly basis in FY2012.

We further increased the number of special menus that we offered during festive seasons and significant personal events (such as baby showers and first birthdays) which resulted in increased sales during such occasions.

(a) “Neo Garden Catering” brand

Revenue from catering services operating under the “Neo Garden Catering” brand increased by approximately S\$3.82 million or 24.3%, from S\$15.71 million in FY2011 to S\$19.53 million in FY2012.

With respect to the dual Lunar New Year peaks in FY2012:

- The Lunar New Year peak in February 2011 contributed approximately 14.7% of the total revenue of this brand segment; and
- The Lunar New Year peak in January 2012 contributed approximately 17.1% of the total revenue of this brand segment.

In FY2012, we also increased our expenditure on mass media advertisements by approximately S\$0.19 million or 20.8% from S\$0.95 million in FY2011 to S\$1.15 million in FY2012.

(b) “Orange Clove” brand

Revenue from the catering services operating under the “Orange Clove” brand remained relatively constant with revenue of approximately S\$4.28 million in both FY2011 and FY2012. This was due mainly to a licensing issue that we had with MUIS which resulted in our cessation of production for a period of approximately three months.

(c) “Deli Hub” brand

Revenue from the catering services operating under the “Deli Hub” brand increased by approximately S\$1.19 million or 24.2%, from S\$4.95 million in FY2011 to S\$6.15 million in FY2012.

This was a result of our continuous effort to promote this brand to the customers through our sales team and directing Halal sales to “Deli Hub”.

Food Retail Business

Revenue from our food retail outlets operating under our “Umisushi” brand increased by approximately S\$3.36 million or 67.5%, from S\$4.98 million in FY2011 to S\$8.34 million in FY2012.

The increase in revenue from this business segment was mainly attributable to the increase in food retail outlets that we operated in FY2011.

- As at 31 January 2011, we had 10 food retail outlets each located at Eastpoint Mall, Tiong Bahru Plaza (#B1-26), One Raffles Link, 313@Somerset, Tampines MRT Station, Eunos MRT Station, AMK Hub, Paya Lebar MRT Station, Boon Lay MRT Station, Bukit Batok MRT Station. The sales of these food retail outlets continued to improve in FY2011 except for the food retail outlets at Tiong Bahru Plaza (#B1-26) and One Raffles Link;
- In FY2012, we opened another eight new food retail outlets at Tiong Bahru Plaza (#B1-24), Pasir Ris MRT Station, Changi City Point, Holland Village MRT Station, Jurong East MRT Station, Bukit Gombak MRT Station, Kallang MRT Station and Pioneer MRT Station. In FY2012, we closed a food retail outlet at Bukit Batok MRT Station; and
- As at 31 January 2012, we had a total of 17 food retail outlets.

Apart from the new food retail outlets that started in FY2012, some of our existing food retail outlets also recorded higher year-on-year sales in FY2012 compared to FY2011.

In addition, we also enjoyed some benefits by advertising our delivery services through our Group’s marketing channels.

Food and Catering Supplies Business

The majority of the business activity in this business segment involved supplying raw materials to our Food Catering Business and Food Retail Business.

Revenue from the supply of food products for third parties’ catering business was not significant.

Other income

Our other income decreased by approximately S\$0.21 million or 41.6%, from S\$0.51 million in FY2011 to S\$0.30 million in FY2012. This was mainly due to a decline in government grants received in FY2012 as a result of the jobs credit scheme being withdrawn.

Purchases and Consumables Used

Our purchases and consumables used increased by approximately S\$0.57 million or 5.0%, from S\$11.51 million in FY2011 to S\$12.08 million in FY2012. The increase in our purchases and consumables used was due to the increased sales from our Food Catering Business and Food Retail Business.

Our purchases and consumables used as a percentage to total revenue decreased from 38.4% in FY2011 to 31.5% in FY2012.

This decline is attributable to the favourable pricing we are able to enjoy from bulk procurement of raw materials from our suppliers. This is attributable to our strategy of increasing our special menus during festive seasons which allows us to engage in bulk procurement.

Distribution costs

Our distribution costs incurred increased by approximately S\$0.36 million or 22.3%, from S\$1.61 million in FY2011 to S\$1.97 million in FY2012.

The increase in the distribution costs was mainly due to more catering deliveries made during the festive seasons, especially during the two Lunar New Year peaks as well as more food deliveries made for our “Umisushi” brand. This increase was in line with the increased volume of sales.

Employee benefit expenses

Our employee benefit expenses increased by approximately S\$1.92 million or 25.8%, from S\$7.41 million in FY2011 to S\$9.33 million in FY2012.

The increase in employee benefit expenses was mainly due to the increase in the number of our full-time employees from 270 as at 31 January 2011 to 385 as at 31 January 2012.

Our employee benefit expenses include the compensation of key management personnel of approximately S\$1.97 million in FY2011 compared to S\$1.60 million in FY2012.

Advertising expenses

Our advertising expenses increased by approximately S\$0.17 million or 15.3%, from S\$1.17 million in FY2011 to S\$1.34 million in FY2012.

The increase in advertising expenses was mainly due to a greater effort to promote our brands and services through advertisements placed in print media such as magazines and newspapers, and also on the radio. We also increased the frequency of publishing and distributing our brochures to almost on a monthly basis in FY2012.

As there were the two Lunar New Years in FY2012, we also incurred more advertising expenses in FY2012.

As part of our advertising efforts, we also sponsored various events and functions around the country. For example, in FY2012, we were one of the “Major Partner” sponsors for the National Day Parade 2011.

Rental expenses

Our rental expenses increased by approximately S\$0.86 million or 81.8%, from S\$1.05 million in FY2011 to S\$1.91 million in FY2012.

The increase in rental expenses was mainly due to the increase in the number of food retail outlets for our Food Retail Business as we opened another eight new food retail outlets in FY2012.

Utilities

Our utilities expenses increased by approximately S\$0.27 million or 30.7%, from S\$0.89 million in FY2011 to S\$1.16 million in FY2012.

The increase in utilities expenses was mainly due to the increase in our production capacity, rented premises and the number of food retail outlets.

Other expenses

Our other expenses increased by S\$0.23 million or 8.3% from S\$2.77 million in FY2011 to S\$3.00 million in FY2012.

Since our other expenses were related to our business activities, they generally changed in line with total revenue in each business segment.

Finance costs

Our finance costs relate to the interest expenses incurred on our term loan and finance leases. The finance costs increased by approximately S\$31,000 in FY2012 compared to FY2011 mainly due to higher level of bank borrowings.

Our bank borrowings increased by S\$6.50 million, from S\$2.58 million as at 31 January 2011 to S\$9.08 million as at 31 January 2012.

Income tax expense

Our income tax expense increased by approximately S\$0.58 million or 112.8% from S\$0.52 million in FY2011 to S\$1.10 million in FY2012, due to the higher profit before income tax achieved.

Profit for the financial year

As a result of the above, our profit for the financial year increased by approximately S\$2.59 million or 93.2% from S\$2.79 million in FY2011 to S\$5.38 million in FY2012.

REVIEW OF FINANCIAL POSITION

A review of the financial position of our Group as at 31 January 2012, 31 January 2011 and 31 January 2010 is set out below:

Non-current assets

Our non-current assets comprise property, plant and equipment and investment properties.

As at 31 January 2012, our non-current assets amounted to approximately S\$17.09 million and accounted for 64.2% of our total assets.

As at 31 January 2011, our non-current assets amounted to approximately S\$8.34 million and accounted for 64.6% of our total assets.

As at 31 January 2010, our non-current assets amounted to approximately S\$6.42 million and accounted for 65.6% of our total assets.

Property, plant and equipment

Our property, plant and equipment assets comprise land held for development, leasehold properties, furniture and fittings, computers, kitchen and office equipment, motor vehicles, renovation and construction-in-progress.

The land held for development relates to the property at 30B Quality Road which we acquired in FY2012. We intend to use this premises to house most of our central kitchens, offices, logistics and storage facilities and other F&B related operations.

Investment properties

Our investment properties include those owned by us at 8A Admiralty Street #06-01 and #06-02 and 10E Enterprise Road.

The properties at 8A Admiralty Street #06-01 and #06-02 are leased to unrelated third parties. The property at 10E Enterprise Road is partially used by our subsidiary, Neo Garden Catering, and the remaining is leased to GUI Solutions and Perdure Technology (two of our interested persons). For more details, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions" of this Offer Document.

Please refer to the section entitled "General Information on our Group - Properties and Fixed Assets" of this Offer Document for further details of our investment properties.

31 January 2012

As at 31 January 2012, property, plant and equipment amounted to approximately S\$15.50 million, comprising furniture and fittings of S\$0.28 million, computers of S\$0.11 million, kitchen and office equipment of S\$1.31 million, motor vehicles of S\$1.03 million, renovation works carried out of S\$0.87 million, leasehold properties of S\$2.96 million, construction-in-progress of S\$85,000 and land held for development of S\$8.86 million.

The increase in property, plant and equipment in FY2012 mainly relates to the addition of land held for development relating to the property at 30B Quality Road.

As at 31 January 2012, our investment properties amounted to S\$1.58 million.

31 January 2011

As at 31 January 2011, our property, plant and equipment amounted to approximately S\$5.92 million, comprising furniture and fittings of S\$0.21 million, computers of S\$93,000, kitchen and office equipment of S\$1.19 million, motor vehicles of S\$0.92 million, renovation works carried out of S\$0.71 million, leasehold properties of S\$2.40 million and construction-in-progress of S\$0.39 million.

As at 31 January 2011, our investment properties amounted to S\$2.42 million.

31 January 2010

As at 31 January 2010, our property, plant and equipment amounted to approximately S\$4.17 million, comprising furniture and fittings of S\$54,000, computers of S\$83,000, kitchen and office equipment of S\$0.61 million, motor vehicles of S\$0.75 million, renovation works carried out of S\$0.45 million, leasehold properties of S\$1.97 million and construction-in-progress of S\$0.25 million.

As at 31 January 2011, our investment properties amounted to S\$2.25 million.

Current assets

Our current assets comprise inventories, assets held for sale, trade and other receivables, prepayments, cash and cash equivalents and current income tax recoverable.

As at 31 December 2012, our current assets amounted to approximately S\$9.51 million and accounted for 35.8% of our total assets.

As at 31 December 2011, our current assets amounted to approximately S\$4.56 million and accounted for 35.4% of our total assets.

As at 31 December 2010, our current assets amounted to approximately S\$3.37 million and accounted for 34.4% of our total assets.

Inventories

Our inventories comprise raw materials such as the food ingredients and beverages used in the operation of our Food Catering Business and Food Retail Business, as well as the trading goods for our Food and Catering Supplies Business.

Assets held for sale

Our assets held for sale include Neo @ 406 Restaurant which we disposed of in FY2011, and the property located at 3017 Bedok North Street 5 previously held as an investment property which we disposed of to a third party subsequent to the end of FY2012.

Trade and other receivables

Trade receivables arise due to credit sales to our corporate customers (net of allowances for doubtful third parties trade receivables) and related parties.

Other receivables comprise deposits placed with landlords of the food retail outlets for the Food Retail Business, staff loans, and non-trade receivables (principally from third parties, related parties and certain Directors).

Prepayments

Prepayments comprise prepaid insurance, maintenance fee, property tax, secretarial charges and rental.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits (net of fixed deposits pledged with financial institutions).

31 January 2012

As at 31 January 2012, our current assets amounted to approximately S\$9.51 million and comprised inventories of S\$0.80 million, assets held for sale of S\$0.82 million, trade and other receivables of S\$4.12 million, prepayments of S\$0.30 million and cash and cash equivalents of S\$3.48 million.

Our inventories of approximately S\$0.80 million comprised raw materials of S\$0.51 million and trading goods of S\$0.29 million.

Our assets held for sale of approximately S\$0.82 million relates to our property at 3017 Bedok North Street 5 which was reclassified from investment properties as at the end of the last financial year to assets held for sale in FY2012.

Our trade and other receivables of approximately S\$4.12 million comprised:

- Trade receivables amounting to approximately S\$1.47 million (net of allowances for doubtful third parties trade receivables of S\$55,000) and accounted for 35.7% of our total trade and other receivables;
- Deposits placed with landlords amounting to approximately S\$0.81 million;
- Staff loans of approximately S\$12,000; and
- Non-trade receivables amounting to approximately S\$1.82 million and accounted for 44.2% of our total trade and other receivables. These include non-trade receivables from third parties of S\$0.11 million, non-trade receivables from related parties of S\$36,000 and non-trade receivables from Directors of S\$1.67 million.

The non-trade receivables from Directors of approximately S\$1.67 million were due from Neo Kah Kiat.

Pursuant to the Restructuring Exercise, details of which are found in the section entitled "Restructuring Exercise" of this Offer Document, the non-trade receivables from Directors was reduced to S\$82,626. As at the Latest Practicable Date, this amount was settled in full.

Our cash and cash equivalents of approximately S\$3.48 million comprised cash at bank and on hand of S\$3.44 million and a short term fixed deposit of S\$41,000 pledged entirely as security for bank facilities granted by a financial institution to our Group.

31 January 2011

As at 31 January 2011, our current assets amounted to approximately S\$4.56 million and comprised inventories of S\$0.37 million, trade and other receivables of S\$3.06 million, prepayments of S\$0.16 million, cash and cash equivalents of S\$0.90 million and current income tax recoverable of S\$74,000.

Our inventories of approximately S\$0.37 million comprised raw materials of S\$0.15 million and trading goods of S\$0.22 million.

Our trade and other receivables of approximately S\$3.06 million comprised:

- Trade receivables amounting to approximately S\$0.75 million (net of allowances for doubtful third parties of S\$37,000) and accounted for 24.4% of our total trade and other receivables;
- Deposits placed with landlords amounting to approximately S\$0.69 million;
- Staff loans of approximately S\$24,000; and
- Non-trade receivables amounting to approximately S\$1.61 million and accounted for 52.4% of our total trade and other receivables. These include non-trade receivables from third parties of S\$0.51 million, non-trade receivables from related parties of S\$1.00 million and non-trade receivables from Directors of S\$98,000.

The non-trade receivables from Directors of approximately S\$98,000 were principally due from Neo Kah Kiat.

Our cash and cash equivalents of approximately S\$0.90 million comprised cash at bank and on hand of S\$0.86 million and a short term fixed deposit of S\$41,000 pledged entirely as security for bank facilities granted by a financial institution to our Group.

31 January 2010

As at 31 January 2010, our current assets amounted to approximately S\$3.37 million and comprised inventories of S\$85,000, assets held for sale of S\$520, trade and other receivables of S\$1.56 million, prepayments of S\$39,000 and cash and cash equivalents of S\$1.69 million.

Our inventories of approximately S\$85,000 comprised raw materials only.

Our assets held for sale of approximately S\$520 relates to our investments in Neo @ 406 Restaurant.

Our trade and other receivables of approximately S\$1.56 million comprised:

- Trade receivables amounting to approximately S\$0.54 million (net of allowances for doubtful third parties trade receivables of S\$17,000) and accounted for 33.6% of our total trade and other receivables;
- Deposits placed with landlords amounting to approximately S\$0.28 million;
- Staff loans of approximately S\$4,000; and
- Non-trade receivables amounting to approximately S\$0.75 million and accounted for 48.3% of our total trade and other receivables. These include non-trade receivables from third parties of S\$37,000, non-trade receivables from related parties of S\$0.46 million, and non-trade receivables from Directors of S\$0.25 million.

The non-trade receivables from Directors of approximately S\$0.25 million were principally due from Liew Choh Khing.

Our cash and cash equivalents of approximately S\$1.69 million comprised cash at bank and on hand of S\$1.65 million and a short term fixed deposit of S\$40,000 pledged entirely as security for bank facilities granted by a financial institution to our Group.

Current liabilities

Our current liabilities comprise trade and other payables, provisions, the current portion of bank borrowings, the current portion of finance lease payables and current income tax payable.

As at 31 January 2012 our current liabilities amounted to approximately S\$8.78 million and accounted for 53.8% of our total liabilities.

As at 31 January 2011 our current liabilities amounted to approximately S\$5.39 million and accounted for 77.0% of our total liabilities.

As at 31 January 2010 our current liabilities amounted to approximately S\$4.28 million and accounted for 73.9% of our total liabilities.

Trade and other payables

Our trade and other payables comprise trade payables, deferred income, non-trade payables, deposits received, accrued operating expenses and unutilised annual leave.

Trade payables comprise those due to third parties and to related parties.

Non-trade payables comprise those due to third parties, related parties and Directors.

Deferred income represents the amount of billing raised in advance for uncompleted orders from customers.

Provisions

Our provisions are principally those made in respect 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.

Bank borrowings

These refer to the current portion of our bank borrowings (repayable within 12 months), as well as those amounts not scheduled for repayment within 12 months from the end of the financial year but was classified as current liabilities as we did not have the unconditional right at the end of the financial year to defer settlement for at least 12 months after the end of that financial year and the loan can be recalled by the lenders at any time even if there is no event of default.

Finance lease payables

These represent the present value of minimum lease payments on our finance leases that are payable within the financial year.

31 January 2012

As at 31 January 2012, our current liabilities amounted to approximately S\$8.78 million and comprised trade and other payables of S\$6.15 million, bank borrowings of S\$1.62 million, provisions of S\$56,000, finance lease payables of S\$0.16 million and current income tax payable of S\$0.80 million.

Our trade and other payables of approximately S\$6.15 million comprised:

- Trade payables of approximately S\$2.24 million (including S\$1,700 payable to related parties, namely Perdure Technology and GUI Solutions);
- Deferred income of approximately S\$0.16 million;
- Non-trade payables of approximately S\$2.78 million. These include non-trade payables to third parties of S\$0.29 million in relation to outstanding professional fees, non-trade payables to related parties of S\$14,000, namely Best Catering, Perdure Technology and GUI Solutions, and non-trade payables to Directors of S\$2.48 million.

The non-trade payables to Directors of approximately S\$2.48 million comprising S\$1.48 million to Liew Oi Peng (Executive Director) relating to payments she made on our behalf in respect of our acquisition of our land held for development at 30B Quality Road and S\$1.00 million to Neo Kah Kiat (Founder, Chairman and CEO).

In March 2012, we settled in full the S\$1.48 million due to Liew Oi Peng. Pursuant to the Restructuring Exercise, details of which are found in the section entitled “Restructuring Exercise” of this Offer Document, we owed Liew Oi Peng S\$474,118. As at the Latest Practicable Date, this amount was settled in full.

The S\$1.00 million due to Neo Kah Kiat was novated to our Company pursuant to the Restructuring Exercise, the net effect of which resulted in Neo Kah Kiat owing S\$82,626 to our Company. As at the Latest Practicable Date, this amount was settled in full;

- Deposits received from our tenants of approximately S\$68,000;
- Accrued operating expenses of approximately S\$0.82 million mainly in relation to employee compensation; and
- Unutilised annual leave of approximately S\$71,000.

Our bank borrowings amounted to approximately S\$1.62 million and comprised the current portion of five term loans from our principal bankers, and includes an amount of S\$0.58 million which are not scheduled for repayment within 12 months from the end of the financial year but was classified as current liabilities for the reasons as explained in the earlier paragraph “*Current liabilities - Bank borrowings*”.

Our finance lease payables amounted to approximately S\$0.16 million, and relate to the current portion of our finance leases, repayable within one year, for our motor vehicles. These finance lease payables bear effective interest of 5.47% to 6.94% per annum for FY2012.

Please refer to the section entitled “Management’s Discussion and Analysis of Financial Position and Results of Operations - Capitalisation and Indebtedness” of this Offer Document for further details of our term loans and finance leases.

31 January 2011

As at 31 January 2011, our current liabilities amounted to approximately S\$5.39 million and comprised trade and other payables of S\$4.06 million, bank borrowings of S\$1.02 million, provisions of S\$32,000, finance lease payables of S\$70,000 and current income tax payable of S\$0.22 million.

Our trade and other payables of approximately S\$4.06 million comprised:

- Trade payables of approximately S\$1.75 million (being S\$1.74 million payable to third parties, and S\$10,000 payable to related parties, namely Grill & Barbecue Hub Pte Ltd and Perdure Technology);
- Deferred income of approximately S\$99,000;
- Non-trade payables of approximately S\$1.36 million. These include non-trade payables to third parties of S\$0.47 million in relation to outstanding professional fees, non-trade payables to related parties of S\$11,000, namely Best Catering and Perdure Technology, and non-trade payables to Directors of S\$0.88 million, namely Neo Kah Kiat and Liew Choh Khing;
- Deposits received from our tenants of approximately S\$73,000;
- Accrued operating expenses of approximately S\$0.73 million mainly in relation to employee compensation; and
- Unutilised annual leave of approximately S\$43,000.

Our bank borrowings amounted to approximately S\$1.02 million and comprised the current portion of four term loans from our principal bankers, and includes an amount of S\$0.63 million which is not scheduled for repayment within 12 months from the end of the financial year but was classified as current liabilities for the reasons as explained in the earlier paragraph “*Current liabilities - Bank borrowings*”.

Our finance lease payables amounted to approximately S\$70,000, and relate to the current portion of our finance leases, repayable within one year, for our motor vehicles. These finance lease payables bear effective interest of 5.47% to 8.21% per annum for FY2011.

31 January 2010

As at 31 January 2010, our current liabilities amounted to approximately S\$4.28 million and comprised trade and other payables of S\$3.06 million, bank borrowings of S\$0.92 million, provisions of S\$21,000, finance lease payables of S\$57,000 and current income tax payables of S\$0.22 million.

Our trade and other payables of approximately S\$3.06 million comprised:

- Trade payables of approximately S\$0.78 million (being S\$0.77 million payable to third parties, and S\$11,000 payable to related parties, namely Best Catering, and Arise Flora & Gifts Pte Ltd);
- Deferred income of approximately S\$0.14 million;
- Non-trade payables of approximately S\$1.26 million. These include non-trade payables to third parties of S\$0.23 million in relation to outstanding professional fees, non-trade payables to related parties of S\$9,000, namely Perdure Technology and Best Catering, and non-trade payables to Directors of S\$1.02 million, namely Neo Kah Kiat, Liew Oi Peng and Liew Choh Khing;
- Deposits received from our tenants of approximately S\$18,000;
- Accrued operating expenses of approximately S\$0.84 million mainly in relation to employee compensation; and
- Unutilised annual leave of approximately S\$25,000.

Our bank borrowings amounted to approximately S\$0.92 million and comprised the current portion of four term loans from our principal bankers, and includes an amount of S\$0.61 million which is not scheduled for repayment within 12 months from the end of the financial year but was classified as current liabilities for the reasons as explained in the earlier paragraph "*Current liabilities - Bank borrowings*".

Our finance lease payables amounted to approximately S\$57,000, and relate to the current portion of our finance leases, repayable within one year, for our motor vehicles. These finance lease payables bear effective interest of 6.40% to 8.21% per annum for FY2010.

Non-current liabilities

Our non-current liabilities comprise non-current portion of bank borrowings, finance lease payables and deferred tax liabilities.

As at 31 January 2012, our non-current liabilities amounted to approximately S\$7.53 million and accounted for 46.2% of our total liabilities.

As at 31 January 2011, our non-current liabilities amounted to approximately S\$1.61 million and accounted for 23.0% of our total liabilities.

As at 31 January 2010, our non-current liabilities amounted to approximately S\$1.51 million and accounted for 26.0% of our total liabilities.

Bank borrowings

These refer to the non-current portion of our bank borrowings (not repayable within 12 months).

Finance lease payables

These represent the present value of minimum lease payments on our finance leases that are payable after one financial year.

31 January 2012

As at 31 January 2012, our non-current liabilities amounted to approximately S\$7.53 million and comprised bank borrowings of S\$7.46 million and deferred tax liabilities of S\$72,000. We did not have any finance leases that were payable after one financial year as at 31 January 2012.

Our non-current portion of bank borrowings mainly relates to the non-current portion of the property loan amounting to S\$6.23 million obtained to finance the acquisition of our land held for development at 30B Quality Road.

Please refer to the sections entitled “Capitalisation and Indebtedness” and “Interested Person Transactions” of this Offer Document for further details.

31 January 2011

As at 31 January 2011, our non-current liabilities amounted to approximately S\$1.61 million and comprised bank borrowing of S\$1.57 million, finance lease payables of S\$15,000 and deferred tax liabilities of approximately S\$27,000.

Our non-current portion of bank borrowings represents the non-current portion of three term loans that we took to finance the acquisition of our investment properties.

31 January 2010

As at 31 January 2010, our non-current liabilities amounted to approximately S\$1.50 million and comprised bank borrowings of S\$1.49 million and deferred tax liabilities of approximately S\$19,000.

Our non-current portion of bank borrowings represents the non-current portion of three term loans that we took to finance the acquisition of our investment properties.

Capital and reserves

Our capital and reserves comprise share capital, merger reserves and retained earnings.

Our capital and reserves as at 31 January 2012, 31 January 2011 and 31 January 2010 were S\$10.28 million, S\$5.90 million and S\$4.01 million respectively.

LIQUIDITY AND CAPITAL RESOURCES

During the period under review and up to the Latest Practicable Date, we financed our working capital, capital expenditure and other capital requirements through a combination of funds generated from our operating activities, shareholders' equity, and bank and other borrowings.

With regard to our liquidity and capital resources, we would like to highlight the following:

- (i) In FY2012, our Group generated net cash flows from operations amounting to approximately S\$8.02 million;
- (ii) As at 31 January 2012, we had net current assets amounting to approximately S\$0.73 million with cash and cash equivalents of S\$3.48 million; and
- (iii) As at 31 January 2012 we had total working capital financing facilities (such as bank overdrafts and trade finance facilities) amounting to approximately S\$3.16 million which was unutilised.

As at 31 January 2012, our bank borrowings consisted five terms loans of varying tenures and average interest rates, set out as follows:

Term loan ⁽¹⁾	Tenure	Loan period	Current portion (S\$'000)	Non-current portion (S\$'000)
Term Loan I	60 months	March 2010 to February 2015	129	278
Term Loan II	168 months	February 2009 to January 2023	632	–
Term Loan III	120 months	June 2009 to May 2019	83	634
Term Loan V	60 months	August 2010 to July 2015	126	316
Term Loan VI	120 months	November 2011 to October 2021	649	6,231

Note:

(1) Term Loan IV was fully settled upon disposal of our investment properties to a third party.

Term Loan I is secured by a legal mortgage on a leasehold property with a carrying amount of S\$0.90 million as at 31 January 2012 and supported by joint and several guarantees of certain Directors.

Term Loan II is secured by a legal mortgage on a leasehold property with a carrying amount of S\$0.46 million and an investment property with carrying amount of S\$0.46 million as at 31 January 2012, and supported by joint and several guarantees of certain Directors. Of the amount outstanding of S\$0.63 million as at 31 January 2012, there was an amount of \$0.58 million which was not scheduled for repayment within 12 months from the end of the financial year but was classified as current liabilities as we did not have the unconditional right at the end of the financial year to defer settlement for at least 12 months after the end of the financial year and the loan can be recalled by the lender at any time even if there is no default.

Term Loan III is secured by a legal mortgage on an investment property with a carrying amount of S\$1.14 million as at 31 January 2012 and supported by joint and several guarantees of certain Directors.

Term Loan V is secured by a legal mortgage on assets held for sale with a carrying amount of S\$0.82 million as at 31 January 2012, and supported by joint and several guarantee of certain Directors.

Term Loan VI is secured by a legal mortgage on land held for development and leasehold properties with a carrying amount of \$9.95 million as at 31 January, and supported by joint and several guarantees of certain Directors.

For more information, please refer to the section entitled “Interested Person Transactions – Present and On-going Interested Person Transactions” and Note 13 to the Independent Auditors’ Report in Appendix A of this Offer Document.

Our finance lease payables as at 31 January 2012 relate to motor vehicles purchased under hire purchase financing.

Our non-trade payables to a Director as at 31 January 2012 relate to advances of approximately S\$1.00 million from our Chairman and CEO, Neo Kah Kiat, for working capital purposes. Pursuant to the Restructuring Exercise, this amount was settled in full on 11 June 2012.

Please refer to the sections entitled “Restructuring Exercise” and “Interested Person Transactions - Present and On-going Interested Person Transactions” of this Offer Document for further details.

As at the Latest Practicable Date, we had cash and cash equivalents of approximately S\$1.58 million and we had total working capital financing facilities amounting to approximately S\$3.16 million which was unutilised.

Our Directors are of the opinion that, after taking into account the cash flows generated from our operations, our available banking facilities and our existing cash and cash equivalents, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor is of the reasonable opinion that, having regard to the above, after having made due and careful enquiry and after taking into account the cash flows generated from the Group's operations, the Group's available banking facilities and the Group's existing cash and cash equivalents, the working capital available to the Group as at the date of lodgement of this Offer Document is sufficient for its present requirements and for at least 12 months after the listing of our Company on Catalist.

A summary of our cash flows for FY2010, FY2011 and FY2012 is set out as follows.

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)
Net cash from operating activities	4,386	2,714	8,023
Net cash used in investing activities	(6,807)	(2,619)	(10,694)
Net cash from/(used in) financing activities	2,871	(887)	5,249
Net change in cash and cash equivalents	450	(792)	2,578
Cash and cash equivalents at the beginning of period	1,201	1,651	859
Cash and cash equivalent at end of period	1,651	859	3,437

An analysis of our cash flows for each of FY2010, FY2011 and FY2012 is set out below:

Net cash from operating activities

FY2010

In FY2010, we generated net cash from operating activities of approximately S\$4.39 million. This was a result of operating cash flow before working capital changes of S\$3.05 million, a net working capital inflow of S\$1.37 million and income tax paid of S\$29,000.

The net working capital inflow of approximately S\$1.37 million was due to an increase of \$3.06 million in trade and other payables. This was partially offset by an increase in trade and other receivables of S\$1.57 million due to the increase in business activities and amount due from Directors, an increase in prepayments of S\$39,000 and an increase in inventories of S\$85,000.

FY2011

In FY2011, we generated net cash from operating activities of approximately S\$2.71 million. This was a result of operating cash flow before working capital changes of S\$4.23 million, partially offset by a net working capital outflow of S\$0.94 million and income tax paid of S\$0.58 million.

The net working capital outflows of approximately S\$0.94 million were due to an increase in trade and other receivables of approximately S\$1.53 million due to the increase in business activities and non-trade amounts due from third parties and related parties, an increase in prepayments of S\$0.12 million and an increase in inventories of S\$0.28 million. This was partially offset by an increase in trade and other payables of S\$0.99 million.

FY2012

In FY2012, we generated net cash from operating activities of approximately S\$8.02 million. This was a result of operating cash flow before working capital changes of S\$7.97 million and a net working capital inflow of S\$0.45 million, and income tax paid of S\$0.39 million.

The net working capital inflow of approximately S\$0.45 million was due to an increase in trade and other payables of S\$2.09 million due to the increase in business activities and advances from our Founder, Chairman and CEO, Neo Kah Kiat, and Executive Director, Liew Oi Peng. This was partially offset by an increase in trade and other receivables of S\$1.07 million due to the increase in business activities, an increase in prepayments of S\$0.14 million and an increase in inventories of S\$0.43 million.

Net cash used in investing activities

FY2010

In FY2010, our net cash used in investing activities amounted to approximately S\$6.81 million due mainly to the acquisition of properties, furniture and fittings, kitchen and office equipment and renovation and construction work carried out at our offices, kitchens and food retail outlets as well as the purchase of computers.

FY2011

In FY2011, our net cash used in investing activities amounted to approximately S\$2.62 million due mainly to the acquisition of properties, furniture and fittings, kitchen and office equipment and renovation work carried out at our new food retail outlets as well as the purchase of computers.

FY2012

In FY2012, our net cash used in investing activities amounted to approximately S\$10.69 million due mainly to the acquisition of land held for development at 30B Quality Road, furniture and fittings, kitchen and office equipment and renovation work carried out at our offices, kitchens and new food retail outlets as well as the purchase of motor vehicles and computers.

Net cash from/(used in) financing activities

FY2010

In FY2010, our net cash from financing activities amounted to approximately S\$2.87 million, due mainly to (i) the drawdown of bank borrowings of S\$2.57 million, partially offset by the repayment of bank borrowings of S\$0.16 million; (ii) the payment of dividends of S\$0.15 million to the then shareholders of our subsidiaries; and (iii) the proceeds from the issuance of shares of S\$0.75 million resulting from the establishment of Neo Garden Catering, Deli Hub, Orange Clove, Niwa Sushi and H-Cube.

FY2011

In FY2011, our net cash used in financing activities amounted to approximately S\$0.89 million, due mainly to (i) the drawdown in bank borrowings of S\$0.71 million offset by the repayment of our bank borrowings of S\$0.53 million; and (ii) the payment of dividends of S\$0.90 million to the then shareholders of our subsidiaries.

FY2012

In FY2012, our net cash from financing activities amounted to approximately S\$5.25 million, due mainly to (i) the drawdown of bank borrowings of S\$7.04 million, partially offset by the repayment of bank borrowings of S\$0.55 million; (ii) the payment of dividends of approximately S\$1.00 million to the then shareholders of our subsidiaries.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure and divestments

Our major capital expenditure and divestments in each of FY2010, FY2011, FY2012, and for the period from 1 February 2012 up to the Latest Practicable Date are set out below:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	From 1 February 2012 to the Latest Practicable Date (S\$'000)
Expenditure ⁽¹⁾				
Land held for development	—	—	8,856	—
Leasehold Properties	943	14	203	—
Plant and Equipment	1,575	1,516	1,278	385
Renovation	490	427	450	288
Construction-in-progress	1,884	685	170	—
Total	4,892	2,642	10,957	673

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	From 1 February 2012 to the Latest Practicable Date (S\$'000)
Divestments ⁽²⁾				
Leasehold Properties	—	—	—	818
Plant and Equipment	92	25	64	211
Renovation	—	12	60	80
Construction-in-progress	—	—	—	—
Total	92	37	124	1,108

Notes:

- (1) This relates to the cost of property, plant and equipment acquired during the respective financial years.
- (2) This relates to the cost of property, plant and equipment disposed of / written-off during the respective financial years.

The main expenditure in FY2012 relates to the land held for development located at 30B Quality Road.

Operating Lease Commitments

We lease various food retail outlets, office spaces and central kitchens under non-cancellable operating leases.

As at 31 January 2010, 31 January 2011 and 31 January 2012, certain of our food retail outlets have variable lease charges that ranged from 1% to 15%, 1% to 15% and 1% to 14% respectively of targeted gross sales as stipulated on the lease agreement and are negotiated for an average term of three years.

The future minimum lease payable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities are as follows:

	← As at 31 January →		
	2010 (S\$'000)	2011 (S\$'000)	2012 (S\$'000)
Not later than one financial year	616	1,143	1,584
Later than one financial year but not later than five financial years	694	1,241	1,326
	1,310	2,384	2,910

As at the Latest Practicable Date, we have operating lease commitments amounting to approximately S\$1.18 million which will be paid out of our cash flows from operations.

Capital commitments

As at 31 January 2012, we have commitments for capital expenditure amounting to S\$84,000 which relates to the construction-in-progress for the extension and additions to leasehold properties.

As at Latest Practicable Date, we do not have any material commitment for capital expenditure.

FOREIGN EXCHANGE EXPOSURE

Our Group does not have significant exposure to foreign currency risk at the end of each of FY2010, FY2011 and FY2012.

CAPITALISATION AND INDEBTEDNESS

The following table shows our cash and cash equivalents, capitalisation and indebtedness:

- (a) based on the unaudited combined statement of financial position of our Group as at 30 April 2012; and
- (b) as adjusted for the Restructuring Exercise and the net proceeds from the issuance of the New Shares.

(\$'000)	Unaudited as at 30 April 2012	Unaudited as at 30 April 2012, as adjusted for the Restructuring Exercise and the net proceeds from the issuance of the New Shares
Cash and bank balances	3,294	4,047
Fixed deposits pledged	51	51
<u>Short term indebtedness</u>		
Current portion of bank borrowings – secured and guaranteed	1,405	1,276
Current portion of finance lease payables – secured and guaranteed	87	87
Non-trade payables to Directors – unsecured and non-guaranteed	986	986
<u>Long term indebtedness</u>		
Non-current portion of bank borrowings – secured and guaranteed	7,010	6,732
Non-current portion of finance lease payables – secured and guaranteed	–	–
Total indebtedness	9,488	9,081
Capital and reserves		
Share capital	650	500
Merger reserves	100	(326)
Retained earnings	9,549	9,650
Total capital and reserves	10,299	9,824
Total capitalisation and indebtedness	19,787	18,905

As at 30 April 2012, our cash and cash equivalents amounted to approximately S\$3.35 million, comprising S\$3.29 million of cash at bank and on hand, and S\$51,000 pledged as security for bank facilities granted to our Group by a financial institution.

As at 30 April 2012, we had total indebtedness of approximately S\$9.49 million, comprising bank borrowings of S\$8.42 million, non-trade payables to Directors of S\$0.99 million, and finance lease payables of S\$87,000.

From 1 May 2012 to the Latest Practicable Date, there were no material changes in our capitalisation and indebtedness as disclosed above, save for changes in our retained earnings arising from day-to-day operations in the ordinary course of business.

To the best of our Directors' knowledge and belief, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position or financial results or business operations.

Save as disclosed above, we have no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading credits) or acceptance credits, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities as at 30 April 2012.

GENERAL INFORMATION ON OUR GROUP

HISTORY

Our Company was incorporated in Singapore on 22 March 2012 under the name “Neo Group Pte. Ltd.” as a private limited company under the Companies Act. On 13 June 2012, our Company was converted to a public company limited by shares and our name was changed to “Neo Group Limited”. In conjunction with the listing of our Company on Catalist, the Restructuring Exercise was undertaken by our Company. Pursuant to the Restructuring Exercise, our Company became the ultimate holding company of our subsidiaries, Neo Garden Catering, Orange Clove, Deli Hub, Niwa Sushi, H-Cube and NKK Import & Export.

Our history can be traced to 1992 when Neo Garden Restaurant was established by Neo Kah Kiat as a sole-proprietorship to carry on a buffet catering business and provide packed lunches and home delivery meals primarily to families under the “Neo Garden Restaurant” brand name. Neo Garden Restaurant commenced its operations from a shared kitchen in Joo Chiat with an area of approximately 2,000 sq ft, supported by one vehicle, five sub-contract vehicles and eight to 10 employees. Mr Neo’s philosophy “we deliver the restaurant to you” encompasses his aim of providing restaurant quality food in the comfort and convenience of his customers’ own premises.

In or about 1994, as its business expanded, Neo Garden Restaurant shifted its business operations from the shared kitchen to a coffee shop at Block 406 Jurong West Street 42 #01-583, Singapore 640406 with an area of approximately 4,000 sq ft, supported by five delivery vehicles, 10 sub-contract vehicles and over 30 employees.

In 2004, to accommodate the increasing business volume, Neo Garden Restaurant purchased the factory premises at 6A Wan Lee Road with a built-in area of approximately 7,500 sq ft as its office and set up its central kitchen at the premises. Its fleet of delivery vehicles was increased to eight, its sub-contract vehicles increased to over 20 and its staff strength increased to over 50 employees.

Since 2004, we invested in machinery and embarked on an initiative to develop modern methods to standardise our production processes in order to ensure consistency in the quality of certain dishes such as fried rice and fried bee hoon.

Neo Garden Catering

In March 2008, our subsidiary, Neo Garden Catering, was incorporated to take over the Food Catering Business previously carried on under Neo Garden Restaurant. In August 2008, Neo Garden Catering acquired the factory premises at 6A Wan Lee Road for use as our headquarters and central kitchen.

In 2009, Neo Garden Catering started offering the “Buffet Express” service to its customers, to cater for last minute events or emergency orders where, subject to capacity constraints, a full buffet for selected menus can be arranged within three hours (inclusive of delivery time) from confirmation of an order.

In January 2010, Neo Garden Catering decided to venture into the restaurant business and together with its business associates incorporated Neo @ 406 Restaurant to operate a Chinese restaurant at Block 406 Jurong West Street 42 #01-583, Singapore 640406. With a view to streamline its operations and focus on the Food Catering Business, Neo Garden Catering disposed of its entire equity interest in Neo @ 406 Restaurant to an unrelated third party at a sale consideration of S\$460,000 in December 2010.

In 2011, we commenced building extension works at our 6A Wan Lee Road central kitchen by adding approximately 3,000 sq ft of space to increase our office space and production capacity.

Deli Hub

Having observed a growing demand for Halal food catering services, we incorporated Deli Hub in November 2004 with a view of providing catering services for competitively priced and quality Halal buffets, high-tea and barbeque feasts, in order to capture a wider consumer market. Apart from the Chinese kitchen of approximately 4,000 sq ft in area, our central kitchen at 6A Wan Lee Road (Level 3) was also equipped with a Halal kitchen with an area of approximately 1,800 sq ft to support the operations of our Halal food catering services. We obtained the Halal certification from MUIS in 2005 and started supplying halal food catering services through Deli Hub.

Orange Clove

In 2008, leveraging on the expertise we gained in providing food catering services for private functions and events, we decided to expand our food catering services to higher-end corporate and community functions and to provide value-added services such as the provision of customised theme parties according to our customers' preferences, specifications and budgets. Orange Clove was incorporated in May 2008 for this purpose.

In the same year, in line with our business expansion and in order to increase our kitchen capacity, we set up our central kitchen at #05-03/04 Enterprise One to support our operations under Orange Clove. In subsequent years, we expanded our central kitchen to include the two adjoining units at #05-05/06. Our central kitchen at these premises had a combined kitchen areas of approximately 8,912 sq ft.

Niwa Sushi

Our food retail operations started in 2007 under H-Cube (partnership). Subsequently, Niwa Sushi was incorporated in November 2008 to take over and carry on our Food Retail Business under our then "Niwa Sushi" brand, which was rebranded to "Umisushi" in 2010.

In 2007, we established our first food retail outlet at the Eunos MRT station, in order to capitalise on the high level of human traffic and to cater to customers working and living in the suburban housing estates. Our focus was on providing traditional Japanese food at affordable prices in a quick service environment which allows dine-in and take away. Due to our quality food, competitive prices and efficient service, our food retail outlet was well-received by our customers.

Encouraged by the success of our first food retail outlet, we opened our second food retail outlet in the city area at Tiong Bahru Plaza in 2008. Since 2008, we continued our expansion of food retail outlets at strategic locations at the MRT stations and shopping malls with high human traffic. As at the date of this Offer Document, we have a total of 16 food retail outlets.

H-Cube

In November 2008, H-Cube was incorporated primarily to process and supply Japanese food products to our food retail outlets.

In 2008, we set up our central kitchen at Shimei East Kitchen with a kitchen area of approximately 3,000 sq ft to support the operations of our food retail outlets. We centralised the processing of all food ingredients used by all our food retail outlets at the central kitchen.

With the rapidly increasing number of food retail outlets operated by our Group, in 2010, we set up our second central kitchen at #01-12 Jalan Tepong with a kitchen area of approximately 2,573 sq ft to supply and process food ingredients for our food retail outlets. We also store some of our inventories at these premises.

NKK Import & Export

Realising the importance of having a constant and reliable supply of ingredients of the highest quality, we incorporated NKK Import & Export in March 2010 as a general wholesale trading company to act as the supply arm of our Group to source for and provide quality food products (such as meat and seafood), food sauces, canned food, disposable packaging and utensils. Through bulk purchases, we are able to enjoy better pricing from our suppliers.

As at the Latest Practicable Date, we operate central kitchens in four locations to support our Food Catering Business and Food Retail Business.

In June 2011, with a view to consolidate most of our central annual kitchens, offices, warehouses and other F&B operations in one location to increase our efficiency and annual production capacity, we entered into an option to acquire a property located at 30B Quality Road with an area of approximately 122,149.93 sq ft at a purchase consideration of S\$8.80 million.

The acquisition was completed in October 2011 and the purchase consideration has been fully paid. The purchase consideration was funded by our internal resources and bank borrowings. Subject to all the necessary approvals, we intend to redevelop the property into a multi-storey building in phases over the next three years commencing in the first quarter of 2013.

When fully operational, we expect the premises have a daily capacity to cater to approximately 1,000 events, which would translate into serving approximately 30,000 headcounts a day. Please refer to the sections entitled “General Information on our Group - Properties and Fixed Assets”, “General Information on our Group - Production Capacity and Facility” and “General Information on our Group - Business Strategies and Future Plans” of this Offer Document for more details.

BUSINESS OVERVIEW

We are a leading food catering group with some of the most recognised brand names in Singapore. In a report dated April 2012, we were ranked by Euromonitor as the number one events caterer in Singapore.

Through our “Neo Garden Catering”, “Orange Clove” and “Deli Hub” brands, we supply buffets spanning a wide variety of styles and prices to suit a diverse range of occasions, from private to corporate and community functions (“Food Catering Business”).

Our offerings in the catering business include daily meal delivery services, Halal-certified food as well as catering for last minute events or emergency orders.

In addition to the Food Catering Business, we also operate a successful chain of 16 food retail outlets as at the date of this Offer Document under our “Umisushi” brand offering Japanese convenience food (“Food Retail Business”).

As testament to our commitment to quality, we have received several awards over the years, including Singapore Prestige Brand Award (Established Brands), Singapore Prestige Brand Award (Most Popular Established Brand), Successful Entrepreneur (Platinum Category) Award and Excellent Service Award in 2011.

To support the operations of our Food Catering Business and Food Retail Business, we have central kitchens in four locations in the eastern and western parts of Singapore, a fleet of 107 vehicles (of which 87 are sub-contract vehicles) and over 330 operational and logistics staff. We also have an established network of delivery subcontractors that we may tap on to meet our delivery requirements and to ensure timely delivery of our food.

For FY2010, FY2011 and FY2012, we recorded revenues of S\$22.65 million, S\$30.00 million and S\$38.38 million, and profit for the financial year of S\$2.21 million, S\$2.79 million and S\$5.38 million respectively.

We set out below a detailed description of each of our businesses.

Food Catering Business

We offer catering services for a wide range of private functions and corporate and community events. We provide catering services to individuals for private functions such as weddings, housewarming parties, baby showers and birthday celebrations, and also to corporations for events such as conferences, seminars, product launches and opening ceremonies.

We offer our customers a wide selection of buffet menus that include international, Chinese and local cuisines, which are tailored according to our customers' tastes and budgets. Our menus are supplemented by side dishes, desserts and drinks. Our menus are designed for breakfast, lunch, high-tea, dinner, supper or barbeque and may be customised for specific functions or theme parties. To cater to the Muslim community in Singapore, we (through our subsidiaries, Orange Clove and Deli Hub) have obtained the Halal certifications issued by MUIS which allow us to provide food catering services to our Muslim customers.

To serve the different needs of our customers, we provide food catering services under our "Neo Garden Catering", "Orange Clove" and "Deli Hub" brands:

(a) Neo Garden Catering

Neo Garden Catering provides non-Halal buffet menus and caters to the middle class market. Our menus are a popular choice during periods such as Lunar New Year and Lunar Seventh Month. Some of our best-sellers are Nyonya laksa, curry chicken and pastries. Our target customers are households who require our services for private functions and corporations which require our services for corporate events.

Neo Garden Catering also provides a "Healthier Choice" menu option. Targeted at customers who are more conscious of the nutritional and health value of their food intake, food prepared under this menu contain less fat, salt and sugar, and more vegetables and fruits.

Through Neo Garden Catering, we provide a daily meal delivery or "tingkat" service from Mondays to Fridays to households which prefer the convenience and time-saving option of prepared meals delivered to their doorsteps. Contracts for our meal delivery services are generally for a period of one month.

Through Neo Garden Catering, we also provide other value-added services as and when requested by our customers as follows:

- (i) the supply of alcohol to complement the buffet; and
- (ii) the provision of yacht rental services whereby our customers are able to enjoy a range of our buffet menus and customised packages while cruising in the chartered yacht.

(b) Orange Clove

"Delivering a world of good taste" is the philosophy for Orange Clove.

Targeted at the middle to upper class market and corporations, Orange Clove specialises in Halal events catering of an international spread. Through Orange Clove, we also provide other value-added services such as the provision of chefs to carry out on-site cooking, more elaborate decorating services for buffet lines, and customised theme parties (such as "Halloween", "Christmas", "pirates" and "safari" themes) according to our customers' preferences, specifications and budgets. In addition, we also supply a wide variety of cakes such as birthday cakes, Christmas log cakes and wedding cakes. Orange Clove is a popular choice for wedding and cocktail receptions.

(c) Deli Hub

As a value for money caterer that caters Halal certified food, Deli Hub specialises in providing Halal Asian buffets, high-tea and barbeque feasts at affordable prices. Deli Hub targets at mass market consumer segment and its target customers include corporations and public sector institutions such as community centres and schools.

Through our subsidiary in the Food Retail Business, Niwa Sushi, we are also able to offer our customers the option of having an on-site chef to prepare Japanese dishes such as sashimi and tempura through a live 'station' as a supplement to any of their buffet packages.

We provide two main types of catering services, namely 'set-up' and 'drop-off' catering services:

(a) "Set-up" catering services

Our set-up catering services apply to regular buffet packages which are generally for a minimum of 20 persons.

Our set-up catering services involves the actual setting up of full table settings, dish warmers, disposable utensils, serviettes, condiments and garbage bags by our staff at our customers' specified locations. After the event, our staff will assist in dismantling and clearing of the buffet line set-ups.

(b) "Drop-off" catering services

Our drop-off catering services cater to smaller functions with a minimum of 10 persons. It applies to, among others, our mini buffets and party packs as further described below.

Our drop-off catering services involve merely the delivery of food to our customers, without providing any setting-up or cleaning services. Food is delivered in disposable containers, and hence no collection is necessary. Disposable utensils are provided with each order.

Apart from our standard buffet which caters for a minimum of 20 persons, we also offer mini buffets and party packs to cater to smaller functions. Our mini buffet service can cater for a minimum of 10 persons, and is offered by all our catering brands. Our party packs, which carry set menus, are offered by Neo Garden Catering and Orange Clove and are available in sets of 10 person packs. A full set of disposable utensils is included in each pack.

We employ a dedicated chef for each food type. Hence, a team of chefs is responsible for the entire buffet. With each chef taking charge of an area of specialty, food quality and consistency are maintained. Furthermore, as dishes are prepared simultaneously by the different chefs, all dishes for a single order are ready at about the same time thereby ensuring that all the dishes will be warm and fresh on delivery. To ensure freshness and quality of our food on delivery, all orders are cooked approximately 45 minutes to one and a half hours prior to delivery and are subject to stringent quality checks prior to delivery.

As at the Latest Practicable Date, we are generally able to serve up to 15,000 headcounts per day. We are also able to offer a "Buffet Express" service for last minute events or emergency orders where, subject to capacity constraints, a full buffet for selected menus can be arranged within three hours (inclusive of delivery time) from confirmation of an order.

We derived approximately 86.6%, 83.1% and 78.1% of our revenue from our Food Catering Business in FY2010, FY2011 and FY2012 respectively.

Food Retail Business

Through our wholly-owned subsidiary, Niwa Sushi, we operate our food retail outlets under our "Umisushi" brand in Singapore, mainly near MRT stations and in shopping malls with high human traffic.

Our food retail outlets under our "Umisushi" brand offer a wide variety of quality sushi, sashimi and bento sets at affordable prices. Our menu is supplemented by other Japanese-style appetisers and side dishes. Apart from take away orders, some of our food retail outlets also provide dining-in services suitable for a quick office lunch or dinner. We believe that the success of our food retail outlets lies in the accessibility of our outlets, our efficient service and our ability to provide high quality food at competitive prices.

We also offer delivery services for a range of products on our delivery menu, which includes a variety of party platters, bento sets, sashimi platters and mini platters. Orders can be placed through our Umisushi website or over the phone.

Our Food Retail Business is headed by our Executive Director (Food Retail), Liew Choh Khing, who is assisted by a team of 21 staff comprising managers, supervisors and executives and has over 130 staff.

We station between three and five service employees at each food retail outlet, depending on the size and sales volume of the food retail outlet. Each food retail outlet has a team leader to supervise the operations. The employees prepare the food products according to cooking procedures specified in our in-house operations manual and transact sales with customers. Our service employees are trained in customer service, product knowledge and inventory control. Regular hygiene maintenance for the food retail outlets is conducted by each outlet's staff on a daily basis. Other maintenance, such as pest control and chiller maintenance are outsourced to third parties.

Our target customers include students, working adults and young families.

As at the date of this Offer Document, we operate 16 food retail outlets under our "Umisushi" brand in Singapore:

	Location	Date of commencement of operations
(1)	30 Eunos Crescent #01-12, Eunos MRT Station, Singapore 409423	April 2007
(2)	3 Simei Street 6 #01-02, Eastpoint Mall, Singapore 528833	June 2008
(3)	302 Tiong Bahru Road, #B1-26 Tiong Bahru Plaza, Singapore 168732	June 2008
(4)	20 Tampines Central 1 #01-04, Tampines MRT Station, Singapore 529538	June 2009
(5)	313 Orchard Road, #B3-41 313@ Somerset, Singapore 238895	January 2010
(6)	53 Ang Mo Kio Avenue 3, #B2-11 AMK Hub, Singapore 569933	February 2010
(7)	30 Paya Lebar Road #01-10, Paya Lebar MRT Station, Singapore 409006	December 2010
(8)	301 Boon Lay Way #01-14, Boon Lay MRT Station, Singapore 649846	January 2011
(9)	31 Jurong West Street 63 #02-06, Pioneer MRT Station, Singapore 648310	February 2011
(10)	10 Pasir Ris Central #01-17, Pasir Ris MRT Station, Singapore 519634	February 2011
(11)	5 Sims Avenue #01-03, Kallang MRT Station, Singapore 387405	May 2011
(12)	802 Bukit Batok West Avenue 5 #01-02, Bukit Gombak MRT Station, Singapore 659083	September 2011
(13)	200 Holland Avenue #B1-10, Holland Village MRT Station, Singapore 278995	October 2011
(14)	10 Jurong East Street 12 #01-02, Jurong East MRT Station, Singapore 609690	October 2011
(15)	5 Changi Business Park Central 1 #B1-K4/K5, Changi City Point, Singapore 486038	November 2011
(16)	460 Alexandra Road, #01-22 (Provisional) PSA Building (Alexandra Retail Centre) Singapore 119963	June 2012

We derived approximately 13.4%, 16.6% and 21.7% of our revenue from our Food Retail Business in FY2010, FY2011 and FY2012 respectively.

Food and Catering Supplies Business

Through NKK Import & Export and H-Cube, we source some of the food ingredients and catering supplies directly from manufacturers and/or distributors in order to ensure a timely supply of such products to both our Food Catering Business and Food Retail Business. NKK Import & Export also supplies food ingredients to third parties' F&B businesses while H-Cube supplies Japanese food products to third parties ("Food and Catering Supplies Business").

NKK Import & Export and H-Cube were initially set up as a means to reduce our reliance on third party suppliers and to ensure a timely supply of quality raw materials for our Food Catering Business and Food Retail Business. To ensure the quality of our raw materials, we have a list of approved suppliers which are assessed based on their reputation, reliability, quality, freshness and pricing of their products, purchase terms and timely delivery of their products. As we purchase our raw materials in bulk, we are generally able to enjoy better pricing and negotiate for more favourable terms from our suppliers.

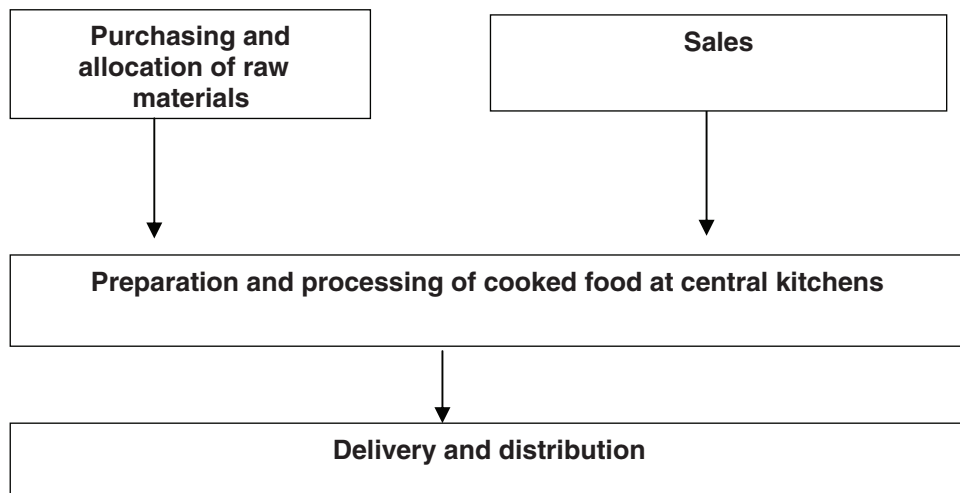
NKK Import & Export has supplied food ingredients to third parties while H-Cube has supplied Japanese food products to third parties although revenue from such services is not significant. However, our Directors believe that there is a possibility that our supply of food ingredients to third parties may grow in the future.

Revenue from our Food and Catering Supplies Business was not significant for the period under review.

PROCUREMENT PROCESS, SALES AND CENTRAL KITCHEN OPERATIONS

Our operations and management systems are based upon processes and controls that were developed by senior management, and have been implemented throughout our operations.

A diagrammatic depiction of our procurement process, sales and central kitchen operations is as follows:



(a) Purchasing and allocation of raw materials

We source for our raw materials including fish, meat, vegetables, fruits and dry products such as spices, condiments and rice, from both local and overseas suppliers.

Our raw materials are stored at our premises at #01-13 Jalan Tepong and a rented third party cold room.

Depending on the type of products, we generally stock up to three months of dry products and a limited amount of frozen seafood in our inventory.

Generally, perishables such as fruits and vegetables are delivered to our central kitchens on a daily basis and are stored for up to two days. Non-perishables are delivered to our central kitchens twice a week and are stored for up to two weeks.

(b) Sales

(i) Food Catering Business

For our Food Catering Business, we have a dedicated sales team to handle both our indoor and outdoor sales under our three catering brands.

Orders for our buffet packages can be placed through the respective brands' websites or over the phone. All telephone calls received from our customers or potential customers, regardless of the catering brands, are channelled to our centralised call centre situated at our premises at 6A Wan Lee Road. Our in-house telephone sales team would also make recommendations for customers' choice of catering brand and menu based on the requirements, preferences and budgets of each customer.

Upon receipt of sales orders, our sales team will input selected information such as the delivery location, date and time, menu and quantity of food required into our integrated computer system.

Our integrated computer system will then process the purchase orders into logistics information (comprising the packing list, delivery location, date and time) and order information (comprising the menu and quantity of food), which will in turn be forwarded to our packing department and the respective central kitchens for preparation concurrently.

(ii) Food Retail Business

For our Food Retail Business, apart from walk-in customers, all telephone calls received from our customers or potential customers relating to delivery services are also channelled to our centralised call centre situated at our premises at 6A Wan Lee Road.

Upon receipt of sales orders, our sales team will input selected information such as the delivery location, date and time, menu and quantity of food required into our integrated computer system.

Our integrated computer system will then process the purchase orders into logistics and order information, which will in turn be forwarded to our food retail outlets for preparation.

(c) Preparation and processing of food at central kitchens

As at the Latest Practicable Date, we operate central kitchens in four locations to support our business operations, as follows:

- (i) 6A Wan Lee Road which houses two sub-kitchens, primarily to support our "Neo Garden Catering" and "Deli Hub" brands;
- (ii) #05-03/04/05/06 Enterprise One primarily to support our "Orange Clove" brand;
- (iii) Shimei East Kitchen primarily to support our "Umisushi" brand; and
- (iv) #01-12 Jalan Tepong primarily to support our "Umisushi" brand.

As at 31 January 2012, our central kitchens in four locations were operated by over 130 kitchen staff.

Our central kitchens are equipped with all the necessary kitchen facilities, including cold rooms and freezers for the storage of perishable raw materials. Our central kitchens are also equipped with some fully or semi-automated production processes to increase our productivity, reduce our reliance on manpower and to ensure consistency in the quality of our food products.

Both our central kitchens at 6A Wan Lee Road (Level 3) and #05-03/04/05/06 Enterprise One to support our Deli Hub and Orange Clove operations respectively meet the certification requirements of MUIS for the preparation of Halal food. To maintain the Halal certifications issued to our two central kitchen facilities, we have implemented a system under which all the processes involved in the production and sale of our food products are monitored closely to ensure that our food products are processed, cooked, stored and packed in compliance with the requirements of Islamic laws. Any irregularities detected by the system will be rectified.

Although our Deli Hub central kitchen at 6A Wan Lee Road (Level 3) and our central kitchen at #05-03/04/05/06 Enterprise One operate independently of each other, they each serve as a secondary source of food supply to the other when demand exceeds the capacity of the other kitchen.

Our central kitchens for Umisushi prepare semi-processed food products (such as sushi rice, unagi and raw fish) for distribution to our food retail outlets. The preparation of ingredients such as sushi rice, unagi and raw fish is carried out at our central kitchens. The semi-processed food is then delivered to the various food retail outlets and is ready to be prepared and cooked as and when required.

(d) Delivery and distribution

Upon receipt of sales orders, our integrated computer system will process the sales order into logistics information and our operations personnel from the packing department will assist with pre-packing certain logistics items for delivery according to the information. Such logistics items include the utensils, table skirting, plates, napkins, and any special centrepieces that may be required. These pre-packed logistics items are then arranged by date and time of proposed delivery so that drivers can easily identify which items to take for each delivery.

After quality control checks, the pre-packed logistics items are loaded into the delivery vehicles along with the cooked food, to be delivered to our customers. We provide delivery to all locations in Singapore.

As at 31 January 2012, we have an experienced delivery team to support our Food Catering Business, which comprises 33 full-time drivers, 87 sub-contract drivers and 22 operations personnel who assist with pre-packing. We also have a fleet of 10 motorbikes and 107 vehicles to support our delivery and distribution operations, of which 87 are sub-contract vehicles.

For our Food Retail Business, as at 31 January 2012, we have 10 motorbikes to support our delivery and distribution operations.

We have an information system which is specifically customised and developed over the years to suit our business requirements and streamline our day-to-day operations. With such system, our production and operation processes including procurement and logistics, sales and production, are controlled by our integrated computer system, and real-time data is transmitted to the relevant departments. This facilitates the flow of information between different departments, which has greatly improved the speed, accuracy and efficiency of our production and delivery processes, controlled our costs and wastages, allowed us to be able to process many orders at the same time and increased our revenue. As at the Latest Practicable Date, GUI Solutions provides IT services to our Group. Please refer to the section entitled “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document for further details.

MARKETING

Our sales and marketing efforts are focused mainly on promoting public awareness of the various brands which we carry. Our Directors believe that an effective marketing strategy is a key component of our success. Our marketing team is headed by our Executive Director (Business Development), Lee Kwang Boon.

Through the formulation of our marketing strategies and our marketing activities, we aim to promote our brands and increase our market share.

Our marketing strategies include the following:

(a) Corporate websites

We operate and maintain a website of our Group at www.neogroup.com.sg and individual websites for each of our brands. As at the Latest Practicable Date, the following is a list of the websites for the brands that we maintain:

Brand	Website
Neo Garden Catering	www.neogarden.com.sg
Orange Clove	www.orangeclove.com.sg
Deli Hub	www.delihub.com.sg
Umisushi	www.umisushi.com.sg

Information contained in our websites does not constitute part of this Offer Document.

Our websites contain details of our services and products, food retail outlets, menus, offers and promotions, upcoming events and testimonials from our customers. The websites for our catering brands also allow customers to place online orders. Our websites also provide an avenue for our customers to make enquiries.

(b) Media and advertising

We promote our brands actively through social media platforms such as Facebook. For example, we have in the past offered Facebook users a chance to win prizes including a top prize of a year's supply of buffet or an iPad2 if they "liked" us on Facebook, which is a means of sharing our Facebook page with their friends and increasing our brand awareness. We update our Facebook pages regularly with news on our current promotions or contests and photos of our products. Customers are able to use our Facebook pages as an interactive platform for feedback, queries and reviews of our products and services, which serves to give us brand visibility and also makes our brands more accessible to our customers.

We also promote our brands and services through regular advertisements placed in print media such as magazines and newspapers, through brochures and catalogues sent by post and also on the radio. In addition, we also send out a monthly e-newsletter to members of our customer loyalty program and the recipients on our mailing list. Customers can sign up for our mailing list through any of our websites. Our e-newsletter provides updates on our current promotions, has information on our news, and also has quizzes and giveaways to be won.

As part of our advertising efforts, we also provide sponsorship for various events and functions around the country. For example, in 2011, we were one of the "Major Partner" sponsors for the National Day Parade 2011.

(c) Special menus and promotions

From time to time, we offer special menus and promotions for special events and holidays, such as Lunar New Year, Christmas, baby showers, Mothers' Day and Lunar Seventh Month.

For our Food Catering Business, in addition to special menus and promotions for special events and holidays, we also participate in joint marketing programs with banks whereby holders of certain credit cards may enjoy discounts off their bills during certain promotional periods.

For our food retail outlets, we offer special set menus at competitive prices on a regular basis to attract the lunch crowd. In addition, we offer student promotions at our food retail outlets. We also have various additional promotions such as our Umisushi EZ-link card sticker which, if pasted onto our customers' EZ-link cards, will entitle holders thereof to a 10% discount. We also participate in joint marketing programs with banks whereby holders of certain credit cards may enjoy discounts off their bills during certain promotional periods.

(d) Customer loyalty program

To reward returning customers and to promote a loyal following, we introduced a customer loyalty program in the form of a Neo Privilege Card. Customers can subscribe for membership with a sign up fee. On signing up, new members will receive a welcome gift in the form of vouchers with values exceeding the sign up fee, which may be used at any of our brands. The cards entitle the holders to discounts and privileges at our brands and with some of our marketing partners. We also organise certain special events such as buffet sampling for our members from time to time.

The Neo Privilege Card also has a referral scheme where card holders who recommend their friends to become members are rewarded with incentives, subject to certain terms and conditions.

In addition, we also have a Neo Corporate Card. Membership is offered to corporations with a minimum spending of S\$1,000 per annum at any of our catering brands, without a membership fee. Holders of such cards enjoy a 10% discount and each card is valid for up to two years.

For each of FY2010, FY2011 and FY2012, our advertising expenses were approximately \$0.91 million, \$1.17 million and \$1.34 million respectively, representing approximately 4.5%, 4.3% and 4.2% respectively of our total items of expense in each of the relevant periods.

QUALITY CONTROL

We are committed to delivering quality food to our customers as well as maintaining the cleanliness and hygiene at all our central kitchens and food retail outlets in accordance with standards set by the relevant government authorities. As testament to our commitment to quality, save for our food retail outlet at 20 Tampines Central 1 #01-04, Tampines MRT Station, Singapore 529538 which is currently under assessment by the NEA, all our food retail outlets and central kitchens have either an "A" or a "B" grading based on housekeeping, food hygiene and personal hygiene. Please refer to the section entitled "General Information on our Group - Government Regulations" of this Offer Document for more details. Moreover, we have in April 2012 obtained HACCP certifications for our central kitchens that support our Food Catering Business operations at 6A Wan Lee Road and #05-03/04/05/06 Enterprise One in respect of the food safety management system for the provision of event and/or institutional catering services.

We recognise that our ability to provide a consistently high quality food to our customers is critical to the success of our business. To achieve this, we maintain a comprehensive quality control programme which consists of various internal quality control procedures and measures, as follows:

(i) Raw material control

The quality of raw materials is critical to the final quality and safety of the food products produced. In sourcing for our raw materials, we apply strict criteria, including evaluating the supplier's reputation for integrity, and the quality of the products supplied. In addition, when raw materials are delivered to our warehouse, we conduct visual inspections in relation to, *inter alia*, the appearance,

packaging, date of production, expiry date and net weight. With respect to fresh produce, dairy products and meat, we may require verification of relevant approval documents and certificates before taking delivery. Where the raw materials are not of an acceptable quality, they will be rejected and returned to the suppliers.

To ensure that we use fresh ingredients, we have put in place, as part of our quality control procedures, the maximum storage time permitted for each type of ingredients.

Generally, perishables such as fruits and vegetables are delivered to our central kitchens on a daily basis and are stored for up to two days. Non-perishables are delivered to our central kitchens twice a week and are stored for up to two weeks.

(ii) Cleanliness and hygiene control

We ensure that our production facility is clean and our equipment adequately sanitised in order to reduce microbial, physical and chemical impurities in our food products. All preparation surfaces are cleaned and sanitised. At the end of the day, floors and equipment in our central kitchen facilities are also cleaned and sanitised.

Our production facility employees are required to practice good personal hygiene. For example, they must be properly attired in uniforms and footwear provided by us, wash and sanitise their hands upon entering the processing areas and wear disposable gloves when handling our food products.

Our operations managers and supervisors conduct regular checks of the cleaning and sanitisation procedures at our kitchen facilities on a daily basis. They also conduct regular checks on the cleanliness and hygiene practices at our food retail outlets.

(iii) Product quality control

We have implemented standardisation processes to ensure consistency in the quality of our dishes. We have a standardised recipe for each dish, to ensure that our kitchens prepare, portion and season all ingredients in a standardised manner. Dishes that do not meet our requisite quality standards are promptly discarded. We also do not recycle the cooking oil used during our food preparation.

To ensure the freshness of our dishes for our Food Catering Business, each order is cooked approximately 45 minutes to one and a half hours before the required delivery time. We also print individual labels on the packaging of each order specifying the time of preparation and packaging along with the recommended time within which the food should be consumed, which is within three hours from the time the food is cooked. All outgoing prepared food products undergo random quality inspection by our quality control officer before they are allowed to leave our premises.

For our Food Retail Business, we deliver raw materials twice a day to ensure freshness. We have implemented strict quality control procedures at our food retail outlets to ensure that our food products sold are of consistent quality and freshness. Our in-house operations manual sets out strict procedures concerning food handling and management at our food retail outlets. To ensure the freshness of our food products, all our semi-processed food products are prepared daily at our central kitchens and sent to our food retail outlets, where orders are prepared on-site according to the procedures set out in our operations manual. Food products prepared on a particular day have to be sold within the same day. Any food products that are not sold on the day they are prepared will be discarded.

(iv) Halal certification control

To maintain the Halal certifications issued to our two central kitchens, we have implemented a system under which all the processes involved in the production and sale of our food products are monitored closely to ensure that our food products are processed, cooked, stored and packed in compliance with the requirements of Islamic laws. Any irregularities detected by the system will be rectified.

(v) Feedback from customers

To continuously improve our product quality and service standard, our marketing team proactively reaches out to our customers by sending SMS to our customers to obtain their feedback after each buffet and by making regular visits to our food retail outlets to obtain market feedback. We have also implemented other channels for collating customers' feedback, such as (i) a customer service hotline; and (ii) online feedback avenues through our websites and Facebook. We also have internal guidelines for the handling of customer feedback and complaints. Upon receipt of any feedback from our customers, we will, where appropriate, implement measures to improve our quality control procedures and our products and services.

STAFF TRAINING

We believe that our staff are one of our most valuable assets and have contributed to the success of our Group. We place strong emphasis on staff training to equip our staff with the requisite skills and knowledge so that they will be able to perform according to their scope of work on an optimal level.

Our training programmes can be classified into the following four main categories:

(a) Orientation training

All new employees are required to undergo orientation programmes conducted by our human resource department (for office staff) or operational manager (for operational staff) to familiarise themselves with our Group's corporate identity, policies and standard operation practices. These programs are conducted in-house with emphasis on matters relating to employee conduct and discipline, housekeeping, hygiene, quality and safety awareness.

(b) Technical training

Technical training is aimed at providing our employees with the necessary skills and knowledge for their respective job functions to ensure that their performance attains our desired standards. For example, new chefs who join us as trainee chefs are required to undergo one month of training under our experienced chefs before they are allowed to handle the cooking of a dish on their own. Moreover, all our food retail outlets staff are required to undergo training in food handling procedures.

We believe that the technical competence and familiarity of our employees with our menu and products are instrumental in maintaining our competitive position. We provide regular trainings for our staff to keep them abreast with the latest trends, menu and product knowledge and new technologies in our industry.

(c) On-the-job training

On-the-job training reinforces the technical training our staff undergo and is managed by the employees' immediate supervisors. Immediate supervisors will closely monitor individual staff and impart practical skills and working knowledge necessary for them to perform their tasks according to the required performance standards. Such on-the-job training for our staff includes product knowledge, equipment operation and quality assurance.

(d) Continuing education

To stay competitive at all times and to ensure that our employees keep abreast of the latest developments in our industry, we send selected employees to participate in seminars, conferences and training courses from time to time, such as those relating to customer service and communication skills, food hygiene standards, design and decoration courses and leadership courses.

As most of our in-house training was conducted internally, the amount incurred in relation to staff training over the past three financial years has not been significant.

AWARDS AND CERTIFICATIONS

As testament to our commitment to quality, our Group has received several awards and certifications over the years, some of which are set out below.

Year	Award / Certification
2010	Spirit of Enterprise Award Honours 2010
2011	SME1 Asia Awards - Distinguished Award 2011 (Top 5)
2011	Singapore Prestige Brand Award (Established Brands)
2011	Singapore Prestige Brand Award (Most Popular Established Brand)
2011	2011 Successful Entrepreneur (Platinum Category)
2011	Singapore SME 1000 Company 2011
2011	Excellent Service Award 2011
2012	HACCP Certificate – Food Safety Management System (Provision of Event Catering Services) – Neo Garden Catering (6A Wan Lee Road)
2012	HACCP Certificate – Food Safety Management System (Provision of Event and Institutional Catering Services) – Deli Hub (6A Wan Lee Road- Level 3)
2012	HACCP Certificate – Food Safety Management System (Provision of Event Catering Services) – Orange Clove (#05-03/04/05/06 Enterprise One)

INSURANCE

We have taken up insurance policies for risks such as fire, public liability and work injury compensation.

The above insurance policies are reviewed annually to ensure that they adequately satisfy both regulatory and business requirements. We may increase the coverage if we deem it necessary and appropriate.

We have not experienced any difficulties obtaining or renewing our insurance policies, or on realising claims under any of our insurance policies. As at the Latest Practicable Date, our Directors believe that the policy specifications and insured limits of these insurances are in line with normal commercial practice. Save as disclosed under the section entitled “Risk Factors” of this Offer Document, our Directors believe that the coverage from these insurance policies is adequate for our present operations. However, significant damage to our operations or to any of our properties, whether as a result of fire and/or other causes, may still have a material adverse impact on our results of operations or financial condition.

PRODUCTION CAPACITY AND FACILITY

For our Food Catering Business, we produce dishes and desserts at our central kitchens located at:

- (a) 6A Wan Lee Road, which has an aggregate built-in floor area of approximately 12,346 sq ft; and
- (b) #05-03/04/05/06 Enterprise One, which has an aggregate built-in floor area of approximately 8,912.52 sq ft.

For our Food Retail Business, we prepare semi-processed food products for distribution to our food retail outlets at our central kitchens located at:

- (a) Shimei East Kitchen, which has a built-in floor area of approximately 3,013.89 sq ft; and
- (b) #01-12 Jalan Tepong, which has a built-in floor area of approximately 2,572.57 sq ft.

Taking into consideration the size of our central kitchens, current kitchen facilities, number of vehicles used to support our food catering operations and current staff strength, we estimate that we have the capacity to cater to a daily average of 10,000 headcounts. Our annual productive capacity and average utilisation rate for our Food Catering Business in each of the last three financial years were as follows:

	FY2010	FY2011	FY2012
Annual productive capacity (million) ⁽¹⁾	2.19	2.92	3.65
Actual annual headcount (million)	1.33	1.56	1.92
Average utilisation rate (%) ⁽²⁾	60.7	53.4	52.6
Average daily capacity ⁽³⁾	6,000	8,000	10,000
Maximum daily capacity ⁽⁴⁾	9,000	12,000	15,000

Notes:

- (1) The annual productive capacity is computed as follows:

Annual productive capacity = Average daily capacity x 365 days

- (2) The average utilisation rate is computed as follows:

Average utilisation rate = Actual annual headcount / Annual productive capacity

- (3) Our average daily capacity is computed based on the average number of catering operations staff in the respective years working on eight hours production time per day.

- (4) We have in the past experienced exceptionally high demand where we have exceeded the above stated maximum daily capacity during festive seasons such as Christmas and Lunar New Year. In conjunction with such festive seasons, we introduced special menus and deployed more temporary staff. For example, for the Lunar New Year in 2012, we have catered for about 800 events serving up to 23,000 headcounts in a day.

Expansion of production capacity

We intend to consolidate most of our central kitchens, offices, warehouses, logistics and other F&B related operations in the same location to increase our efficiency and annual production capacity. To this end, we had in 2011 acquired a property located at 30B Quality Road with an area of approximately 122,149.93 sq ft at a purchase consideration of S\$8.80 million.

The acquisition was completed in October 2011 and the purchase consideration had been fully paid. The purchase consideration was funded by our internal resources and bank borrowings.

Subject to all the necessary approvals, we intend to redevelop the property into a multi-storey building. The current estimated total construction and renovation costs of the building are approximately S\$19.00 million. The investment will be financed by our internal funding and bank borrowings.

Barring unforeseen circumstances, we intend to develop the property in phases over the next three years commencing in the first quarter of 2013. When fully operational, we expect the premises to have a daily capacity to cater to approximately 1,000 events, which would translate into serving approximately 30,000 headcounts a day. Please refer to the sections entitled “General Information on our Group - Properties and Fixed Assets” and “General Information on our Group - Business Strategies and Future Plans” of this Offer Document for further details.

PROPERTIES AND FIXED ASSETS

As at 31 January 2012, we held the following property as land held for development.

Owner	Location	Approximate area	Tenure	Use of property	Encumbrances
Neo Garden Catering	30B Quality Road	122,149.93 sq ft	60 years leasehold, with effect from 1 September 1969	Land held for development (Please see Note 1 below)	Mortgaged to United Overseas Bank Limited

As at 31 January 2012, the properties owned by our Group are set out below:

Owner	Location	Approximate area	Tenure	Use of property	Encumbrances
Neo Garden Catering	6A Wan Lee Road	613.9 sq m	30 years leasehold, with effect from 1 January 1987 and a further term of 22 years 9 months 18 days from 1 January 2017	Office, central kitchen	Mortgaged to United Overseas Bank Limited
Neo Garden Catering	#05-06 Enterprise One ⁽²⁾	214 sq m	60 years leasehold estate commencing from 9 July 1996	Central kitchen	Mortgaged to Oversea-Chinese Banking Corporation Limited
Deli Hub	#01-13 Jalan Tepong	256 sq m	23 years with effect from 1 March 2008	Warehouse	–
Deli Hub	10E Enterprise Road ⁽³⁾	653 sq m	30 years leasehold, with effect from 12 June 2007	Logistics hub	Mortgaged to United Overseas Bank Limited
Deli Hub	8A Admiralty Street #06-01, Singapore 757437	345 sq m	60 years leasehold, with effect from 9 October 2000	Rented to third party	Mortgaged to DBS Bank Ltd
Deli Hub	8A Admiralty Street #06-02, Singapore 757437	345 sq m	60 years leasehold, with effect from 9 October 2000	Rented to third party	Mortgaged to DBS Bank Ltd

Notes:

- (1) Upon completion of the construction works, we intend to use this premises to house most of our central kitchens, offices, logistics and storage facilities and other F&B related operations. Please refer to the section entitled “General Information on our Group - Production Capacity and Facility” of this Offer Document for further details.
- (2) On 30 April 2012, Neo Garden Catering (as the vendor) entered into an agreement with Twinkle Investment (an interested person) (as the purchaser) in respect of the sale and purchase of the property located at #05-06 Enterprise One at a cash consideration of S\$1.10 million. Following the completion of such sale, Orange Clove will be leasing such premises from Twinkle Investment. Please refer to the section entitled “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document for further details.
- (3) Deli Hub leased the second and third floor of 10E Enterprise Road to Perdure Technology and GUI Solutions respectively. Please refer to the section entitled “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document for further details.

As at the date of this Offer Document, the properties leased by our Group are set out below:

No	Tenant	Location	Approximate area (sq ft, unless otherwise stated)	Use of property	Lease period	Lessor
1	Orange Clove	#05-03 Enterprise One	2,196	Central kitchen	3 years from 1 February 2012, with an option to renew for a term of 3 years and upon its expiry, an option to renew for a further term of 3 years	Neo Kah Kiat and Liew Oi Peng
2	Orange Clove	#05-04 Enterprise One	2,217	Central kitchen	3 years from 1 February 2012, with an option to renew for a term of 3 years and upon its expiry, an option to renew for a further term of 3 years	Neo Kah Kiat
3	Orange Clove	#05-05 Enterprise One	2,196	Central kitchen	3 years from 1 February 2012, with an option to renew for a term of 3 years and upon its expiry, an option to renew for a further term of 3 years	Neo Kah Kiat and Liew Oi Peng
4	H-Cube	Shimei East Kitchen	3,014	Central kitchen	3 years from 1 February 2011	Housing & Development Board
5	H-Cube	#01-12 Jalan Tepong	239 sq m	Central Kitchen	3 years from 1 February 2012, with an option to renew for a term of 3 years and upon its expiry, an option to renew for a further term of 3 years	Neo Kah Kiat and Liew Oi Peng
6	Niwa Sushi	302 Tiong Bahru Road #B1-26 Tiong Bahru Plaza, Singapore 168732	183	Food retail outlet	3 years from 29 May 2011	ARMF (Central Plaza) Pte. Ltd.

No	Tenant	Location	Approximate area (sq ft, unless otherwise stated)	Use of property	Lease period	Lessor
7	Niwa Sushi	313 Orchard Road #B3-41, 313 @ Somerset, Singapore 238895	237	Food retail outlet	3 years from 25 January 2010, with an option to renew for a further term of 3 years	Lend Lease Retail Investments 1 Pte. Ltd.
8	Niwa Sushi	53 Ang Mo Kio Avenue 3, #B2-11 AMK Hub, Singapore 569933	322.92	Food retail outlet	3 years from 27 January 2010	Mercatus Co-operative Limited
9	Niwa Sushi	10 Pasir Ris Central #01-17, Pasir Ris MRT Station Singapore 519634	17.5 sq m	Food retail outlet	3 years from 1 January 2011	SMRT Trains Ltd
10	Niwa Sushi	20 Tampines Central 1 #01-04, Tampines MRT Station, Singapore 529538	28.62 sq m	Food retail outlet	3 years from 1 June 2012	SMRT Trains Ltd
11	Niwa Sushi	30 Eunos Crescent #01-12, Eunos MRT Station, Singapore 409423	26 sq m	Food retail outlet	3 years from 1 October 2009	SMRT Trains Ltd
12	Niwa Sushi	3 Simei Street 6 #01-02, Eastpoint Mall, Singapore 528833	323	Food retail outlet	2 years from 1 June 2010 (extended to 28 February 2013)	NTUC Income Insurance Co-operative Limited
13	Niwa Sushi	30 Paya Lebar Road #01-10, Paya Lebar MRT Station, Singapore 409006	21.49 sq m	Food retail outlet	3 years from 5 December 2010 or the commencement of business, whichever is earlier	SMRT Trains Ltd
14	Niwa Sushi	5 Changi Business Park Central 1 #B1-K4/K5, Changi City Point, Singapore 486038	675.55	Food retail outlet	3 years from 4 November 2011, with an option to renew for a further term of 3 years	Ascendas Frasers Pte. Ltd.
15	Niwa Sushi	5 Sims Avenue #01-03, Kallang MRT Station Singapore 387405	21 sq m	Food retail outlet	2 years from 1 May 2011 or the commencement of business, whichever is earlier, with an option to renew for a further term of 3 years	SMRT Trains Ltd

No	Tenant	Location	Approximate area (sq ft, unless otherwise stated)	Use of property	Lease period	Lessor
16	Niwa Sushi	200 Holland Avenue #B1-10, Holland Village MRT Station, Singapore 278995	23.92 sq m	Food retail outlet	3 years from the expiry of the fitting-out period or from commencement of business, whichever is earlier	SMRT Trains Ltd
17	Niwa Sushi	10 Jurong East Street 12 #01-02, Jurong East MRT Station, Singapore 609690	27.42 sq m	Food retail outlet	3 years from the expiry of the rent-free fitting-out period or from commencement of business, whichever is earlier	SMRT Trains Ltd
18	Niwa Sushi	31 Jurong West Street 63 #02-06, Pioneer MRT Station, Singapore 648310	15.2 sq m	Food retail outlet	3 years from 1 January 2011	SMRT Trains Ltd
19	Niwa Sushi	301 Boon Lay Way #01-14, Boon Lay MRT Station, Singapore 649846	39.92 sq m	Food retail outlet	3 years from 20 January 2011 or commencement date of business, whichever is earlier	SMRT Trains Ltd
20	Niwa Sushi	802 Bukit Batok West Avenue 5 #01-02, Bukit Gombak MRT Station, Singapore 659083	23.85 sq m	Food retail outlet	3 years from 21 September 2011	SMRT Trains Ltd
21	Niwa Sushi	460 Alexandra Road, #01-22 (Provisional) PSA Building (Alexandra Retail Centre) Singapore 119963	39.69 sq m	Food retail outlet	3 years from 15 June 2012, with an option to renew for a further term of 3 years	DBS Trustee Limited (as trustee of Mapletree Commercial Trust)
22	Niwa Sushi	67 Kallang Bahru #01-451 Singapore 330067	807.29 sq ft	Food retail outlet	3 years from 1 July 2012	Lam Chi Kin and Yip Ka Ling Karen
23	Niwa Sushi	3018 Bedok North Street 5, #04-48 Eastlink, Singapore 486132	191 sq m	Design, printing and manufacturing of products including flyers, bags, boxes and trays	16 February 2012 to 31 December 2014	Housing & Development Board

From time to time, as and when the need arises, NKK Import & Export may also rent a cold room from a third party to store frozen meat and fish products.

As at the Latest Practicable Date, our Directors are not aware of any breach of any obligations under the abovementioned lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire.

As at 31 January 2012:

- (a) our land held for development had a net book value of approximately S\$8.86 million;
- (b) our leasehold properties had a net book value of approximately S\$2.96 million; and
- (c) the remaining items in property, plant and equipment (comprising furniture and fittings, computers, kitchen and office equipment, motor vehicles, renovation and construction-in-progress) had an aggregate net book value of approximately S\$3.69 million.

Save as disclosed in this section and save for our motor vehicles which are pledged as securities for the purchase of the motor vehicles under hire purchase arrangements, as at the Latest Practicable Date, none of our fixed assets is subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowings.

To the best of our Directors' knowledge, save as disclosed in the section entitled "General Information on our Group - Government Regulations" of this Offer Document, there are no regulatory requirements or environmental issues that may materially affect our utilisation of our fixed assets as at the Latest Practicable Date.

CORPORATE SOCIAL RESPONSIBILITY

Our Group is strongly committed to our corporate social responsibility initiatives and is constantly searching for schemes and means to continue contributing to the community.



We currently participate in Food Connect @ South West organised by the Singapore Food Manufacturers' Association and South-West Community Development Council. This presented an opportunity for us to make sustained and regular contributions, showing our care to the community through cash donations of S\$60,000 per year for a period of two years commencing from June 2012 for the purchase of food rations for the beneficiaries.

We also participate in the South-West Community Development Council CDC Adopt-A-Rental-Block @ South West scheme, where community and corporate stakeholders are engaged in uplifting the lives of vulnerable elderly residing at the rental blocks in the South West District of Singapore. We provide 200 free meals per month to the elderly involved in this scheme.

We are also committed to conserving the environment. For example, we provide bio-degradable cutlery for our Orange Clove customers.

INTELLECTUAL PROPERTY

As at the date of this Offer Document, we have registered the following trademarks:

Registered owner	Trademark	Class ⁽¹⁾	Country of registration	Registration number	Registration Date/ Effective Date	Expiry date
Neo Garden Catering	 NEO GROUP 梁苑集团	43	Singapore	T0815640C	12 November 2008	12 November 2018
Neo Garden Catering	 NEO GARDEN CATERING We deliver the restaurant to you	43	Singapore	T0815637C	12 November 2008	12 November 2018
Neo Garden Catering	NEO GARDEN	43	Singapore	T0815638A	12 November 2008	12 November 2018
Orange Clove	 ORANGE CLOVE	43	Singapore	T0815643H	12 November 2008	12 November 2018
Niwa Sushi	 umisushi	43	Singapore	T1007766C	17 June 2010	17 June 2020
Niwa Sushi	 umisushi	39	Singapore	T1013536A	13 October 2010	13 October 2020
Deli Hub	 Deli hub	43	Singapore	T1116838G	30 November 2011	30 November 2021

Note:

- (1) We have registered our trademarks under Classes 39 and 43 of the International Classification of Goods and Services by the World Intellectual Property Organisation.

The registration under Class 39 in respect of the trademark for “Umisushi” relates to “transport, packaging and storage of goods, provide food delivery services”.

The registration under Class 43 in respect of “Orange Clove”, “Neo Group 梁苑集团”, “Neo Garden Catering”, “Neo Garden” and “Deli Hub” trademarks relate to “bar services, café services, cafeteria, catering, rental of chairs, tables, table linen, glassware, rental of tents, restaurants, snack-bars, provision of food and accommodation in social clubs, temporary accommodation services, reservation services for accommodation, room hire, provision of conference facilities, banqueting services, bar, café, restaurant services, cocktail lounge, coffee shop services, providing facilities for conventions and exhibitions, information, advisory and consultancy services relating to the above”.

The registration under Class 43 in respect of the trademark for “Umisushi” relates to “services for providing foods and drinks, providing dine-in and take away food and drink services, provision of catering services”.

Save as disclosed above, we do not own or use any other patents, trademarks or intellectual property on which our business or profitability is materially dependent. Save for the licensing fees, software enhancement and support and maintenance fees and manpower fees payable to GUI Solutions, we have not paid or received any royalties for any licence or use of any intellectual property. Please refer to the section entitled “Interested Person Transactions - Present and On-going Interested Person Transactions” of this Offer Document for further details.

GOVERNMENT REGULATIONS

We have identified the main laws and regulations that materially affect our operations and the relevant regulatory bodies in Singapore (apart from those pertaining to general business requirements) as set out below:

(a) **Environmental Public Health Act and Environmental Public Health (Food Hygiene) Regulations**

(i) *Environmental Public Health Act*

The Environmental Public Health Act (Cap. 95) (the “EPHA”) provides that no person shall operate or use a food establishment without first obtaining a licence (“Food Shop Licence”) from the Director-General of Public Health appointed under the EPHA to administer the EPHA. The purpose of licensing is to ensure cleanliness and food safety in food retail outlets and to prevent food-borne diseases. The relevant regulatory body is the NEA.

A “food establishment” for the purposes of the above prohibition means a retail food establishment where food is sold wholly by retail, which includes restaurants, and also means a catering establishment providing a catering service whereby food is prepared, packed and thereafter delivered to a consumer for his consumption or use. Retail food establishments or catering establishments that are part of a food processing establishment governed by the Sale of Food Act (Cap. 283) are exempted.

Any person who is convicted for any contravention of the above prohibition may be required by the Director-General of Public Health, by order in writing addressed to the convicted person, to cease to operate or use as a food establishment the place or premises or any part thereof where the offence took place, from such date as the Director-General of Public Health shall specify in the order. Where the convicted person fails to comply with such order, the Director-General of Public Health may take steps or measures as are necessary to ensure that the order is complied with, and shall be entitled to recover from the convicted person the costs and expenses incurred by the Director-General of Public Health in doing so.

(ii) *Grading of Food Processing Establishments, Licensed Eating Establishments and Food Stalls*

In 1997, NEA introduced a grading scheme to grade retail food establishments based on the overall hygiene, cleanliness and housekeeping standards of the premises. All food retail outlets are required to display their grade, thereby enabling the public to make a more informed choice when patronising food outlets.

Retail food establishments are given a grade by the NEA based on the overall hygiene, cleanliness and housekeeping standards of the premises. The grading system for retail food establishments is a structured system of appraisal for food outlets that is meant to motivate Food Shop Licence holders to improve and maintain good personal and food hygiene, and housekeeping of their premises. All food retail outlets are required to display their grade received under the system, ranging from A (the highest) to D (the lowest), enabling the public to make a more informed choice when patronizing food outlets.

Under the AVA grading system, food processing establishments in Singapore are classified into four graded categories: A (Excellent), B (Good), C (Average) and D (Pass), based on food hygiene and food safety standards. Each establishment is graded prior to the expiry of its licence and is reassessed annually. Food processing establishments are graded

with the aim of enabling food manufacturers to be aware of the hygiene and food safety standards and the need for improvements. It creates an environment which encourages food manufacturers to upgrade their hygiene and food and safety standards in the process of striving for higher grades.

Food processing establishments are graded based on a set of criteria covering all aspects of hygiene and food safety standards. The criteria include:

- General cleanliness and housekeeping of the premises
- Food storage
- Food processing equipment and facilities
- Food handling and facilities
- Product identification and transportation
- Food safety system
- Food hygiene training
- Documentation
- Violation records

Food manufacturers strive for higher grades in order to remain competitive. Food processing establishments with higher grades may use their grades as testimonies to show their customers that they have achieved high food hygiene and food safety standards.

As at the Latest Practicable Date, save for our food retail outlet at 20 Tampines Central 1 #01-04, Tampines MRT Station, Singapore 529538 which is currently under assessment by the NEA, all our central kitchens and food retail outlets are graded A or B under the AVA's or NEA's grading system.

(iii) *Environmental Public Health (Food Hygiene) Regulations*

The Environmental Public Health (Food Hygiene) Regulations (the "EPHFHR") pursuant to the EPHA provides for additional requirements to be met by Food Shop Licence holders, such as requiring the Food Shop Licence to be displayed at all times in a conspicuous and accessible position within the licensed premises, requiring employees who are engaged in the sale or preparation for sale of any food to be registered and to adhere to certain standards of personal hygiene, and requiring food to be stored, refrigerated and packaged under specific conditions.

Any person who contravenes the additional requirements set out in the EPHFHR shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$2,000 and in the case of a continuing offence, to a further fine not exceeding \$100 for every day or part thereof during which the offence continues after conviction. A licensee who would have been guilty of an offence if anything had been done or omitted by him personally shall be guilty of that offence and shall be liable to the same penalty if that thing had been done or omitted to be done by his employee or assistant in the course of his business or in the scope of his employment unless he proves to the satisfaction of the court that the offence was committed without his knowledge and that he took all reasonable precautions to prevent the commission of the offence.

Our Group has obtained a Food Shop Licence in respect of each of our food retail outlets and a Food Shop Licence (permitted to cater) in respect of our central kitchen at #05-03/04 Enterprise One.

Under the Environmental Public Health (Food Hygiene) Regulations, no licensee of a catering establishment shall sell or supply any food for consumption which has been maintained at a temperature not below 5 degree celsius and not above 60 degree celsius for an aggregate period exceeding 4 hours after it was first prepared for consumption. Any licensee who contravenes this shall be guilty of an offence.

In addition, from 15 February 2012, every licensee of a catering establishment shall time-stamp the catered food according to the requirements in the EPHFHR. Any person who, without reasonable excuse, contravenes the requirements; knowingly or recklessly makes a false or misleading statement in a label or sign required; or knowingly or recklessly provides information to be included in a label or sign required that is false or misleading, shall be guilty of an offence.

(b) Sale of Food Act and Sale of Food (Food Establishments) Regulations

(i) Sale of Food Act

The Sale of Food Act (Cap. 283) provides that no person shall operate or use a food establishment without obtaining a licence (the “Food Processing Establishment Licence”) from the Director-General, Agri-Food and Veterinary Services. The relevant regulatory body is the AVA.

A “food establishment” for the purposes of the above prohibition means a food processing establishment where food is manufactured, processed, prepared or packed for the purpose of distribution to wholesalers and retailers, whether or not the food processing establishment also consists of a retail food establishment or a catering establishment, and also means a food establishment that is used as a cold store.

Any person who is convicted for any contravention of the above prohibition shall be liable on conviction to a fine not exceeding \$5,000 and, in the case of a second or subsequent conviction, to a fine not exceeding \$10,000 or imprisonment for a term not exceeding three months or to both.

(ii) Sale of Food (Food Establishments) Regulations

The Sale of Food (Food Establishments) Regulations (the “SFFER”) pursuant to the Sale of Food Act provides for additional requirements to be met by Food Processing Establishment Licence holders, such as requiring every licensee to ensure that food is stored in such a way that it is protected from the likelihood of contamination and the environmental conditions under which it is stored will not adversely affect the safety and suitability of the food, and requiring certain standards of personal cleanliness in relation to persons who are engaged in the preparation of food.

Any person who contravenes the additional requirements set out in the SFFER shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 and, in the case of a continuing offence, to a further fine not exceeding \$100 for every day or part thereof during which the offence continues after conviction. A licensee who would have been guilty of an offence if anything had been done or omitted by him personally shall be guilty of that offence and shall be liable to the same penalty if that thing had been done or omitted to be done by his employee or assistant in the course of his business or in the scope of his employment unless he proves to the satisfaction of the court that the offence was committed without his knowledge and that he took all reasonable precautions to prevent the commission of the offence.

Our Group has obtained a Food Processing Establishment Licence in respect of each of our central kitchens at 6A Wan Lee Road, #01-12 Jalan Tepong, Shimei East Kitchen and #05-05/06 Enterprise One.

(c) Workplace Safety and Health Act

The Workplace Safety and Health Act (Cap. 354A) (the “WSHA”) provides that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. The workplaces that the provisions of the WSHA are applicable to include restaurants, bars and other premises where food or drinks are sold or catered for consumption within those premises or elsewhere. The relevant regulatory body is the MOM.

Under the WSHA, the Commissioner for Workplace Safety and Health (the “CWSH”) may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of the persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to, amongst others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

Workplace Safety and Health (Registration of Factories) Regulations 2008 (the “2008 WSH Factories Regulations”)

Pursuant to the 2008 WSH Factories Regulations which came into operation on 1 November 2008 repealing the Workplace Safety and Health (Registration of Factories) Regulations 2006, any person who desires to occupy or use any premises as a factory falling within any of the classes of factories described in the First Schedule of the 2008 WSH Factories Regulations must apply to the CWSH to register the premises as a “factory” one month before the factory starts operations. A certificate of registration issued by the CWSH in respect of any factory under Part I of the First Schedule is valid for a period of five years, or such other period as the CWSH may determine, and may be renewed subsequently upon the payment of a renewal fee. A certificate of registration issued by the CWSH in respect of any factory under Part II of the First Schedule shall remain in force from the date of its issue until such time as it is revoked.

Under the 2008 WSH Factories Regulations, any person who desires to occupy or use any premises as a factory not falling within any of the classes of factories described in the First Schedule of the 2008 WSH Factories Regulations shall, before the commencement of operation of the factory, submit a notification to the CWSH informing the CWSH of his intention to occupy or use those premises as such a factory. The notification is not subject to any renewal requirements. However, in the event that the CWSH is of the view that the factory in respect of which a notification has been submitted is to pose or likely to pose a risk to the safety, health and welfare of persons at work in the factory, the CWSH may, by notice in writing (i) specify the date from which the notification shall cease to be valid; and (ii) direct the occupier of the factory to register the factory notwithstanding that the factory does not fall within any of the classes of the factories described in the First Schedule.

As our premises at 6A Wan Lee Road, #01-12 Jalan Tepong, Shimei East Kitchen and #05-03/04/05/06 Enterprise One do not fall within any of the classes of the factories described in the First Schedule of the 2008 WSH Factories Regulations, a notification to the CWSH for each of the premises will suffice. We had submitted the relevant notifications to the CWSH.

(d) Sewerage and Drainage Act and Sewerage and Drainage (Trade Effluent) Regulations

Under the Sewerage And Drainage Act (Chapter 294) and Sewerage And Drainage (Trade Effluent) Regulations, our Group requires the written approval of the Public Utilities Board (agency of the Ministry of the Environment and Water Resources) to discharge trade effluent into any public sewer. The Public Utilities Board in granting approval may impose such conditions as it considers fit.

Our Group has obtained the relevant written approval from the Public Utilities Board for the discharge of trade effluents.

(e) Wholesome Meat and Fish Act

The Wholesome Meat and Fish Act (Cap. 349A) (the “WMFA”) provides that any person who uses any premises or permits any premises to be used as a processing establishment or a cold store for meat products or fish products is required to apply for a licence (“Processing and Cold Store Licence”) to do so from the Director-General, Agri-Food and Veterinary Services. Any person who imports any meat product or fish product into Singapore is also required to apply for a licence (“Meat Import Licence”) from the Director-General. In addition, Meat Import Licence holders who import any meat products or fish products for sale, supply or distribution in Singapore must obtain a permit from the Director-General in respect of each consignment of meat products or fish products to be imported by him and the import of each such consignment must be carried out in accordance with the conditions of the permit. Processing and Cold Store Licence and Meat Import Licence holders must also comply with additional requirements set out in the relevant subsidiary legislation pursuant to the WMFA. The relevant regulatory body is the AVA.

Any person who uses or permits any premises to be used as a processing establishment or a cold store for meat products or fish products without a Processing and Cold Store Licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 12 months or to both. Any person who imports any meat or fish product into Singapore without a Meat Import Licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding two years or to both and, in the case of a second or subsequent conviction, to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding three years or to both.

Our subsidiary, NKK Import & Export, has obtained a Meat Import Licence for our import of meat products and fish products.

(f) Administration of Muslim Law Act

The Administration of Muslim Law Act (Cap. 3) (the “AMLA”) provides for the granting of Halal certificates in relation to any product, service or activity and the regulation of the holders of such certificates to ensure that the requirements of the Muslim law are complied with in the production, processing, marketing or display of that product, the provision of that service or the carrying out of that activity. A “Halal certificate” as defined in the AMLA means, in relation to any product, service or activity, a certificate to the effect that the requirements of Muslim law are complied with in the production, processing, marketing, display or carrying out, as the case may be, of that product, service or activity. The relevant regulatory body is the MUIS, also known as the Islamic Religious Council of Singapore.

Any person who, without the approval of MUIS (i) issues a Halal certificate in relation to any product, service or activity; or (ii) uses any specified Halal certification mark or any colourable imitation thereof, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 12 months or both.

Our central kitchens at 6A Wan Lee Road (Level 3) and #05-03/04/05/06 Enterprise One have each been granted a Halal certificate under MUIS' Food Preparation Area Scheme.

(g) Customs Act and Customs (Liquors Licensing) Regulations

The Customs Act (Cap. 70) (the "CA") provides that no person shall sell by wholesale or offer for sale by wholesale, or permit to be sold or offered, or have in his possession, for sale by wholesale, any intoxicating liquors except under and in accordance with a licence ("Liquor Licence") granted by the Liquors Licensing Board (as established under the CA) and in a place specified in the Liquor Licence. The regulatory body is the Singapore Police Force.

Every omission or neglect to comply with, and every act done or attempted to be done contrary to, the above prohibition, or any breach of the conditions and restrictions subject to, or upon which, a Liquor Licence is granted, shall be an offence and an offender on conviction shall be liable to a fine not exceeding \$5,000.

The Customs (Liquors Licensing) Regulations (the "CLLR") provides for additional requirements to be met by Liquor Licence holders, such as requiring them to keep the licensed premises closed during specified hours and prescribing restrictions on the sale and consumption of liquor.

Any person who contravenes any of the provisions of the CLLR shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000.

Liew Oi Peng on behalf of Neo Garden Catering has, in respect of our central kitchen at 6A Wan Lee Road, obtained a Liquor Licence for the wholesale of all types intoxicating liquors for consumption off the premises.

(h) Healthier Choice Symbol Programme

The "Healthier Choice" symbol programme was initiated by the Singapore Health Promotion Board in 2009. Under the programme, the "Healthier Choice" symbol on packaged food products indicates that they are healthier options helping consumers make informed food choices when choosing food. Products carrying the "Healthier Choice" symbol are generally lower in total fat, saturated fat, sodium and sugar. Some are also higher in dietary fibre and calcium compared to similar products within the same food category. Each food category has a separate set of nutritional criteria to adhere to. Healthier Choice Symbol Nutrient Guidelines are issued by the Singapore Health Promotion Board and are updated regularly.

Pursuant to a nutrient analysis done by approved independent laboratories using approved methods, food products which contain the nutrients needed for a particular category of food products as set out in the Healthier Choice Symbol Nutrient Guidelines qualify for the use of the "Healthier Choice" symbol. Application can be made to the Singapore Health Promotion Board for the use of the "Healthier Choice" symbol. In this regard, our subsidiary, Neo Garden Catering, has obtained a healthier caterer award from the Singapore Health Promotion Board certifying that our "Neo Garden Catering" brand offers a selection of dishes with less fat and salt and more vegetables and fruits. The award is valid for a period of one year commencing from January 2012.

To the best of our Directors' knowledge, as at the Latest Practicable Date, we have obtained all requisite approvals and licences and we are in compliance with all laws and regulations that would materially affect our business operations.

PRODUCT AND MENU DEVELOPMENT

To stay competitive, we believe it is important to continuously update our menus to reflect the consumers' preferences and market trends and developments.

For our Food Catering Business, our product and menu development activities are headed by Neo Kar King (Quality Assurance Manager), who is primarily responsible for the creation of new dishes and review of our menus on a regular basis. For our Food Retail Business, our product and menu development activities are headed by Liew Choh Khing (Executive Director (Food Retail)).

In creating new dishes and improving our menus, we take into consideration factors such as popularity of existing dishes, market trends, customers' preferences and feedback, as well as the availability and cost of ingredients. Each dish undergoes several rounds of food tasting before being introduced into our menu.

The expenses incurred in relation to these activities over the past three financial years have not been significant.

MAJOR CUSTOMERS

Our customers comprise the general public, households, community clubs and corporations. Due to the diverse base of customers to whom we sell our products to in each of FY2010, FY2011 and FY2012, we are not over-reliant on any customer for our sales and no single customer accounted for 5% or more of our total turnover for each of the last three financial years.

Payment Terms

For our Food Catering Business, the transactions are conducted on a cash basis (including cheque, credit card and electronic payments). In the case of individuals, full payment is to be collected on delivery of the food products to our customers. In the case of corporations, we typically grant credit terms of seven to 30 days from the date of delivery of food to our existing corporate customers. The length of the credit terms extended to our existing corporate customers is dependent on the reputation, reliability and payment history of such customers. Full payment will be required from the new corporate customers upon delivery of food.

For our Food Retail Business, all transactions at our food retail outlets are conducted on a cash basis (including by way of NETS and EZ-link card) with full payment collected on delivery of the food products to our customers.

Outstanding payments will be closely monitored by our finance personnel. Our policy of making allowance for doubtful receivables is based on the age and our assessment on the recoverability of the outstanding debts. Specific provisions for writing-off of bad debts may be made if we fail to collect payment despite efforts and follow-ups with the customers on overdue payments or when we are certain that our customers are unable to meet their financial obligations and we consider the amounts to be non-recoverable. In practice, we liaise with customers for outstanding receivables to understand their situation and propose various options that may facilitate the payments. If the outstanding receivables cannot be resolved amicably, we may then take legal action to collect the outstanding receivables.

The amounts of allowance for doubtful trade receivables – third parties recognised in the combined income statements of our Group and our gross trade receivable turnover days during the period under review are as follows:

	FY2010	FY2011	FY2012
Allowance for doubtful trade receivables – third parties (S\$)	17,094	19,682	18,004
Gross trade receivables turnover days ⁽¹⁾	8.7	9.5	14.5

Note:

- (1) Gross trade receivables turnover days is computed by dividing 365 days by the gross trade receivables turnover ratio. The gross trade receivables turnover ratio is calculated by dividing annual sales by gross trade receivables.

MAJOR SUPPLIERS

The materials that we purchase from our suppliers for use in the production of our food products are mainly meat, seafood, vegetables, rice, dried food, sauces and beverages.

The table below sets forth our suppliers which accounted for 5% or more of our total purchases and consumables used in FY2010, FY2011 and FY2012:

Supplier	Products supplied	As a percentage of total purchases and consumables used (%)		
		FY2010	FY2011	FY2012
Angliss Singapore Pte Ltd	Frozen meat and seafood products	2.3	6.5	5.3
Swee Huat Tan Kee Trading	Vegetables	5.3	5.0	3.3

We source the food ingredients used in our operations from both local and overseas suppliers.

We select our suppliers based on their reputation, reliability, quality, freshness and pricing of their products, purchase terms and timely delivery of their products. Our Directors are of the opinion that our Group is not dependent on a single supplier for our food ingredients and the products supplied by the above major suppliers can be sourced from other alternative suppliers in the market without significant difficulties.

We generally do not enter into long-term or exclusive contracts with any of our major suppliers.

To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or non-renewal of our current relationship with any of our major suppliers.

None of our Directors or Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of our major suppliers listed above.

Payment Terms

The payment terms granted by our suppliers are generally 30 days, varying from supplier to supplier and are also dependent on, *inter alia*, our relationship with the suppliers and the size of the transactions.

Our trade payables turnover days for each of FY2010, FY2011 and FY2012 are as follows:

	FY2010	FY2011	FY2012
Trade payables turnover days ⁽¹⁾	30.2	55.4	67.8

Note:

- (1) Trade payables turnover days is computed by dividing 365 days by the trade payables turnover ratio. The trade payables turnover ratio is calculated by dividing annual purchases by trade payables.

CASH MANAGEMENT

For our Food Catering Business, it is our policy to have our delivery staff collect payment from our customers on delivery of our food. All cash collected by our delivery staff from our customers will be delivered to our accounts department within the same day, unless deliveries are made after office hours in which case it will be the next day. Our accounts department will then deposit the cash with the bank within three working days.

For our Food Retail Business, cash collected at our various food retail outlets are deposited by our staff into the bank accounts designated by our accounts department generally within three working days.

In order to prevent pilferage of cash by our staff, we have installed close-circuit television (“CCTV”) systems at each of our food retail outlets, covering various points including the cashier location. CCTV systems are installed and monitored by our senior management. From time to time, our Umisushi management performs surprise cash float checks on our food retail outlets.

INVENTORY MANAGEMENT

Our inventory comprises raw materials such as various cooking ingredients, frozen meat and fish, vegetables, dry stocks and cutleries. Our inventory is stored at our warehouse, our rented cold room and the respective companies’ premises.

To ensure the freshness and quality of our products, we generally do not keep a high level of raw materials required for our operation. We generally purchase meat, fish and dairy products necessary for our operations at least twice a week. Other perishable fresh food such as vegetables and fruits are purchased on a daily basis. With respect to products which have a longer shelf life, we usually maintain an adequate level of supply of three months of our estimated requirements.

We check our stocks for each central kitchen on a weekly basis and conduct a stock take on a monthly basis in respect of inventories held at our warehouse and central kitchens.

During the period under review, we do not experience write-down and write-off for inventory obsolescence as our stocks are fast moving and the wastages are expensed off directly to our combined income statements.

COMPETITION

The F&B industry in Singapore is fragmented and highly competitive with relatively low barriers to entry. Accordingly, we operate in a competitive environment and expect to continue to face intense competition from existing competitors as well as new entrants in the future.

To the best of their knowledge, our Directors consider the following companies to be our main competitors:

Food Catering Business

Continental Delight Catering Services Pte. Ltd.

Kriston Food & Beverage Pte Ltd

Elsie’s Kitchen

Select Catering Services Pte. Ltd. (part of Select Group Limited)

Food Retail Business

Jollibean Food Pte. Ltd. (operating under “Sushi Deli” brand)

As we operate a convenience food retail concept for our Food Retail Business, we also compete with other fast and convenience food operators in Singapore.

Save for personal investments (whether directly or through nominees) in quoted investments of less than 5%, to the best of our Directors’ knowledge, none of our Directors or Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of our competitors listed above.

COMPETITIVE STRENGTHS

We have been ranked by Euromonitor as the number one events caterer in Singapore and we believe that we have achieved this due to our following competitive strengths:

- **Our brands enjoy strong market recognition**

We have successfully established ourselves as the number one events caterer in Singapore. Due to our track record for consistently delivering quality food products at competitive prices in a timely manner, our “Neo Garden Catering”, “Orange Clove” and Deli Hub” brands are well-recognised in Singapore for the provision of food catering services. Our recently established “Umisushi” brand is becoming increasingly popular in Singapore as a reputable player in the Japanese convenience food market.

We believe that our success in the F&B industry in Singapore reflects our competency in brand building as well as our understanding of the local F&B market. In recent years, we have been awarded several awards, including the SME1 Asia Awards – Distinguished Award 2011 (Top 5), Singapore Prestige Brand Award (Established Brands), Singapore Prestige Brand Award (Most Popular Established Brand) and Successful Entrepreneur (Platinum Category) Award in 2011. Please refer to the section entitled “General Information on our Group – Awards and Certifications” of this Offer Document for further details.

Through brand diversification, we have demonstrated that we are able to increase our offerings and market share. We are also better placed to gauge the changing trends in consumer tastes and preferences as we reach out to more customers.

- **We offer a comprehensive range of quality food and catering services**

Our buffet menus range from international to local cuisines and we offer both Halal and non-Halal food. We believe that this has enabled us to attract a broader customer base.

Our business is service-oriented. Providing friendly, prompt and reliable services have always been the focus in our businesses. We believe on hiring the right employees who are friendly and dependable, providing comprehensive training to all of our staff to improve knowledge and skills to meet our customers’ needs and employing sound practices to ensure customer satisfaction. This practice has served to provide our business with a firm foundation in maintaining our provision of quality service.

In addition, we recognise that in our competitive industry, consumers’ needs are constantly evolving. By knowing what our customers want and by focusing on our target group of customers, we have gained their trust, confidence and loyalty over the years through the provision of consistent quality food at competitive prices.

We believe that our success in the F&B industry in Singapore reflects our competency and our ability to deliver quality products and services to our customers.

- **We have an experienced and dedicated management team**

Our Group is led by a strong, dedicated and highly experienced management team, spearheaded by Neo Kah Kiat (Founder, Chairman and CEO). Mr Neo has over 20 years of experience in the F&B industry and has been instrumental in the growth of our Group. His in-depth knowledge, business experience, drive and passion for our businesses are valuable assets of our Group which are essential to our continued growth. He is assisted by our senior management, the majority of whom have more than eight years of experience in their respective fields.

With the support of a team of experienced and dedicated management team, we believe that we are well-positioned to leverage on our experience to expand our core capabilities, geographical reach as well as network base to achieve further growth for our Group.

- **We deploy a customised information system for our operations**

We have installed an information system which is specifically customised and developed over the years to suit our business requirements and streamline our day-to-day operations. We believe that this system enables us to cater to a maximum daily capacity of 15,000 headcounts.

With this system, our production and operation processes including procurement and logistics, sales and production, are integrated, and real-time data is transmitted to the relevant departments.

This facilitates the flow of information between different departments, which has greatly improved the speed, accuracy and efficiency of our production and delivery processes, controlled costs and wastages and allowed us to be able to process many orders at the same time.

- **We have a competitive supply chain structure and an efficient production system which enable us to offer quality food products at competitive prices**

Through NKK Import & Export, we source most of the food products (such as fresh and frozen seafood and meat) and other ingredients required for the carrying out of our Food Catering Business and Food Retail Business directly from the suppliers. We are therefore able to exert better control over our supply of quality food products and ingredients. We are also able to enjoy better pricing from our suppliers through bulk purchases.

Moreover, the majority of our production processes are fully or semi-automated. This enables us to achieve productivity and efficiency gains.

Leveraging on our competitive supply chain structure and efficient production system, we are able to offer our customers quality food products at competitive prices, which gives us a competitive edge over our competitors.

PROSPECTS

Growth of the F&B industry in Singapore

The F&B industry in Singapore plays a vital role in the Singapore's economy. Ranked alongside Hong Kong and Australia as one of the three major food capitals in the Asia Pacific region, Singapore's cosmopolitan nature is reflected in the extensive spread of cuisine available in one small country¹.

The establishments in the F&B Industry in Singapore can be broadly categorised into four main categories, namely restaurants, fast food outlets, food caterers and others (which would include cafes, coffee houses and snack bars, food courts, coffee shops and eating houses). On the whole, the F&B industry in Singapore has recorded a steady growth. In 2010, the F&B industry comprised about 6,200 establishments, an increase of 3.8 per cent compared to 2009².

Restaurants formed the largest group, accounting for 36.5 per cent of the total number of establishments in the F&B services industry in 2010. Total operating receipts of the restaurants stood at \$2,320 million in 2010, accounting for 37.2 per cent of the total operating receipts of the F&B services industry.

Fast food outlets accounted for 6.1 per cent of the total number of establishments in the F&B services industry in 2010, while accounting for 12.9 per cent of the total operating receipts of the F&B services industry.² The total operating receipts of fast food outlets was \$803 million in 2010, registering an 11.0 per cent growth in turnover over the previous year.

1 The information was extracted from the Ministry of Trade and Industry ("MTI") website at (http://app.mti.gov.sg/data/pages/507/doc/ERC_DOM_MainReport_Part%203.3a.pdf) accessed on 18 November 2011.

2 The information was extracted from the Singapore Department of Statistics' ("Sing Stat") Economic Surveys Series: Food and Beverages Services, Reference Year 2010 published in November 2011 and accessed from the Sing Stat website at (<http://www.singstat.gov.sg/pubn/business/essfmb2010.pdf>) on 10 March 2012.

Food caterers followed closely with 304 establishments, or 4.9 per cent of the total number of establishments in the industry. In terms of total operating receipts, food caterers grew fastest with a growth rate of 13.1 per cent to \$711 million in 2010. Food caterers also accounted for 11.4 per cent of the total operating receipts of the F&B services industry.²

The number of other establishments (which would include cafes, coffee houses and snack bars, food courts, coffee shops and eating houses) accounted for 52.6 per cent of the total number of establishments in 2010. Others generated total operating receipts of \$2,406 million, or 38.6 per cent of the total operating receipts of the F&B services industry.²

For 2011, the food and beverage services index grew by 4.2 per cent, similar to the 4.5 per cent growth in 2010. Fast food outlets posted the highest growth rate of 7.8 per cent, followed by food caterers (7.1 per cent), other eating places (4.3 per cent) and restaurants (2.3 per cent).³

Food Catering

Within the category of food caterers, the events catering industry⁴ has grown and evolved extensively over the last two decades. Fuelled by higher spending in both sub-categories of corporate catering and social catering,⁴ the industry saw a robust growth of 8.2% in 2010 and 13.2% in 2011, and proved relatively recession-resistant in the financial crisis during the period before, contracting only 3.8% from 2008-2009 compared to 8.9% for its institutional counterpart.⁵

Factors contributing to the strong performance of the events catering industry include higher spending by businesses – which are more inclined to opt for upscale catering, and which view corporate catering onsite as a more cost-efficient substitute to traditional venues, such as hotels, for corporate functions – and also the growth in social catering, driven by growing disposable incomes, a greater desire for the convenience that social catering provides (saving consumers the hassle of preparing and sourcing for food, equipment, disposable cutlery, decoration and providing services such as post-event clear-up) and improvement in housing (as a presentable venue for social events). There has also been an increase in demand for catering services at events such as wedding functions held at venues other than hotels and restaurants, which benefit from the customisation in terms of food, décor and timing that social catering affords.⁵

These demand-driven growth factors are complemented on the supply-side by a low threat of new entrants to the events catering industry, due to extensive entry barriers such as high capital requirements, labour restrictions on foreign workers, IT system requirements, and the entrenched position of large incumbent market players with established brand loyalty, economies of scale and adequate capacity to process large orders within a short period of time.⁵

The NEA's recent requirements (imposed in February 2012) that caterers timestamp their packed meals and buffet spreads, act as an additional barrier to entry, as new entrants and smaller players in the market may be less able to afford expensive time-stamping machines required to comply with this new regulation.⁵

3 The information was extracted from the Economic Survey of Singapore 2011: 8.4 Accommodation & Food Services published on 16 February 2012 and accessed from the MTI website at (http://app.mti.gov.sg/data/article/27241/doc/Ch8.4_AES2011.pdf) on 11 June 2012.

4 The terms “events catering”, “corporate catering” and “social catering” shall have the meanings ascribed to them in the Euromonitor Report, as follows:

- (a) “event catering” means food catering services provided for social or corporate events only.
- (b) Social catering: a sub-category of events catering, refers to catering that is provided in all residential venues such as HDBs, condominiums, landed properties etc. Social catering also includes wedding functions regardless of venue.
- (c) Corporate catering: another sub-category of events catering, refers to catering services that are provided at all places other than residences, including offices, club houses, churches, etc. Corporate catering also includes government events.

5 The information was based on the Euromonitor Report.

6. Each of the MTI and Sing Stat has not consented to the inclusion of the relevant information above and is therefore not liable for the above information under Sections 253 and 254 of the SFA. While we have taken reasonable action to ensure that the above information is reproduced in its proper form and context, and that the information is extracted fairly and accurately, our Company, the Sponsor, the Underwriter and the Placement Agent have not independently verified the accuracy of the above information.

The Neo Group of companies, as defined in the Euromonitor Report to include Neo Garden Catering, Orange Clove and Deli Hub, is currently the number one events caterer in Singapore with a 9.0% share of the S\$306.6 million events catering market.⁵ Please refer to the Euromonitor Report as set out in Appendix C of this Offer Document.

Barring unforeseen circumstances, our Directors believe that the F&B industry will continue to register positive growth and provide further support to the demand for our Food Catering Business and Food Retail Business.

Our Directors believe that the following key trends and developments affecting the F&B industry in Singapore will positively impact our future prospects:

(i) Increase in demand for convenience food

The busy pace of modern living coupled with the increase in the dual-income families in Singapore have led to the increase in the number of households who do not prepare their own meals and a corresponding increase in the demand for fast and convenience food products. Our food retail outlets under our Food Retail Business and home delivery service under our Food Catering Business are targeted at these growing consumer segments.

(ii) Increase in consumer affluence and willingness to spend on food

Our Directors have observed that people are increasingly willing to spend more on food as a result of increasing consumer affluence and sophistication. Consumers are also becoming more willing to spend on private functions (such as baby showers and housewarmings) and corporate events. This augurs well for us as our menus under our three catering brands are priced differently to target different customer segment. We plan to capitalise on this trend through our Food Catering Business under our three catering brands.

TREND INFORMATION

Our Directors have made the following observations for the current financial year based on current trends to-date:

- (a) As with other businesses in Singapore, we are experiencing inflationary pressure and a general increasing trend in the cost of our food ingredients, labour and transport costs, rental and utilities charges. We may review the selling prices of our food products and subject to competition and other factors, we may have to adjust our prices from time to time in order to maintain our profit margin.
- (b) We intend to expand our business operations through the opening of new food retail outlets. We also plan to develop our newly acquired property at 30B Quality Road for the purposes of consolidating most of our central kitchens, offices, warehouses, logistics and other F&B operations in the same premises. To finance the acquisition of the said property, we have taken up a bank loan of approximately S\$7.04 million, which would result in higher financing costs for our Group.

In opening new food retail outlets and developing our newly acquired property, we will incur capital expenditures and renovation expenses and may take on additional bank borrowings (if so required). In conjunction with our business expansion, we expect our manpower costs to increase. We expect, barring any unforeseen circumstances, that our new food retail outlets would generate income for our Group with corresponding increases in our costs of sales and operating expense. There is however no assurance that these new food retail outlets would have any material positive impact on the profitability of our Group in the current financial year.

- (c) We generally experience higher sales during festive seasons. In FY2012, we enjoyed sales from two Lunar New Years peaks occurring in that financial year. This will not recur in FY2013.

- (d) We also expect to incur higher expenses due to compliance costs as a listed company as well as the impact of the Service Agreements entered into with our Executive Directors and the profit-sharing arrangement with selected employees of our Group (further details of the Service Agreements and the profit-sharing arrangement are set out in the section entitled “Directors, Management and Staff - Service Agreements” of this Offer Document).
- (e) A portion of our listing expenses incurred in connection with the Invitation amounting to approximately S\$800,000 will be treated as a charge in our financial statements, which will affect our financial results in FY2013. Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for further details.

For HY2013, our Directors expect our profit for the financial period to be lower than the corresponding period of the previous year in view of the listing expenses incurred by us in connection with the Invitation.

Save as disclosed above, as at the Latest Practicable Date, our Directors do not expect any significant recent trends or any other known trends, uncertainties, demands, commitments or events to have a material effect on us in the current financial year.

ORDER BOOK

Due to the nature of our business, the concept of an order book is not meaningful to us.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

- **To consolidate our business operations and increase our production capacity**

We have central kitchens in four locations and our logistics facilities are located in separate locations from our central kitchens. We plan to develop our newly acquired property at 30B Quality Road with an area of approximately 122,149.93 sq ft for the purposes of consolidating most of our central kitchens, offices, warehouses, logistics and other F&B operations in the same location to increase efficiency and annual production capacity.

Subject to all the necessary approvals, we intend to redevelop the property into a multi-storey building. Barring unforeseen circumstances, we intend to develop the property in phases over the next three years commencing in the first quarter of 2013. When fully operational, we expect the premises to have a daily capacity to cater to approximately 1,000 events, which would translate into serving approximately 30,000 headcounts a day.

To further increase our efficiency, reduce our reliance on manpower and ensure consistency in the quality of our food products, we also intend to acquire new machinery required for various stages of our food preparation and production processes.

Our Directors believe that by consolidating our business operations and with the acquisition of new machinery, we will be able to streamline our operations, decrease transportation and logistical costs, and increase efficiency and annual production capacity.

- **To expand and develop our Food Retail Business**

For our Food Retail Business, we intend to intensify our search for strategic locations in Singapore, such as the MRT stations, popular shopping malls or heartland town centres with high human traffic, at which to set up new food retail outlets. Barring unforeseen circumstances, we intend to increase the number of food retail outlets in Singapore to 30 by 2016.

- **To strengthen our existing brands and introduce new concepts**

We believe that effective marketing is an important strategy in our competitive industry. To secure our position and maintain our competitive advantage, we intend to increase our marketing and advertising efforts to increase our brand awareness and customers' loyalty.

We will continue to place a strong emphasis on our existing F&B businesses and concepts but plan to develop new concepts to ensure constant interest and demand for our products from existing and new customers. We intend to continue to develop new menus, innovative catering concepts and F&B retail experience. We may also venture into institutional catering to provide food management services to large corporations and institutions.

We believe that through these strategies, we will be able to enhance our offerings, further increase our customer base and reinforce our position as the leader in Food Catering Business in Singapore.

- **To expand our businesses through acquisitions, joint ventures and/or strategic alliances**

We may also expand our businesses, whether in Singapore or overseas, through acquisitions, joint ventures and strategic alliances that we believe will complement our current and future businesses. We believe that suitable acquisitions, joint ventures and strategic alliances will give us access to new markets and customers as well as new businesses. They will also bring about greater economies of scale and provide an impetus for our future growth. As at the Latest Practicable Date, we are not engaged in any formal discussion with any party for acquisitions, joint ventures or strategic alliances. Should such opportunities arise, we will seek the requisite approval, where necessary, from our Shareholders and the relevant authorities as may be required by the relevant rules and regulations.

WHERE YOU CAN FIND US

Our principal and registered office is located at 6A Wan Lee Road. Our telephone number is (65) 6896 7757 and our facsimile number is (65) 6515 1235. Our internet address is <http://www.neogroup.com.sg>.
Information contained in our website does not constitute part of this Offer Document.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of our interested persons (namely, our Directors, CEO or Controlling Shareholders of our Company or the Associates of such Directors, CEO or Controlling Shareholders) would constitute interested person transactions for the purpose of Chapter 9 of the Listing Manual. This section sets out details of interested person transactions for the last three financial years ended FY2012 and for the period commencing from 1 February 2012 up to the Latest Practicable Date (the “Relevant Period”).

Save as disclosed below and in the sections entitled “Restructuring Exercise” and “General Information on our Group - History” of this Offer Document, our Group does not have any other material transactions with any of its interested persons during the Relevant Period.

INTERESTED PERSONS

The following persons or companies are considered “interested persons” or related persons for the purposes of this section and the section entitled “Interested Person Transactions - Potential Conflicts of Interests” of this Offer Document.

(a) Neo Kah Kiat

Neo Kah Kiat is our Founder, Chairman and CEO and the Controlling Shareholder of our Company.

(b) Liew Oi Peng

Liew Oi Peng is our Executive Director and the Controlling Shareholder of our Company. She is the spouse of Neo Kah Kiat.

(c) Liew Choh Khing

Liew Choh Khing is our Executive Director (Food Retail). He is the brother of Liew Oi Peng.

(d) Perdure Technology

Neo Kah Kiat is a director and shareholder of Perdure Technology and he owns 51.0% of the issued share capital of Perdure Technology as at the Latest Practicable Date.

Perdure Technology, a company incorporated in Singapore, is principally engaged in the servicing, trading and sale of computer hardware.

(e) Sirius Venture

Wong Hin Sun Eugene, our Non-executive Director, is the managing director of Sirius Venture. He owns 100.0% of the issued share capital of Sirius Venture as at the Latest Practicable Date.

Sirius Venture, a company incorporated in Singapore, is principally engaged in investment activities and the provision of business consultancy services.

As at the date of this Offer Document, Sirius Venture owns approximately 3.5% of the pre-Invitation share capital of our Group.

(f) GUI Solutions

Neo Kah Kiat is a shareholder of GUI Solutions and he owns 80.0% of the issued share capital of GUI Solutions as at the Latest Practicable Date.

GUI Solutions, a company incorporated in Singapore, is principally engaged in the provision of IT services.

(g) Inspire Food

Inspire Food is a partnership established in Singapore on 27 April 2009. It operates a food stall at Blk 406 Jurong West Street 42 #01-583, Singapore 640406, selling principally yam products. Since 3 May 2012, Neo Kar King's spouse is the owner of Inspire Food.

(h) On Time Delight

On Time Delight is a partnership established in Singapore on 15 December 1990. It operates a food stall at Block 77 Circuit Road, #01-450, Singapore 370077, selling economy rice, steamboat and 'tze char' (stir and fry) food. As at the Latest Practicable Date, Neo Kar King is the owner of On Time Delight.

PAST INTERESTED PERSON TRANSACTIONS

1. Provision of consultancy services by Sirius Venture

On 21 June 2011, in connection with the listing of our Company on Catalist, we entered into the Consultancy Agreement pursuant to which Sirius Venture agreed to provide our Group with consultancy services relating to, *inter alia*, the listing of our Company on Catalist for a period of 36 months commencing on 1 July 2011.

The relevant key terms of the Consultancy Agreement are as follows:

**Type of transactions
(if materialised)**

Terms

(a) Consultancy fees

Annual payment of S\$25,000 until the successful listing of our Company.

The first payment shall be payable within 14 days from the date of signing of the Consultancy Agreement, and the remaining S\$15,000 shall be payable at the end of the 12-month period

(b) Fund raising

Payment equivalent to two per cent. (2%) for any fresh funds invested by new investors before or at the listing of our Company, such sum shall be payable upon receipt of fresh funds

(c) Successful listing

In the event that we receive an in-principle approval from the SGX-ST in connection with the listing of our Company, we shall procure our Controlling Shareholder, Neo Kah Kiat, to transfer to Sirius Venture an agreed specified percentage of the total post-listing issued share capital of our Company at nil costs

On 11 June 2012, Sirius Venture issued a letter to us pursuant to which Sirius Venture confirmed that the transfer from Neo Kah Kiat to him of an agreed specified percentage of the total post-listing issued share capital of our Company at nil costs as described in (c) above shall be deleted in its entirety. Sirius Venture further confirmed that the Consultancy Agreement will be terminated following the successful admission of our Company to Catalist.

The aggregate amount paid by our Group to Sirius Venture pursuant to the Consultancy Agreement during the Relevant Period is as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Amount paid to Sirius Venture	–	–	10	15

As at the date of this Offer Document, an amount of approximately S\$132,000, equivalent to two per cent (2.0%) of our gross proceeds from the Invitation as described in (b) above remains payable to Sirius Venture.

The above amounts due from our Group to Sirius Venture will be fully settled following the successful admission of our Company to Catalist.

The Consultancy Agreement will be terminated following the successful admission of our Company to Catalist.

At the time when the Consultancy Agreement was entered into, Sirius Venture was not an interested person of our Group as Wong Hin Sun Eugene was only appointed to our Board on 11 June 2012. Our Directors are of the view that the Consultancy Agreement was negotiated on an arm's length basis and based on normal commercial terms and market prices which Sirius Venture charges to its other clients for similar scope of services.

We do not expect to engage the services of Sirius Venture following the admission of our Company to Catalist. However, in the event that we do engage the services of Sirius Venture in the future, we will comply with the procedures set out in the section entitled "Interested Person Transactions - Guidelines and Review Procedures for Future Interested Person Transactions" of this Offer Document and be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

2. Provision of guarantees by interested persons

During the Relevant Period, Neo Kah Kiat, Liew Oi Peng and Liew Choh Khing had provided guarantees to secure our Group's obligations under certain credit facilities and tenancy agreement, details of which were set out below:

Financial institutions	Facilities	Facilities for use by	Guarantees provided by	Amount guaranteed	Largest amount guaranteed during the Relevant Period (approximately) (S\$'000)
United Overseas Bank Limited	Commercial property loan and establishing a credit limit on Neo Garden Catering's credit card totalling S\$832,000	Neo Garden Catering	Neo Kah Kiat and Liew Oi Peng	S\$632,000	S\$632

Financial institutions	Facilities	Facilities for use by	Guarantees provided by	Amount guaranteed	Largest amount guaranteed during the Relevant Period (approximately) (S\$'000)
Oversea-Chinese Banking Corporation	Commercial property loan and overdraft totalling S\$420,000	Deli Hub	Neo Kah Kiat and Liew Choh Khing	S\$420,000	S\$420
HKL (Esplanade) Pte Ltd	Lease of 1 Raffles Link, #B1-07, Singapore 039393	Niwa Sushi	Neo Kah Kiat and Liew Choh Khing	All monies due and payable under the lease agreement	Please see Note 1 below

Note:

(1) The amount guaranteed is equivalent to the amount owing to the landlord under the tenancy agreement.

The interest rates applicable to the above credit facilities ranged from 4.08% to 4.98% per annum. Following the expiry or redemption of the above credit facilities and the expiry of the tenancy agreement, the above guarantees provided by the above guarantors were discharged.

As no fee was paid to the above guarantors for the provision of the above guarantees, the above arrangements were not carried out on an arm's length basis but were beneficial to our Group.

3. Sale of yacht to Twinkle Investment

On 1 April 2012, Neo Garden Catering (as the vendor) entered into a bill of sale with Twinkle Investment (as the purchaser) to sell a yacht for a sale consideration of S\$150,962. The consideration was arrived at on a willing-buyer willing-seller basis after taking into account its net book value as recorded in the audited accounts of Neo Garden Catering as at 31 January 2012. In April 2012, the sale was completed. The consideration for the disposal was fully settled. Our Directors believe that this transaction was not entered into on an arm's length basis.

4. Transfer of shares of Niwa Sushi

On 1 May 2010, to streamline our Group's structure, Neo Kah Kiat and Liew Choh Khing (as vendors) transferred their entire shareholding interests in Niwa Sushi, comprising 300,000 shares, to Neo Garden Catering at an aggregate cash consideration of S\$200,000. The consideration for the acquisition was fully settled. The consideration was arrived at based on a discount to the paid-up capital of Niwa Sushi of S\$300,000 at that time. Our Directors believe that this transaction was not entered into on an arm's length basis.

5. Transfer of shares of H-Cube

On 1 May 2010, to streamline our Group's structure, Neo Kah Kiat and Liew Choh Khing (as vendors) transferred their entire shareholding interests in H-Cube, comprising 100,000 shares, to Neo Garden Catering at a cash consideration of S\$100,000. The consideration for the acquisition was fully settled. The consideration was arrived at based on the paid-up capital of H-Cube of S\$100,000 at that time. Our Directors believe that this transaction was not entered into on an arm's length basis.

6. Amount due from Perdure Technology and GUI Solutions

During the Relevant Period, our Group had from time to time extended loans to Perdure Technology and GUI Solutions for their respective working capital purposes.

The amounts owing by Perdure Technology and GUI Solutions to our Group as at the end of each of the last three financial years ended 31 January 2012 and as at the Latest Practicable Date were as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Amount due from Perdure Technology	200	600	—	—
Amount due from GUI Solutions	160	375	—	—

During the Relevant Period, based on the month-end balances, the largest amount outstanding was approximately S\$1.02 million. Such loans were unsecured, interest-free and with no fixed terms of repayment. Our Directors are of the view that such transactions were not carried out on an arm's length basis. As at the Latest Practicable Date, all of such loans have been fully settled.

7. Purchase of yam products from Inspire Food

During the Relevant Period, our Group had from time to time purchased yam products from Inspire Food.

The aggregate amount paid by our Group to Inspire Food during the Relevant Period was as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Amount paid to Inspire Food	16.1	22.7	21.1	5.9

Our Directors are of the view that the above transactions were conducted on an arm's length basis and on normal commercial terms.

Our Group will cease to engage in any future transactions with Inspire Food following the admission of our Company to Catalist.

8. Provision of technical advice to On Time Delight

During the Relevant Period, our Group provided technical advice to On Time Delight.

The aggregate amount paid by On Time Delight to our Group during the Relevant Period was as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Amount paid by On Time Delight	—	—	28	8.1

Our Directors are of the view that the above transactions were conducted on an arm's length basis and on normal commercial terms.

Our Group will cease to engage in any future transactions with On Time Delight following the admission of our Company to Catalist.

9. Advances from interested persons

Our Group has in the past and during the Relevant Period received advances from Neo Kah Kiat, Liew Oi Peng and Liew Choh Khing for working capital purposes. These advances were interest-free, unsecured and with no fixed terms of repayment.

The amounts of advances owing to the above interested persons as at the end of each of the last three financial years ended 31 January 2012 and as at the Latest Practicable Date were as follows:

	← As at 31 January →			As at the Latest Practicable Date
	2010 (S\$'000)	2011 (S\$'000)	2012 (S\$'000)	
Advances from Neo Kah Kiat	253	490	570	—
Advances from Liew Oi Peng	396	—	1,476	—
Advances from Liew Choh Khing	373	387	432	—

During the Relevant Period, the largest aggregate outstanding amounts owed by our Group to the above interested persons, based on month-end balances, were S\$2.48 million. The above transactions were not entered into on an arm's length basis or on normal commercial terms.

Following the completion of the Restructuring Exercise, the advance of S\$474,118 from Liew Oi Peng was fully settled. As at the Latest Practicable Date, all advances from the above interested persons have been fully settled. We do not expect to enter into similar transactions with the above interested persons in the future following the admission of our Company to Catalist.

10. Advances to interested persons

Our Group has in the past and during the Relevant Period made advances to Neo Kah Kiat and Liew Choh Khing. These advances were interest-free, unsecured and with no fixed terms of repayment.

The amounts of advances owing from Neo Kah Kiat and Liew Choh Khing as at the end of each of the last three financial years ended 31 January 2012 and as at the Latest Practicable Date were as follows:

	← As at 31 January →			As at the Latest Practicable Date
	2010 (S\$'000)	2011 (S\$'000)	2012 (S\$'000)	
Advances to Neo Kah Kiat	—	98	1,670	—
Advances to Liew Choh Khing	250	—	—	—

During the Relevant Period, the largest aggregate outstanding amounts owed by Neo Kah Kiat and Liew Choh Khing to our Group, based on month-end balances, were S\$1.67 million and S\$0.25 million respectively. The above transactions were not entered into on an arm's length basis or on normal commercial terms.

Following the completion of the Restructuring Exercise, the advance of S\$82,626 to Neo Kah Kiat was fully settled. As at the Latest Practicable Date, all advances to Neo Kah Kiat and Liew Choh Khing have been fully repaid. We do not expect to enter into similar transactions with any of the above interested persons in the future following the admission of our Company to Catalist.

11. Provision of consultancy services by Neo Kah Kiat

During the Relevant Period, Neo Kah Kiat and Orange Clove entered into the following consultancy agreements:

- (a) consultancy agreement dated 1 February 2009 pursuant to which Neo Kah Kiat provided technical and strategic advice, including but not limited to manpower support ("consultancy services") to Orange Clove at a monthly fee of S\$41,000 for a period of one year commencing from 1 February 2009;
- (b) consultancy agreement dated 1 February 2010 pursuant to which Neo Kah Kiat provided consultancy services to Orange Clove at a monthly fee of S\$44,500, for a period of one year commencing from 1 February 2010; and
- (c) consultancy agreement dated 1 February 2011 pursuant to which Neo Kah Kiat provided consultancy services to Orange Clove at a monthly fee of S\$20,800, for a period of one year commencing from 1 February 2011, with an option to extend for an additional one-month period.

The aggregate amount paid by our Group to Neo Kah Kiat during the Relevant Period was as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Amount paid to Neo Kah Kiat	496.3	535.6	250.6	14.3

Our Directors believe that these transactions were not entered into on an arm's length basis but were beneficial to our Group.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

1. Provision of guarantees and/or indemnities by interested persons

As at the Latest Practicable Date, Neo Kah Kiat, Liew Oi Peng and Liew Choh Khing had provided guarantees and/or indemnities to secure our Group's obligations under certain credit facilities and tenancy agreements, details of which are set out below:

Financial institutions/ Landlord	Facilities / leases	Facilities / leases for use by	Guarantees and/or indemnities provided by	Amount guaranteed/ indemnified	Amount outstanding as at the Latest Practicable Date (approximately) (S\$'000)
United Overseas Bank Limited	Commercial property loan, overdraft and establishing credit limit for Neo Garden Catering's credit card totalling S\$9,240,000	Neo Garden Catering	Neo Kah Kiat and Liew Oi Peng	S\$9,756,000	6,665
Oversea-Chinese Banking Corporation Limited	Commercial property loan of S\$644,000	Neo Garden Catering	Neo Kah Kiat and Liew Oi Peng	S\$644,000	353

Financial institutions/ Landlord	Facilities / leases	Facilities / leases for use by	Guarantees and/or indemnities provided by	Amount guaranteed/ indemnified	Amount outstanding as at the Latest Practicable Date (approximately) (S\$'000)
United Overseas Bank Limited	Hire purchase facility of S\$30,897	Neo Garden Catering	Liew Oi Peng	All monies due and payable under such facility	8
United Overseas Bank Limited	Hire purchase facility of S\$51,495	Neo Garden Catering	Liew Oi Peng	All monies due and payable under such facility	51
United Overseas Bank Limited	Hire purchase facility of S\$51,495	Neo Garden Catering	Liew Oi Peng	All monies due and payable under such facility	51
Hong Leong Finance Limited	Hire purchase facility of S\$61,794	Orange Clove	Liew Oi Peng	All monies due and payable under such facility	30
Hong Leong Finance Limited	Hire purchase facility of S\$61,794	Orange Clove	Liew Oi Peng	All monies due and payable under such facility	30
DBS Bank Ltd	Commercial property loan of S\$933,237	Deli Hub	Neo Kah Kiat, Liew Oi Peng, Liew Choh Khing and Ng Kah Lye	All monies	693
United Overseas Bank Limited	Commercial property loan of S\$759,132	Deli Hub	Neo Kah Kiat, Liew Oi Peng, Liew Choh Khing and Ng Kah Lye	S\$759,132	614
NTUC Income Insurance Co-operative Limited	Lease of 3 Simei Street 6, #01-02 Singapore 528833	Niwa Sushi	Neo Kah Kiat and Liew Choh Khing	All monies due and payable under the lease	Please see Note 1 below
Housing & Development Board	Lease of Shimei East Kitchen	H-Cube	Neo Kah Kiat	All monies due and payable under the lease agreement	Please see Note 1 below
United Overseas Bank Limited	Hire purchase facility of S\$42,392	H-Cube	Liew Choh Khing	All monies due and payable under such facility	12
Oversea-Chinese Banking Corporation Limited	Letter of credit, airway bills, draft loans, export bills purchase, invoice financing, shipping guarantee, trust receipts and foreign exchange totalling S\$960,000	NKK	Neo Kah Kiat and Liew Oi Peng	All monies	—

Note:

- (1) The amounts guaranteed are equivalent to the amounts owing to the landlords under the respective tenancy agreements as at the Latest Practicable Date.

The largest aggregate outstanding amount guaranteed and secured during the Relevant Period, based on month-end balances, was approximately S\$9.76 million. The interest rate applicable to our above facilities ranges from 1.12% to 5% per annum.

As no fee was paid to the above guarantors for the provision of the above guarantees and/or indemnities, the above arrangements were not carried out on an arm's length basis but were beneficial to our Group.

Following the admission of our Company to Catalist, we intend to request for the discharge of the above personal guarantees and/or indemnities by the above guarantors and replace them with corporate guarantees and/or indemnities provided by our Group. Our Directors do not expect any material change in the terms and conditions of the relevant credit facilities arising from the discharge of the personal guarantees and/or indemnities. Nevertheless, each of the above guarantors has given an undertaking that in the event that the relevant financial institution does not agree to the release of his personal guarantees and/or indemnities, he will not withdraw or revoke such guarantees and/or indemnities and that such guarantees and/or indemnities will remain in full force and effect. Each of them has further confirmed that he will not receive any consideration (monetary or otherwise) for the provision of the above guarantees and/or indemnities in the future.

2. Lease of premises from Neo Kah Kiat and/or Liew Oi Peng

(a) #01-12 Jalan Tepong

Since December 2010, H-Cube has leased our central kitchen at #01-12 Jalan Tepong from Neo Kah Kiat (Founder, Chairman and CEO) at a monthly rental of S\$4,000. The said lease was recently renewed on 1 February 2012 for a period of three years from 1 February 2012, with an option to renew for a term of three years and upon its expiry, an option to renew for a further term of three years. The monthly rental for the premises is approximately S\$4,000. The monthly rental charged by Neo Kah Kiat represents approximately 25.9% discount to the market rental value determined by an independent valuer.

Although the transaction above was not conducted on an arm's length basis, it was beneficial to our Group and we intend to continue with such lease for so long as it is beneficial to our Group.

The aggregate rental paid by our Group during the Relevant Period is as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Aggregate rental	–	8	48	16

After the admission of our Company to Catalist, any renewal of the tenancy will be entered into in accordance with the guidelines prescribed under the section entitled "Interested Person Transactions - Guidelines and Procedures for Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Listing Manual, so as to ensure that it is carried out on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

(b) #05-03 Enterprise One

Since August 2008, Orange Clove has leased our office premises at #05-03 Enterprise One from Neo Kah Kiat (Founder, Chairman and CEO) and Liew Oi Peng (Executive Director) at a monthly rental of S\$7,000. The said lease was recently renewed on 1 February 2012 for a period of three years from 1 February 2012, with an option to renew for a term of three years and upon its expiry, an option to renew for a further term of three years. The monthly rental for the premises is S\$7,000. The monthly rental charged by Neo Kah Kiat and Liew Oi Peng was below the prevailing market rental rates for comparable units within the same building.

Although the transaction above was not conducted on an arm's length basis, it was beneficial to our Group and we intend to continue with such lease for so long as it is beneficial to our Group.

The aggregate rental paid by our Group during the Relevant Period is as follows:

	FY2010	FY2011	FY2012	1 February 2012 to the Latest Practicable Date
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Aggregate rental	72	79	84	28

After the admission of our Company to Catalist, any renewal of the tenancy will be entered into in accordance with the guidelines prescribed under the section entitled "Interested Person Transactions - Guidelines and Procedures for Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Listing Manual, so as to ensure that it is carried out on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

(c) #05-04 Enterprise One

Since August 2008, Orange Clove has leased our office premises at #05-04 Enterprise One from Neo Kah Kiat (Founder, Chairman and CEO) at a monthly rental of S\$7,000. The said lease was recently renewed on 1 February 2012 for a period of three years from 1 February 2012, with an option to renew for a term of three years and upon its expiry, an option to renew for a further term of three years. The monthly rental for the premises is S\$7,000. The monthly rental charged by Neo Kah Kiat was below the prevailing market rental rates for comparable units within the same building.

Although the transaction above was not conducted on an arm's length basis, it was beneficial to our Group and we intend to continue with such lease for so long as it is beneficial to our Group.

The aggregate rental paid by our Group during the Relevant Period is as follows:

	FY2010	FY2011	FY2012	1 February 2012 to the Latest Practicable Date
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Aggregate rental	72	79	84	28

After the admission of our Company to Catalist, any renewal of the tenancy will be entered into in accordance with the guidelines prescribed under the section entitled "Interested Person Transactions - Guidelines and Procedures for Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Listing Manual, so as to ensure that it is carried out on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

(d) #05-05 Enterprise One

Since June 2010, Orange Clove has leased our office premises at #05-05 Enterprise One from Neo Kah Kiat (Founder, Chairman and CEO) and Liew Oi Peng (Executive Director) at a monthly rental of S\$6,000, which was revised to S\$7,000 in July 2010. The said lease was recently renewed on 1 February 2012 for a period of three years from 1 February 2012, with an option to renew for a term of three years and upon its expiry, an option to renew for a further term of three years. The monthly rental for the premises is S\$7,000. The rental charged by Neo Kah Kiat and Liew Oi Peng was below the prevailing market rental rates for comparable units within the same building.

Although the transaction above was not conducted on an arm's length basis, it was beneficial to our Group and we intend to continue with such lease for so long as it is beneficial to our Group.

The aggregate rental paid by our Group during the Relevant Period is as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Aggregate rental	–	61	84	28

After the admission of our Company to Catalist, any renewal of the tenancy will be entered into in accordance with the guidelines prescribed under the section entitled "Interested Person Transactions - Guidelines and Procedures for Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Listing Manual, so as to ensure that it is carried out on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

3. Sale and leaseback of #05-06 Enterprise One

On 30 April 2012, Neo Garden Catering (as the vendor) entered into an agreement with Twinkle Investment (as the purchaser) to sell #05-06 Enterprise One for a sale consideration of S\$1.10 million. The consideration was based on the valuation by an independent valuer. As at the Latest Practicable Date, the sale has not been completed. The purchaser has undertaken to use its best endeavours to complete the sale. Our Directors believe that this transaction was entered into on an arm's length basis.

Subject to completion taking place, Orange Clove will be leasing our office premises at #05-06 Enterprise One from Twinkle Investment at a monthly rental of S\$7,000. The lease was signed with Neo Garden Catering on 1 February 2012 for a period of three years from 1 February 2012, with an option to renew for a term of three years and upon its expiry, an option to renew for a further term of three years. The monthly rental for the premises is S\$7,000. The rental charged by Twinkle Investment represents approximately 10.3% discount to the market rental value determined by an independent valuer.

Although the transaction above was not conducted on an arm's length basis, it was beneficial to our Group and we intend to continue with such lease for so long as it is beneficial to our Group.

The aggregate rental paid by our Group during the Relevant Period is as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Aggregate rental	–	–	–	28

After the admission of our Company to Catalist, any renewal of the tenancy will be entered into in accordance with the guidelines prescribed under the section entitled "Interested Person Transactions - Guidelines and Procedures for Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Listing Manual, so as to ensure that it is carried out on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

4. Provision of indemnities by our Executive Directors for security bonds for foreign workers

As our Group employs foreign workers in Singapore, a security bond of S\$5,000 is required to be furnished to the MOM for each foreign worker before our Group is allowed to engage such foreign workers. Instead of furnishing the security bonds, our Group entered into arrangements with insurance companies for letters of guarantee to be issued to the MOM by such insurance companies in respect of each foreign worker. In return for the issuance of such letters of guarantee, our Group pays the insurance companies an insurance premium and our Executive Directors, Neo Kah Kiat, Liew Oi Peng and Liew Choh Khing, provided indemnities to the insurance companies to secure our Group's obligations.

As no fee was paid by us to the above interested persons for the provision of the above indemnities, the transactions were not carried out on an arm's length basis but were beneficial to our Group.

The total amount indemnified by the above interested persons under the security bonds as at the end of each of the last three financial years ended 31 January 2010, 31 January 2011 and 31 January 2012 and as at the Latest Practicable Date is as follows:

	← As at 31 January →			1 February 2012 to the Latest Practicable Date
	2010 (S\$'000)	2011 (S\$'000)	2012 (S\$'000)	(S\$'000)
Amount indemnified under the security bonds	210	260	360	350

The largest aggregate outstanding amount indemnified by the above interested persons during the Relevant Period is approximately S\$360,000.

The above interested persons have agreed to continue providing the indemnities subsequent to the Invitation until such time the employment of the relevant foreign worker(s) is terminated, or if the insurance companies agree to replace the indemnities with corporate guarantees provided by our Group.

5. Transactions with Perdure Technology

(a) Sale of computer hardware by Perdure Technology

During the Relevant Period, our Group had from time to time engaged Perdure Technology to supply computer hardware.

The aggregate amount paid by our Group to Perdure Technology during the Relevant Period is as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Amount paid to Perdure Technology	173	192	401	39.8

The above transactions were conducted on an arm's length basis and on normal commercial terms.

After the admission of our Company to Catalist, any transaction between our Group and Perdure Technology will be entered into in accordance with the guidelines prescribed under the section entitled “Interested Person Transactions - Guidelines and Procedures for Future Interested Person Transactions” of this Offer Document and Chapter 9 of the Listing Manual, so as to ensure that it is carried out on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

(b) Lease of office premises from Deli Hub

During the period from 1 September 2010 to 31 January 2012, Deli Hub leased the second floor of our office premises at 10E Enterprise Road to Perdure Technology on a rent-free basis. Neo Garden Catering has also been paying the utility expenses incurred by Perdure Technology at the premises.

On 1 February 2012, Deli Hub entered into a tenancy agreement with Perdure Technology pursuant to which Deli Hub leased such premises to Perdure Technology for a period of three years from 1 February 2012, with an option to renew for a further term of three years at a monthly rental of S\$1,800. The monthly rental for the premises of S\$1,800 was based on the prevailing market rental rates for properties of similar location and size. Such transaction was conducted on an arm’s length basis and on normal commercial terms.

In addition, Neo Garden Catering has also entered into an agreement (“Utility Sharing Agreement”) with Perdure Technology on 1 February 2012 pursuant to which Neo Garden Catering will charge Perdure Technology a flat rate of 10% of the total utility expenses incurred for the entire building at 10E Enterprise Road for a period of three years commencing from 1 February 2012 and if Perdure Tehnology renews the lease, for a further term of three years at a rate to be mutually agreed by the parties. Such arrangement is necessary as the premises do not have an electricity meter. Such transaction was not conducted on an arm’s length basis nor on normal commercial terms.

The aggregate rental and utility charges paid by Perdure Technology to our Group during the Relevant Period is as follows:

	FY2010	FY2011	FY2012	1 February 2012 to the Latest Practicable Date
	(S\$’000)	(S\$’000)	(S\$’000)	(S\$’000)
Aggregate rental	–	–	–	7.2
Utility charges	–	–	–	1.2

After the admission of our Company to Catalist, any renewal of the tenancy or the Utility Sharing Agreement will be entered into in accordance with the guidelines prescribed under the section entitled “Interested Person Transactions - Guidelines and Procedures for Future Interested Person Transactions” of this Offer Document and Chapter 9 of the Listing Manual, so as to ensure that it is carried out on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

6. Transactions with GUI Solutions

(a) Provision of IT services by GUI Solutions

Since January 2009, our Group has engaged GUI Solutions to provide IT services.

During the Relevant Period, GUI Solutions stationed three staff at our premises on a full-time basis to provide upgrade and maintenance services of our information system. We reimbursed GUI Solutions for the salaries paid to these three staff. We also paid a monthly maintenance fee of S\$300 for each food retail outlet.

On 1 April 2012, we entered into a software licence and services agreement with GUI Solutions, Neo Kah Kiat and Chin Chee Hwa pursuant to which:

- (a) GUI Solutions granted our Company an unlimited user and non-exclusive right and licence for our Group to use the computer programs, systems and technology developed by GUI Solutions for our Group's business ("software") to conduct our Group's business at any and all physical locations where our Group's business may be conducted worldwide at a licence fee of S\$70 per authorised user per month. The licence shall be perpetual and irrevocable unless terminated upon agreement by the parties;
- (b) GUI Solutions shall provide software enhancements and support and maintenance services to our Group on a perpetual basis unless the agreement is terminated upon agreement by the parties, at a monthly fee of S\$300 per retail outlet;
- (c) GUI Solutions shall provide our Group with sufficient manpower on site on a full-time basis for the purposes of providing software enhancements and support and maintenance services, as and when required in the reasonable opinion of GUI Solutions and/or as and when requested by our Company, and the manpower fees for these staff shall be billed monthly at cost to our Company;
- (d) In the event that GUI Solutions is desirous to sell the software, documentation and its underlying technology and source code necessary for the functional, operational and/or performance capabilities of the software ("source code") or any part thereof to any third party and have received a *bona fide* offer in writing from such person, our Company shall have the right of first refusal to purchase the source code on the same terms and conditions offered by such person; and
- (e) In the event that either or both of Neo Kah Kiat and Chin Chee Hwa (as owners of GUI Solutions) are desirous to sell their interest in all or part only of the issued share capital of GUI Solutions to any third party and have received a *bona fide* offer in writing from such person, our Company shall have the right of first refusal to purchase such issued share capital (or any part thereof) on the same terms and conditions offered by such person.

The aggregate amount paid by our Group to GUI Solutions during the Relevant Period is as follows:

	FY2010	FY2011	FY2012	1 February 2012 to the Latest Practicable Date
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Amount paid to GUI Solutions	230	242	335	95

The above transactions were conducted on an arm's length basis and on normal commercial terms.

After the admission of our Company to Catalist, any transaction between our Group and GUI Solutions (including the exercise of the right of first refusal) will be subject to our Audit Committee's review and entered into in accordance with the guidelines prescribed under the section entitled "Interested Person Transactions - Guidelines and Procedures for Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Listing Manual, so as to ensure that it is carried out on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

(b) Lease of office premises from Deli Hub

Since 1 September 2010, Deli Hub has been leasing the third floor of our office premises at 10E Enterprise Road, Singapore 629831 to GUI Solutions on a rent-free basis. Neo Garden Catering has also been paying the utility expenses incurred by GUI Solutions at the premises.

On 1 February 2012, Deli Hub entered into a tenancy agreement with GUI Solutions pursuant to which Deli Hub leased such premises to GUI Solutions for a period of three years from 1 February 2012, with an option to renew for a further term of three years at a monthly rental of approximately S\$1,500. The monthly rental for the premises of S\$1,500 was based on the prevailing market rental rates for comparable properties of similar location and size. Such transaction was conducted on an arm's length basis and on normal commercial terms.

In addition, Neo Garden Catering has also entered into an agreement ("GUI Utility Sharing Agreement") with GUI Solutions on 1 February 2012 pursuant to which Neo Garden Catering will charge GUI Solutions a flat rate of 10% of the total utility expenses incurred for the entire building at 10E Enterprise Road for a period of three years commencing from 1 February 2012 and if GUI Solutions renews the lease, for a further term of three years at a rate to be mutually agreed by the parties. Such arrangement is necessary as the premises do not have an electricity meter. Such transaction was not conducted on an arm's length basis nor on normal commercial terms.

The aggregate rental and utility charges paid by GUI Solutions to our Group during the Relevant Period is as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Aggregate rental	–	–	–	6
Utility charges	–	–	–	1.2

After the admission of our Company to Catalist, any renewal of the tenancy or the GUI Utility Sharing Agreement will be entered into in accordance with the guidelines prescribed under the section entitled "Interested Person Transactions - Guidelines and Procedures for Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Listing Manual, so as to ensure that it is carried out on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

OTHER TRANSACTIONS

1. Transactions with Grill & Barbecue Hub Pte. Ltd. ("Grill and BBQ")

Grill and BBQ, a company incorporated in Singapore on 24 November 2009, was principally involved in the processing of meat products. The company was struck off on 3 November 2011.

During the Relevant Period, our Group purchased meat products from Grill and BBQ.

The aggregate amount paid by our Group to Grill and BBQ during the Relevant Period was as follows:

	FY2010 (S\$'000)	FY2011 (S\$'000)	FY2012 (S\$'000)	1 February 2012 to the Latest Practicable Date (S\$'000)
Amount paid to Grill and BBQ	–	70.8	–	–

Our Directors believe that this transaction was entered into on an arm's length basis.

2. Transactions with Arise Flora & Gifts Pte. Ltd. (“Arise”)

Arise, a company incorporated in Singapore on 9 September 2009, was principally involved in the retail sale of handicrafts, collectibles and flowers. The company was struck off on 10 August 2011.

During the Relevant Period, our Group purchased flowers from Arise and engaged Arise to provide floral decorative services.

The aggregate amount paid by our Group to Arise during the Relevant Period was as follows:

	FY2010	FY2011	FY2012	1 February 2012 to the Latest Practicable Date
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Amount paid to Arise	30.5	43.9	–	–

Our Directors believe that this transaction was entered into on an arm's length basis.

GUIDELINES AND REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

In respect of all interested person transactions, we will implement the following review procedures:

- (a) In relation to any purchase of products or procurement of services from interested persons, quotes from at least two unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two comparative prices from the two unrelated third parties.
- (b) In relation to any sale of products or provision of services to interested persons, the price and terms of two other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The interested persons shall not be charged at rates lower than that charged to the unrelated third parties.
- (c) When renting from or to interested persons, our Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of properties of similar location and size, or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where appropriate). The rent payable shall be based on the most competitive market rental rate of similar properties in terms of size and location, based on the results of the relevant enquiries.
- (d) Where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an interested person, the interested person transaction will be approved by our Audit Committee, who has no interest in the transaction, in accordance with our usual business practices and policies. In determining the transaction price payable to the interested person for such products and/or services, factors such as, but not limited to, quantity, requirements and specifications will be taken into account.

In addition, we shall monitor all interested person transactions entered into by us by categorising the transactions as follows:

- (a) a “category one” interested person transaction is one where the value thereof is in excess of 3% of the NTA of our Group; and
- (b) a “category two” interested person transaction is one where the value thereof is below or equal to 3% of the NTA of our Group.

“Category one” interested person transactions must be reviewed and approved by our Audit Committee prior to entry. “Category two” interested person transactions must be approved by a Director who shall not be an interested person in respect of the particular transaction prior to entry and must be reviewed on a half-yearly basis by our Audit Committee. In its review, our Audit Committee will ensure that all future interested person transactions are conducted on normal commercial terms and are not prejudicial to the interests of our Company and its minority Shareholders.

In respect of all interested person transactions, we shall adopt the following policies:

- (a) In the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from deliberating, reviewing and/or approving that particular transaction.
- (b) We shall maintain a register to record all interested person transactions which are entered into by our Group, including any quotations obtained from unrelated parties to support the terms of the interested person transactions.
- (c) We shall incorporate into our internal audit plan a review of all interested person transactions entered into by our Group.
- (d) Our Audit Committee shall review the internal audit reports at least annually to ensure that all interested person transactions are carried out on an arm’s length basis and in accordance with the procedures outlined above. Furthermore, if during these periodic reviews, our Audit Committee believes that the guidelines and procedures as stated above are not sufficient to ensure that the interests of minority Shareholders are not prejudiced, we will adopt new guidelines and procedures. The Audit Committee may request for an independent financial adviser’s opinion as it deems fit.

We shall ensure that all interested person transactions comply with the provisions in Chapter 9 of the Listing Manual, and if required, we will seek independent Shareholders’ approval for such transactions. In accordance with Rule 919 of the Listing Manual, interested persons and their Associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. In addition, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the Shareholder(s).

Our Board of Directors will ensure that all disclosures, approvals and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with. We will disclose in our annual report the aggregate value of interested person transactions during the financial year.

POTENTIAL CONFLICTS OF INTERESTS

Save as disclosed below and in the sections entitled “Interested Person Transactions”, “General Information on our Group - History” and “Restructuring Exercise” of this Offer Document, none of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in:

- (a) any transaction to which we were or are to be a party;
- (b) any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group; and
- (c) any company that is our customer or supplier of goods and services.

Wong Hin Sun Eugene

- (a) Ajisen (China) Holdings Limited (“Ajisen (China)”)

Wong Hin Sun Eugene, our Non-executive Director, is also a non-executive director of Ajisen (China), a company listed on the Hong Kong Stock Exchange, and holds less than 1.0% shareholding interest in Ajisen (China) as at the Latest Practicable Date.

Ajisen (China) has been granted by Shigemitsu Industry the sole, exclusive and perpetual franchise to operate and the right to sub-franchise the operation of restaurants under the “Ajisen Ramen” brand in the PRC, Hong Kong and Macau. Shigemitsu Industry is a company incorporated in Japan and the owner of the “Ajisen Ramen” brand. Shigemitsu Industry has investment in other companies operating the “Ajisen Ramen” brand in other parts of the world as well as other food businesses.

Due to the geographical segregation between the businesses of Ajisen (China) and our Group and in view that Wong Hin Sun Eugene does not have any executive role in the management of Ajisen (China) nor a material shareholding interest in Ajisen (China), our Directors are of the view that there are no conflicts of interests arising from Wong Hin Sun Eugene’s interest in Ajisen (China).

(b) Japan Foods Holding Ltd (“Japan Foods”)

Wong Hin Sun Eugene, our Non-executive Director, is also a non-executive director of Japan Foods Holding Ltd, a company listed on Catalist board of the SGX-ST. As at the Latest Practicable Date, Sirius Venture has less than 5.0% shareholding interest in Japan Foods. Wong Hin Sun Eugene is the managing director of Sirius Venture and owns 100% of the issued share capital of Sirius Venture as at the Latest Practicable Date.

Japan Foods is principally engaged in (i) the operation of a chain of restaurants under various brands in Singapore serving a wide variety of Japanese cuisines; and (ii) the franchising of the “Ajisen Ramen” brand to sub-franchisees in Malaysia, Indonesia and Vietnam.

In view that Wong Hin Sun Eugene does not have any executive role in Japan Foods, our Directors are of the view that there are no potential conflicts of interests arising from Wong Hin Sun Eugene’s interest in Japan Foods.

Sirius Venture and its related companies (“Sirius Group”) is a group of venture consulting and venture capital companies which also manages funds. In its ordinary course of business, from time to time, the Sirius Group (whether directly or through the funds it manages) may make financial investments (which could be in the form of direct equity, convertible loans or other financial instruments) in F&B businesses.

As at the date of this Offer Document, the Sirius Group has a minority equity interest in OJJ Holdings Pte. Ltd. (“OJJ Holdings”), a company incorporated in Singapore which is principally engaged in the processing of pork, and a minority equity interest in Paradise Group Holdings Pte. Ltd. (“Paradise Group”), a restaurants operator serving Chinese and Asian cuisines. Wong Hin Sun Eugene is a non-executive director of Paradise Group.

In view that Wong Hin Sun Eugene does not have any executive role in OJJ Holdings and the Sirius Group is a financial investor in OJJ Holdings, and that the principal business activities of OJJ Holdings is different from that of our Group, our Directors are of the view that there are no potential conflicts of interests arising from Wong Hin Sun Eugene’s interest in OJJ Holdings.

In view that Wong Hin Sun Eugene does not have any executive role in Paradise Group and the Sirius Group is a financial investor in Paradise Group, and that the restaurants operated by Paradise Group serve food products under a different concept compared to our Group, our Directors are of the view that there are no potential conflicts of interests arising from Wong Hin Sun Eugene’s interest in Paradise Group.

In the event that a conflict of interests arises in the future, Wong Hin Sun Eugene will disclose his interests to our Board and will abstain from participating in discussions involving, and voting on, matters in which he may be interested, as well as maintaining the confidentiality of such matters. Wong Hin Sun Eugene has also affirmed his duties as a Director of our Company and is bound by the same duties of good faith, diligence, confidentiality and to act in the interests of our Company as the rest of our Directors.

Tan Lye Huat

Japan Foods

Tan Lye Huat, our Lead Independent Director, is also an independent director of Japan Foods, a company listed on Catalist board of the SGX-ST. As at the Latest Practicable Date, Tan Lye Huat does not have any shareholding interest in Japan Foods.

Japan Foods is principally engaged in (i) the operation of a chain of restaurants under various brands in Singapore serving a wide variety of Japanese cuisines; and (ii) the franchising of the “Ajisen Ramen” brand to sub-franchisees in Malaysia, Indonesia and Vietnam.

In view that Tan Lye Huat does not have any executive role in Japan Foods, our Directors are of the view that there are no potential conflicts of interests arising from Tan Lye Huat’s interest in Japan Foods.

Neo Kar King

Neo Kar King is the brother of our Founder, Chairman and CEO, Neo Kah Kiat, and the brother-in-law of our Executive Director, Liew Oi Peng.

(a) On Time Delight

On Time Delight is a partnership established in Singapore on 15 December 1990. It operates a food stall at Block 77 Circuit Road, # 01-450, Singapore 370077, selling economy rice, steamboat and ‘tze char’ (stir and fry) food. As at the Latest Practicable Date, Neo Kar King is the owner of On Time Delight.

(b) Inspire Food

Inspire Food is a partnership established in Singapore on 27 April 2009. It operates a food stall at Blk 406 Jurong West Street 42 #01-583, Singapore 640406, selling principally yam products. Since 3 May 2012, Neo Kar King’s spouse is the owner of Inspire Food.

Our Directors believe that no potential conflicts of interests arise from Neo Kar King’s interests in On Time Delight and his spouse’s interests in Inspire Food (collectively, “Neo Kar King Companies”) due to the following factors:

- (i) the main type of food products sold by our Group differs from that sold by the Neo Kar King Companies. Our Food Retail Business is principally engaged in selling convenience Japanese food whereas On Time Delight is principally involved in selling economy rice, steamboat and ‘tze char’ (stir and fry) food and Inspire Food is principally involved in selling yam products;
- (ii) none of the Neo Kar King Companies has more than 10 employees. They therefore have a different scale of operations as compared to that of our Group;
- (iii) our Group had previously purchased yam products from Inspire Food in its ordinary course of business but the amount involved was not material. Please refer to the section entitled “Interested Person Transactions – Past Interested Person Transactions” of this Offer Document for further details. Our Group will cease to engage in any future transactions with any of the Neo Kar King Companies following the listing of our Company; and
- (iv) none of our Directors is or had been a partner, director, manager, employee, consultant or equity owner of any of the Neo Kar King Companies.

Interests of Experts

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or any of our subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

No expert is employed on a contingent basis by our Company or any of our subsidiaries; or has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

Interests of Sponsor, Placement Agent and Underwriter

In the reasonable opinion of our Directors, save as disclosed below and in the section entitled “General and Statutory Information - Management, Underwriting and Placement Arrangements” of this Offer Document, our Company does not have any material relationship with the Sponsor, the Underwriter and the Placement Agent or any other financial adviser in relation to the Invitation:

- (a) CIMB is the Sponsor of the Invitation;
- (b) CIMB Securities is the Underwriter and the Placement Agent of the Invitation;
- (c) CIMB is the Receiving Banker of the Invitation; and
- (d) CIMB will be the continuing sponsor of our Company for an initial period of three years from the date our Company is admitted and listed on Catalist.

DIRECTORS, MANAGEMENT AND STAFF

DIRECTORS

Our board of Directors is entrusted with the responsibility for the overall management of our Group. The particulars of our Directors are set out below:

Name	Age	Address	Principal occupation	Country of principal residence
Neo Kah Kiat	41	190 Ocean Drive, The Berthside, Singapore 098612	Founder, Chairman and CEO	Singapore
Liew Oi Peng	39	190 Ocean Drive, The Berthside, Singapore 098612	Executive Director	Singapore
Lee Kwang Boon	37	978C Buangkok Crescent #05-219 Singapore 533978	Executive Director (Business Development)	Singapore
Liew Choh Khing	38	311B Anchorvale Lane #07-16 Singapore 542311	Executive Director (Food Retail)	Singapore
Wong Hin Sun Eugene	44	10A First Avenue, Singapore 268746	Founder and Managing Director of Sirius Venture	Singapore
Tan Lye Huat	63	10F Braddell Hill #24-24 Singapore 579725	Independent Director	Singapore
Yeo Guat Kwang	51	715 Hougang Avenue 2 #10-349 Singapore 530715	Director, National Trades Union Congress	Singapore
Ng How Hwan, Kevin	44	1 Toh Yi Drive #06-147 Singapore 591501	General Manager of Asia Pacific Breweries Limited	Singapore

Our Directors' career and academic history, business experience and general areas of responsibility within our Group are set out below:

Neo Kah Kiat is our Founder, Chairman and CEO and was appointed to our Board on 22 March 2012. He determines the overall strategic and expansion plans of our Group, and is responsible for the overall business development and general management of our Group. He established Neo Garden Restaurant, the predecessor of Neo Garden Catering, as a sole-proprietorship in 1992. He has been an executive director of each of our subsidiaries since their respective incorporation. He has more than 20 years of experience in the F&B industry.

Mr Neo was awarded the Spirit of Enterprise Award in 2010 and the Successful Entrepreneur Award (Platinum Category) in 2011.

Liew Oi Peng is our Executive Director and was appointed to our Board on 22 March 2012. She is currently responsible for assisting Neo Kah Kiat (Founder, Chairman and CEO) in the discharge of his duties and in overseeing the day-to-day operations of our Group. She has been with Neo Garden Restaurant, the predecessor of Neo Garden Catering, since 1994.

Ms Liew started her career as an administrative officer with Lee Soon Lee Associates, an insurance company, from 1992 to 1993. From 1994 to 2008, she was the general manager of Neo Garden Restaurant, responsible for overseeing the administrative matters of Neo Garden Restaurant.

She obtained a certificate in office skills from the Institute of Technical Education in 1992.

Lee Kwang Boon is our Executive Director (Business Development) and was appointed to our Board on 1 May 2012. He is currently responsible for overseeing the marketing and brand development activities of our Group. He joined Neo Garden Restaurant, the predecessor of Neo Garden Catering, in 2007 as its sales and marketing director.

Mr Lee started his career as a police officer with the Singapore Police Force, from 1995 to 2001. From 2001 to 2002, Mr Lee was a sales executive with Daikin Air-conditioning (Singapore) Pte Ltd. From 2003 to 2007, Mr Lee owned and operated a hawker food stall business.

Mr Lee graduated from Ngee Ann Polytechnic with a Diploma in Mechanical Engineering in 1995.

Liew Choh Khing is our Executive Director (Food Retail) and was appointed to our Board on 1 May 2012. He is responsible for overseeing the business and sales development strategies of our Food Retail Business and is instrumental in the development and expansion of our Food Retail Business. Under his leadership, we have established 16 food retail outlets in Singapore as at the date of this Offer Document. He joined our Group in 2004 as an executive director of Deli Hub and was subsequently appointed the executive director of each of our subsidiaries in charge of our Food Retail Business, H-Cube and Niwa Sushi, upon their incorporation.

From 1996 to 2000, Mr Liew worked as a sales engineer for a few private companies. Since 1997, Mr Liew has been a financial planning consultant for Tokio Marine Life Insurance (S) Ltd. From 2000 to 2004, Mr Liew worked concurrently as a property agent and a financial planning consultant.

Mr Liew graduated from The Open University with a Bachelor of Science in 2005. He also graduated with a Diploma in Marketing and Sales Management from the Singapore Productivity and Standards Board in 1998 and a Diploma in Manufacturing Engineering from Singapore Polytechnic in 1994.

Wong Hin Sun Eugene is our Non-Executive Director and was appointed to our Board on 11 June 2012. He founded Sirius Venture, a venture capital investment company, in September 2002. He is currently the managing director of Sirius Venture and its group of companies. Previously, from 1992 to 1998, he was with the Republic of Singapore Navy, where his last appointment was Head of Naval Recruitment. He joined Crimson Asia Capital Singapore Pte Ltd as an associate from 1998 to 2000. From March 2000 to August 2000, he was a vice president, Corporate Development and Ventures, with Aretae Pte Ltd. Between September 2000 and September 2002, he was the executive director and principal of Crimson Asia Capital Singapore Pte Ltd, where his duties involved overseeing the Singapore office.

He currently serves as a non-executive director of Ajisen (China) Holdings Limited, a company listed on the Hong Kong Stock Exchange, a non-executive director of Japan Foods Holding Ltd. and Jason Marine Group Limited, both of which are listed on Catalist, and an independent director of Q & M Dental Group (Singapore) Limited, which is listed on the Main Board of the SGX-ST. He currently serves on the board of AVA and International Enterprise Singapore ("IE Singapore") and is the chairman of Crimsonlogic Pte Ltd, a subsidiary of IE Singapore.

Wong Hin Sun Eugene graduated from the National University of Singapore with a Bachelor of Business Administration (First Class Honours) in 1992 and obtained a Master of Business Administration from the Imperial College of Science, Technology and Medicine, University of London in 1998. He also completed the Owner President Management Program from Harvard Business School in 2011. He qualified as a chartered financial analyst in 2001 and is a member of the Institute of Directors in Singapore and the United Kingdom.

Tan Lye Huat was appointed as the Lead Independent Director of our Company on 11 June 2012. He has an active career in the profession of directorship and governance. In 2003, he founded HIM Governance Pte. Ltd., a company offering governance solutions and services in Singapore and around the region.

He is a member of various governance-related institutions such as the Institute of Directors (UK), the International Policy Governance Association (USA) and the Australian Institute of Company Directors. Tan Lye Huat has been a fellow of the Association of Chartered Certified Accountants since 1980, a member of the Institute of Certified Public Accountants of Singapore since 1989 and a Chartered Director (UK) since 2001.

Yeo Guat Kwang was appointed as an Independent Director of our Company on 11 June 2012. He has been a member of parliament since January 1997. He is currently the director of the National Trades Union Congress and is responsible for programs to improve workplace safety and health and service standard.

He graduated with a Bachelor of Arts from National University of Singapore in 1986, and obtained a Postgraduate-Diploma in Education from Institute of Education in 1987. Yeo Guat Kwang currently serves as member of the board of directors of Koyo International Limited, Asia Water Technology Ltd and AVA. He is also the adviser to several business associations.

Ng How Hwan, Kevin was appointed as an Independent Director of our Company on 11 June 2012. He has been with Asia Pacific Breweries for the last 20 years in senior commercial positions throughout the Asia Pacific region, the last position being the general manager of Hainan Asia Pacific Breweries. He is currently a general manager of Asia Pacific Breweries Limited and is responsible for developing strategies for brands under Asia Pacific Breweries Limited.

He graduated with a Bachelor of Business (Business Administration) (Distinction) from the Royal Melbourne Institute of Technology in 1992 and completed the Heineken International Management Development Course in 1996, the Marketing of Consumer Goods in Asia Course from INSEAD (Singapore) in 2000 and the Heineken International Manager's Course from INSEAD (France) in 2005.

He is also a member of the Singapore Institute of Directors since January 2012.

Our Directors have the appropriate expertise to act as directors of our Company, as evidenced by their business and working experience set out above. Wong Hin Sun Eugene, Tan Lye Huat and Yeo Guat Kwang have prior experience as directors of public listed companies in Singapore and are therefore familiar with the roles and responsibilities of a director of a public listed company in Singapore.

Neo Kah Kiat, Liew Oi Peng, Lee Kwang Boon, Liew Choh Khing and Ng How Hwan, Kevin have attended the relevant training course on "Listed Company Director Essentials – Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know" conducted by the Singapore Institute of Directors and are aware of the roles and responsibilities of a director of a public listed company in Singapore.

Save as disclosed below, none of our Directors, Executive Officers and Substantial Shareholders is related to one another by blood or marriage:

Name	Relationship	Designation
Neo Kah Kiat	Spouse of Liew Oi Peng, brother-in-law of Lee Kwang Boon, Liew Choh Khing and Liew Oi Yen	Founder, Chairman and CEO
Liew Oi Peng	Spouse of Neo Kah Kiat, sister of Liew Oi Yen and Liew Choh Khing, Sister-in-law of Lee Kwang Boon	Executive Director
Lee Kwang Boon	Brother-in-law of Liew Oi Peng and Neo Kah Kiat	Executive Director (Business Development)
Liew Choh Khing	Brother of Liew Oi Peng and Liew Oi Yen, brother-in-law of Neo Kah Kiat	Executive Director (Food Retail)
Liew Oi Yen	Sister of Liew Oi Peng and Liew Choh Khing, sister-in-law of Neo Kah Kiat	Director (Operations)

The list of present and past directorships of each Director over the last five years up to the Latest Practicable Date and excluding those held in our Company, is set out below:

Name	Present directorships	Past directorships
Neo Kah Kiat	<p><i>Group corporations</i></p> <p>Deli Hub H-Cube Neo Garden Catering Niwa Sushi NKK Import & Export Orange Clove</p> <p><i>Other corporations</i></p> <p>Glo-World Pte. Ltd. Neo Group Investment Pte. Ltd. Perdure Technology Twinkle Investment Pte. Ltd.</p>	<p><i>Group corporations</i></p> <p>Nil</p> <p><i>Other corporations</i></p> <p>AL Midas Marketing Pte. Ltd. AL Sultan Bakery Pte. Ltd. Arise Flora & Gifts Pte. Ltd. (struck off) DM Wines Pte. Ltd. Grill & Barbecue Hub Pte. Ltd. (struck off) Neo @ 406 Restaurant Perdure Solar Pte. Ltd. (struck off) Wine Mansion Pte. Ltd. (struck off)</p>
Liew Oi Peng	<p><i>Group corporations</i></p> <p>Deli Hub Neo Garden Catering NKK Import & Export Orange Clove</p> <p><i>Other corporations</i></p> <p>Neo Group Investment Pte. Ltd. Twinkle Investment Pte. Ltd.</p>	<p><i>Group corporations</i></p> <p>Nil</p> <p><i>Other corporations</i></p> <p>Arise Flora & Gifts Pte. Ltd. (struck off)</p>

Name	Present directorships	Past directorships
Lee Kwang Boon	<i>Group corporations</i> Neo Garden Catering <i>Other corporations</i> Nil	<i>Group corporations</i> Nil <i>Other corporations</i> Nil
Liew Choh Khing	<i>Group corporations</i> Deli Hub H-Cube Niwa Sushi <i>Other corporations</i> Nil	<i>Group corporations</i> Nil <i>Other corporations</i> Nil
Wong Hin Sun Eugene	<i>Group corporations</i> Nil <i>Other corporations</i> Aijisen (China) Holdings Limited AVA Crimsonlogic Pte Ltd Grand Team Technologies Limited IE Singapore Japan Foods Holding Ltd. Jason Marine Group Limited Paradise Group Holdings Pte. Ltd. Q & M Dental Group (Singapore) Limited Sirius Angel Fund Pte. Ltd. Sirius Capital Management Pte. Ltd. Sirius Growth Capital Pte. Ltd. Sirius Growth Partners I Pte. Ltd. Sirius Investment Inc Sirius Management Services Pte. Ltd. Sirius SME Growth Partners I Limited Sirius Venture Superdog Pte. Ltd. (in liquidation – creditors' voluntary winding up)	<i>Group corporations</i> Nil <i>Other corporations</i> Acumen Communications Limited (struck off) Aeriel Beauty Co., Ltd Axial Education Pte. Ltd. Business Angel Network (South East Asia) Ltd China Video Surveillance Limited (formerly known as Yaan Security Technology Limited) (dissolved – members' voluntary winding up) Communication Design International Limited Efusion Solutions Pte. Ltd. Haike Chemical Group Limited Kingsley Capital International Pte. Ltd. OJJ Holdings Pte. Ltd. (alternate director) SD E-Hub Pte. Ltd. (struck off) SD Vivo Pte. Ltd. (struck off) SD White Sands Pte. Ltd. (struck off) S.E. Asia Emerging Market Co. Ltd. Sirius Capital Holdings Pte. Ltd. (dissolved – members' voluntary winding up) Sirius Capital Management Limited Sirius Japan Co., Ltd Sirius Ventures Company Ltd Sirius Ventures Sdn Bhd Southeast Asia Acquisition Corp. STEI Institute Pte. Ltd. Tecbiz Frisman Holdings Private Limited (struck off) Tecbiz Frisman Pte Ltd Transmex Systems International Pte. Ltd.

Name	Present directorships	Past directorships
Tan Lye Huat	<i>Group corporations</i> Nil <i>Other corporations</i> Dynamic Colours Limited HIM Governance Private Limited Japan Foods Holding Ltd. SP Corporation Limited	<i>Group corporations</i> Nil <i>Other corporations</i> Agis Pte Ltd China Video Surveillance Limited (formerly known as YAAN Security Technology Limited) (dissolved – members' voluntary winding up) Kian Ho Bearings Ltd
Yeo Guat Kwang	<i>Group corporations</i> Nil <i>Other corporations</i> Asia Water Technology Ltd. AVA Koyo International Limited	<i>Group corporations</i> Nil <i>Other corporations</i> Advance SCT Limited Asiagate Holdings Pte Ltd (struck off) Eco3 Technology and Engineering Pte Ltd Eco Tree Pte. Ltd. Eco-World Biotechnology Pte. Ltd. Financial Industry Disputes Resolution Centre Limited Grandwork Interior Pte Ltd HLH Group Limited Insurance Disputes Resolution Organisation Ltd. (struck off) Japan Foods Holding Ltd. Land Transport Authority NAFA-Asiagate Education Corporation Pte. Ltd. Public Utilities Board Singapore Chinese Orchestra Company Limited Spring Singapore Taliworks Eco Pte. Ltd. United Envirotech Ltd.
Ng How Hwan, Kevin	<i>Group corporations</i> Nil <i>Other Corporations</i> Hainan Asia Pacific Breweries Limited ⁽¹⁾	<i>Group corporations</i> Nil <i>Other Corporations</i> Nil

Note:

(1) Ng How Hwan, Kevin is in the process of stepping down as a director of Hainan Asia Pacific Breweries Limited.

EXECUTIVE OFFICERS

The day-to-day operations of our Group are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Address	Principal occupation
Lim Li Ling	45	Blk 672A Klang Lane #18-107 Singapore 211672	Group Financial Controller
Liew Oi Yen	42	667 Jalan Damai #05-85 Singapore 410667	Director (Operations)
Seah Boon Choon	45	462 Corporation Road #01-03 Parc Vista Singapore 649816	Deputy Director (Operations)
Teo Hwee Ai	39	179 Yung Sheng Road #09-143 Singapore 610179	Deputy Director (Operations)
Chiong Chang Long, Glurie	29	417 Choa Chu Kang Avenue 4 #13-380 Singapore 680417	Group Finance Manager

Our Executive Officers' career and academic history, business experience and areas of responsibility within our Group are set out below:

Lim Li Ling is our Group Financial Controller. She joined our Group in March 2012 and is responsible for overseeing all accounting, financial and corporate secretarial matters of our Group.

Prior to joining our Group, she was a director (Finance and IT) at LTC LLP, a professional accounting practice from 2011 to 2012. From 2009 to 2011, she was a financial controller with Banquet Holdings Pte Ltd. From 2008 to 2009, she was a finance manager with Sinomem Technology Limited, an integrated water solution provider formerly listed on the Mainboard of the SGX-ST.

She started her career as a semi senior with Barbinder & Co, a unit of Coopers & Lybrand, from 1987 to 1992. From 1993 to 1995, she worked as an accounts executive with Abeer Marine Services (S) Pte Ltd. From 1995 to 1998, she was the accounting officer with EDS International (S) Pte Ltd. From 1998 to 2004, she was the accounts manager with Hitachi Home Electronics Asia (S) Pte. Ltd. From 2004 to 2005, she worked as an assistant finance manager with Firium Solutions (Asia Pacific) Pte Ltd. She re-joined Hitachi under Hitachi International Treasury Ltd as an accounting and administrative manager from 2005 to 2007.

She obtained a Bachelor of Business (Accountancy) degree from the Royal Melbourne Institute of Technology University in 2001 and a Diploma in Business Studies from Ngee Ann Polytechnic in 1987.

She is a Certified Public Accountant (CPA Singapore) as well as a Certified Practising Accountant (CPA Australia).

Liew Oi Yen is our Director (Operations). She joined our Group in May 2008 as a branch director of Orange Clove. As our Director (Operations), she is responsible for the operations of our food catering production in our Orange Clove central kitchen.

She started her career as an interior designer with Amblin Design Pte Ltd from 1994 to 1997, Eu Wei Design and Construction from 1997 to 2000 and King Hall Builders & Design Pte Ltd in 2000. From 2001 to 2008, she was the manager of Best Catering, a partnership involved in the manufacture of cooked food preparations and proprietors of food establishments and catering.

She obtained an Industrial Technician Certificate (Electronics Engineering) from the Singapore Technical Institute in 1990.

Seah Boon Choon is our Deputy Director (Operations). He joined our Group as Operations Manager in 2008, where he was involved in the setting up of its central kitchen operations. As our Deputy Director (Operations), he is responsible for the operations of our food catering production in our Neo Garden Catering central kitchen.

From 2000 to 2008, he was the operations manager of Best Catering, a partnership involved in the manufacture of cooked food preparations and proprietors of food establishments and catering.

Teo Hwee Ai is our Deputy Director (Operations). She joined our Group as kitchen manager in 2008. As our Deputy Director (Operations), she is responsible for the operations and quality control of our food catering production in our Orange Clove central kitchen.

Prior to joining our Group, she was a partner and manager of Liquids Café from 1999 to 2006, where she was responsible for the general management and day-to-day operations of the cafe. From 1997 to 1999, she was a *chef de partie* with Tango Pte Ltd.

Chiong Chang Long, Glarie is our Group Finance Manager. He joined our Group in July 2011 and reports directly to our Group Financial Controller. He is responsible for assisting our Group Financial Controller in overseeing accounting, financial and corporate secretarial matters of our Group.

Prior to joining our Group, he was an audit associate with RSM Chio Lim LLP from 2007 to 2009. From 2009 to 2011, he was a finance manager with Transmex Systems International Pte Ltd, where he was responsible for all the finance-related and human resource matters of the company.

He obtained a Bachelor of Science (Accounting and Finance) from the University of London in 2008 and a Diploma in Accountancy from Ngee Ann Polytechnic in 2003.

The list of present and past directorships of each Executive Officers over the last five years up to the Latest Practicable Date and excluding those held in our Company, is set out below:

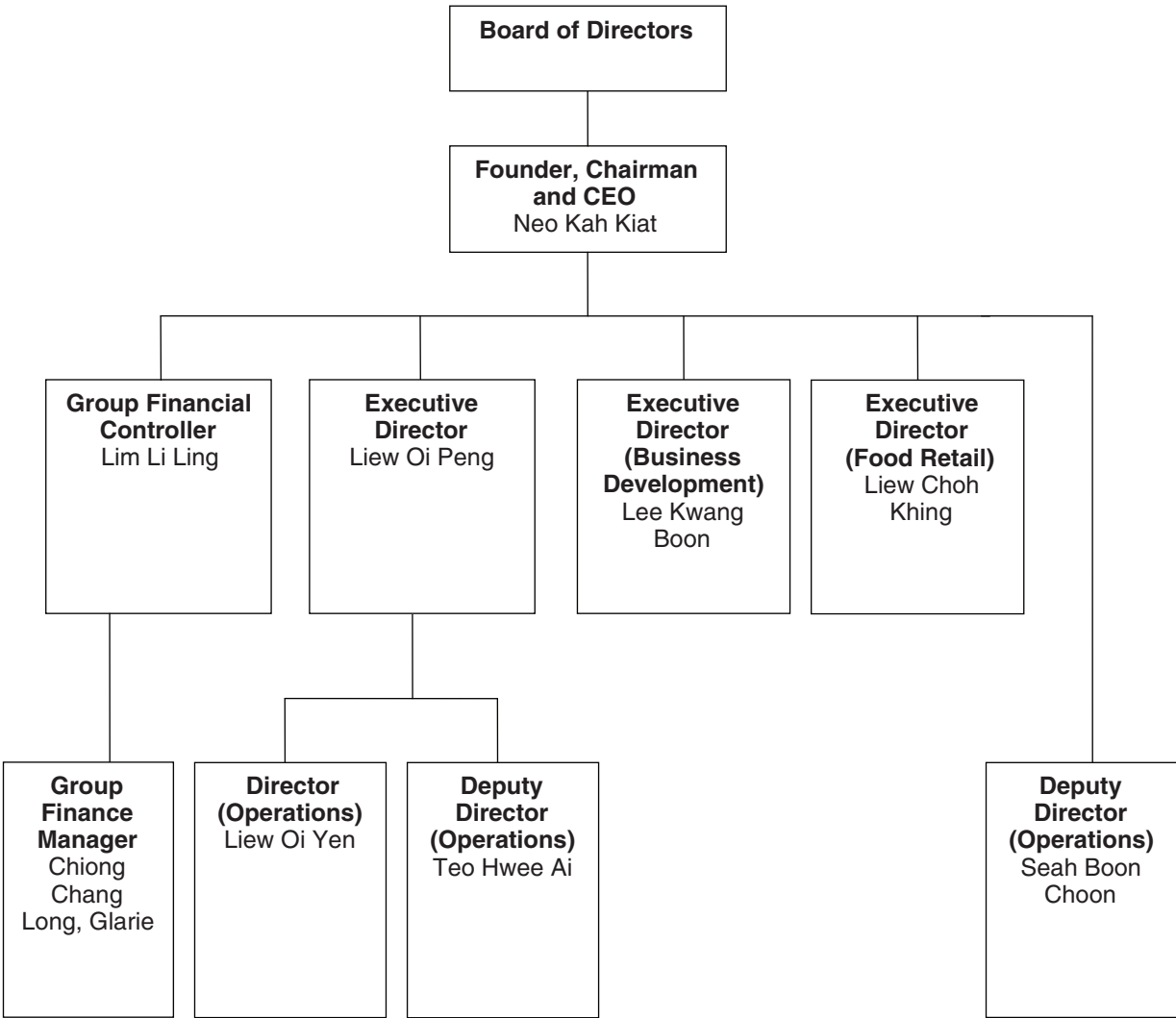
Name	Present directorships	Past directorships
Lim Li Ling	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil
Liew Oi Yen	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil

Name	Present directorships	Past directorships
Seah Boon Choon	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil
Teo Hwee Ai	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Pesto N Pine Pte. Ltd. (struck off)
Chiong Chang Long, Glarie	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil

To the best of our knowledge and belief, there is no arrangement or understanding with a Substantial Shareholder, customer or supplier of our Group or other person, pursuant to which any of our Directors or Executive Officers was selected as a Director or an Executive Officer of our Company.

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date.



DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION⁽¹⁾

The remuneration (including salary, bonus, contributions to CPF, directors' fees, allowances and benefits-in-kind) paid during FY2011 and FY2012 and the estimated remuneration to be paid for the current FY2013 to our Directors and Executive Officers for services rendered to our Group are set out in the following remuneration bands⁽¹⁾:

	FY2011	FY2012	FY2013 (estimated) ^{(2), (3)}
Directors			
Neo Kah Kiat	Band D	Band C	Band D
Liew Oi Peng	Band C	Band B	Band B
Lee Kwang Boon	Band A	Band A	Band B
Liew Choh Khing	Band A	Band A	Band B
Wong Hin Sun Eugene	–	–	Band A
Tan Lye Huat	–	–	Band A
Yeo Guat Kwang	–	–	Band A
Ng How Hwan, Kevin	–	–	Band A
Executive Officers			
Lim Li Ling	–	–	Band A
Liew Oi Yen	Band A	Band A	Band A
Teo Hwee Ai	Band A	Band A	Band A
Seah Boon Choon	Band A	Band A	Band A
Chiong Chang Long, Glarie	–	Band A	Band A

Notes:

- Remuneration bands:
 "Band A" refers to remuneration of up to S\$250,000.
 "Band B" refers to remuneration between S\$250,001 and S\$500,000.
 "Band C" refers to remuneration between S\$500,001 and S\$750,000.
 "Band D" refers to remuneration between S\$750,001 and S\$1,000,000.
- The estimated remuneration for FY2013 does not include any incentive bonus payable and one-off benefits-in-kind and assumes that the annual variable bonus of six months is paid in full under the Service Agreements of our Executive Directors, details of which are set out in the section entitled "Directors, Management and Staff - Service Agreements" of this Offer Document.
- The estimated remuneration of our Executive Officers for FY2013 also excludes any incentive bonus payable and assumes that the annual variable bonus of three months for Liew Oi Yen, Teo Hwee Ai and Seah Boon Choon is paid in full.

Related Employees

As at the Latest Practicable Date, other than our Directors and Executive Officers whose relationship with one another and their remuneration are disclosed in this section and in the sections entitled "Shareholders", "Directors, Management and Staff - Directors", "Directors, Management and Staff - Executive Officers" and "Directors, Management and Staff - Directors' and Executive Officers' Remuneration" of this Offer Document, the following employees are related to our Directors and Substantial Shareholders:

Name	Relationship	Designation
Loh Mei Fern	Sister-in-law of Neo Kah Kiat and Liew Oi Peng	Supervisor (Purchasing)
Neo Kah Guan	Brother of Neo Kah Kiat, brother-in-law of Liew Oi Peng	Supervisor (Logistics)
Neo Kah Lin	Brother of Neo Kah Kiat, brother-in-law of Liew Oi Peng	Manager (Logistics)
Neo Kar King	Brother of Neo Kah Kiat, brother-in-law of Liew Oi Peng	Quality Assurance Manager
Neo Son Peng	Uncle of Neo Kah Kiat	Administrative Assistant

The aggregate remuneration (including salary, bonus, contributions to CPF, directors' fees, allowances and benefits-in-kind) paid to the related employees above in each of FY2010, FY2011 and FY2012 were less than S\$300,000 per annum. The basis of determining the remuneration of these related employees is the same as the basis of determining the remuneration of other unrelated employees.

The remuneration of any employees who are related to our Directors and Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increment and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related employees and the proposed terms of their employment will also be subject to the review and approval of our Nominating Committee. In the event that a member of our Remuneration Committee or Nominating Committee is related to the employee under review, he will abstain from the review.

Save as disclosed in this Offer Document, none of our Directors and Executive Officers is related to each other and/or our Substantial Shareholders.

EMPLOYEES

As at the Latest Practicable Date, we have 421 full-time employees.

A breakdown of our full-time employees by function is as follows:

Function	← As at 31 January →			As at the Latest Practicable Date
	2010	2011	2012	
Management ⁽¹⁾	12	12	16	16
Marketing and Sales	19	30	29	36
Finance	3	5	7	9
Human Resource and Administrative	10	16	13	16
Operations	120	153	231	253
Logistics	45	54	89	91
Total	209	270	385	421

Note:

(1) Management includes, but are not limited to, our Executive Directors and Executive Officers.

We do not experience any significant seasonal fluctuations in our number of employees. We do not employ a significant number of temporary employees. We utilise subcontract drivers in order to have flexibility in managing our costs.

Our employees are not organised into any form of labour unions as a collective bargaining entity. The relationship and co-operation between our management and staff is good and this is expected to remain so in the future. There has not been any incidence of work stoppages or labour disputes which has affected our operations.

Pension or retirement benefits

As at the Latest Practicable Date, other than amounts set aside or accrued in respect of the relevant laws and regulations, we have not set aside or accrued any amounts for any of our employees to provide for pension, retirement or similar benefits to our employees.

SERVICE AGREEMENTS

On 11 June 2012, our Company entered into respective Service Agreements with our Executive Directors, Neo Kah Kiat, Liew Oi Peng, Lee Kwang Boon and Liew Choh Khing (each an “Appointee”). The Service Agreements are valid for an initial period of three years with effect from the date of admission of our Company to Catalist (“Initial Term”). Upon the expiry of the Initial Term, the employment of the Appointees shall be automatically renewed on a year-on-year basis on such terms and conditions as the parties may agree.

During the Initial Term, our Company may terminate the respective Service Agreements by giving to the other party not less than three months’ notice in writing, or in lieu of notice, payment of an amount equivalent to three months’ salary based on the Appointee’s last drawn monthly salary. The Service Agreement may also be terminated at any time after the Initial Term by either party giving the other party not less than three months’ prior written notice of such termination.

Our Group may also terminate the employment of each Appointee at any time without notice or payment in lieu of notice under the following circumstances:

- (i) if the Appointee is guilty of any gross default or grave misconduct in connection with or affecting the business of our Group;
- (ii) in the event of any serious or repeated breach or non-observance by the Appointee of any of the stipulations contained in the Service Agreement;
- (iii) if the Appointee becomes bankrupt or makes any composition or enters into any deed of arrangement with his creditors;
- (iv) if the Appointee shall become of unsound mind; or
- (v) if the Appointee commits any act of criminal breach of trust or dishonesty.

The Service Agreements provided for, *inter alia*, the salary payable to the Appointees, annual leave, medical benefits, grounds of termination and certain restrictive covenants (including non-compete obligation). Under the terms of the respective Service Agreements, the Appointees are entitled to receive the following annual salary:

Name	Annual salary	Annual fixed bonus
Neo Kah Kiat	S\$480,000	S\$120,000
Liew Oi Peng	S\$240,000	S\$60,000
Lee Kwang Boon	S\$180,000	S\$45,000
Liew Choh Khing	S\$180,000	S\$45,000

Each of Neo Kah Kiat, Liew Oi Peng, Lee Kwang Boon and Liew Choh Khing will be entitled to receive an annual variable bonus of up to six months’ salary, provided that our PBT (as defined below) registers a growth of at least 25% year-on-year, and in the case of Liew Choh Khing, or provided that Niwa Sushi and H-Cube’s aggregated profit after income tax (after adjusting for inter-company transactions, and reviewed and agreed by our Remuneration Committee) for the relevant financial year exceeds S\$1.00 million.

Each Appointee will also be paid an incentive bonus based on our PBT commencing from FY2014, provided that our PBT equals to or exceeds S\$6.00 million for the financial year and our PBT for the relevant financial year is higher than the previous financial year. For this purpose, “PBT” means the audited consolidated profits before income tax and before profit sharing (adjusting for gains/losses on disposal of real properties, as reviewed and agreed by our Remuneration Committee) but before non-controlling interests of our Group for the relevant financial year. The amount of incentive bonus that each Appointee will receive in each financial year will be determined as follows:

Neo Kah Kiat

PBT	Amount / Rate of incentive bonus paid to the Appointee
Where the PBT is less than S\$6.00 million	Nil
Where the PBT is S\$6.00 million or more but less than S\$7.00 million	1.5% of the actual PBT achieved by our Group
Where the PBT is S\$7.00 million or more but less than S\$7.50 million	2.25% of the actual PBT achieved by our Group
Where the PBT is S\$7.50 million or more but less than S\$8.00 million	2.3% of the actual PBT achieved by our Group
Where the PBT is S\$8.00 million or more but less than S\$8.50 million	2.35% of the actual PBT achieved by our Group
Where the PBT is equal to or exceeds S\$8.50 million	2.45% of the actual PBT achieved by our Group

Each of Liew Oi Peng, Lee Kwang Boon and Liew Choh Khing

PBT	Amount / Rate of incentive bonus paid to each Appointee
Where the PBT is less than S\$6.00 million	Nil
Where the PBT is S\$6.00 million or more but less than S\$7.00 million	0.8% of the actual PBT achieved by our Group
Where the PBT is S\$7.00 million or more but less than S\$7.50 million	1.5% of the actual PBT achieved by our Group
Where the PBT is S\$7.50 million or more but less than S\$8.00 million	1.55% of the actual PBT achieved by our Group
Where the PBT is S\$8.00 million or more but less than S\$8.50 million	1.6% of the actual PBT achieved by our Group
Where the PBT is equal to or exceeds S\$8.50 million	1.65% of the actual PBT achieved by our Group

In addition, Neo Kah Kiat shall be entitled to a monthly living allowance of S\$5,000. Neo Kah Kiat shall also be entitled to the ownership of a country club membership of his choice and we shall pay the acquisition cost, subscription fees and expenses reasonably incurred in respect of such club membership. We shall also provide each of Neo Kah Kiat and Liew Oi Peng with the use of a car.

All reasonable travelling, hotel, entertainment and such other out-of-pocket expenses incurred by the Appointees in the discharge of their duties will be borne by our Company.

Each of the Service Agreements may be terminated by our Company by summary notice upon the occurrence of certain events, such as criminal conviction, grave misconduct or bankruptcy involving the relevant Appointee. None of the Appointees will be entitled to any benefit upon termination of his Service Agreement.

Under the Service Agreements, the remuneration of the Appointees is subject to annual review by the Remuneration Committee.

Subject to the approvals of the Shareholders of our Company, the SGX-ST and other regulatory authorities, where necessary, and subject to the eligibility criteria set out in the relevant employee share scheme or plan, each Appointee shall be eligible to participate in any employee scheme or plan implemented by our Company on such terms as may be determined by our Remuneration Committee at its sole and absolute discretion.

Had the Service Agreements mentioned above been in place for FY2012, the aggregate remuneration (including contributions to the CPF and other benefits, if any) paid or provided to our Executive Directors would have been approximately S\$2.00 million instead of S\$1.30 million and the combined PBT would have been approximately S\$5.78 million instead of S\$6.48 million. The incentive bonus would not have been paid as the combined PBT would have been less than S\$6.00 million.

Save as disclosed above, there are no other existing or proposed service contracts entered into or to be entered into between our Company and our subsidiaries with any of our Directors or Executive Officers.

Profit sharing for selected employees

In addition, to reward certain employees for their loyalty and contribution to our Group and to motivate them further, Liew Oi Yen, Teo Hwee Ai, Seah Boon Choon, Neo Kar King, Ng Kah Lye and Tay Kok Kiang (collectively, the "Selected Employees") are collectively entitled to the following incentive bonus commencing from FY2014:

PBT	Amount / Rate of incentive bonus paid to Selected Employees collectively
Where the PBT is less than S\$6.00 million	Nil
Where the PBT is S\$6.00 million or more but less than S\$7.00 million	Up to 0.6% of the actual PBT achieved by our Group
Where the PBT is S\$7.00 million or more but less than S\$7.50 million	Up to 1.5% of the actual PBT achieved by our Group
Where the PBT is S\$7.50 million or more but less than S\$8.00 million	Up to 1.55% of the actual PBT achieved by our Group
Where the PBT is equal to or exceed S\$8.00 million	Up to 1.6% of the actual PBT achieved by our Group

The above collective incentive bonus will be allocated among the Selected Employees in the following manner:

Name of Selected Employee	Allocation of collective incentive bonus
Liew Oi Yen	30.0%
Teo Hwee Ai	30.0%
Seah Boon Choon	12.5%
Neo Kar King	12.5%
Ng Kah Lye	7.5%
Tay Kok Kiang	7.5%

Each of Liew Oi Yen, Teo Hwee Ai, Seah Boon Choon and Neo Kar King will also be entitled to receive an annual fixed bonus of three months and an annual variable bonus of up to three months' salary, provided that our PBT (as defined above) registers a growth of at least 25% year-on-year.

Save as disclosed above, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between our Company and any of our Directors, Executive Officers or employees.

NEO GROUP PERFORMANCE SHARE PLAN

In conjunction with our listing on the SGX-ST, we have adopted a performance share plan known as the “Neo Group Performance Share Plan” and a share option scheme known as the “Neo Group Employee Share Option Scheme” both of which were approved by our Shareholders on 11 June 2012. The rules of our PSP and ESOS are set out in Appendices G and H of this Offer Document, respectively.

Both the PSP and the ESOS will provide eligible participants with an opportunity to participate in the equity of our 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 our compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of our Company and/or our Group.

The PSP and ESOS are designed to complement each other in our Group’s efforts to reward, retain and motivate employees to achieve better performance. The aim of implementing more than one incentive plan is to increase our Group’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance by providing our Group with a more comprehensive set of remuneration tools and further strengthen our competitiveness in attracting and retaining local and foreign talent.

Unlike the ESOS whereby participants are required to pay the exercise price of the Options, the PSP allows our Group to provide an incentive for participants to achieve certain specific performance targets by awarding fully paid Shares to participants after these targets have been met.

In addition, the assessment criteria for granting Option(s) under the ESOS are more general (e.g. based on length of service and general performance of our Group) and do not relate to specific performance targets imposed by our Group. In contrast, the assessment criteria for granting of Awards under the PSP will be based on specific performance targets or to impose time-based service conditions, or a combination of both.

As at the Latest Practicable Date, no Awards have been granted under the PSP.

Objectives of the PSP

The main objectives of the PSP are as follows:

- (a) to attract potential employees with relevant skills to contribute to our Company and to create value for Shareholders;
- (b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of our Company;
- (c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Company;
- (d) to give recognition to the contributions made by the Participants to the success of our Company; and
- (e) to retain key employees of the Company whose contributions are essential to the long-term prosperity of the Company.

Summary of the PSP

The following is a summary of the rules of the PSP. Capitalised terms as used throughout this section, unless otherwise defined, shall bear the meanings as defined in Appendix G of this Offer Document.

(1) Eligibility

The PSP allows for participation by Group Employees (including Group Executive Directors) and Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant date of Award provided that none shall be an undischarged bankrupt at the relevant time, and who, in the absolute discretion of the Remuneration Committee, will be eligible to participate in the PSP.

Controlling Shareholders are not eligible to participate in the PSP. However, Associates of a Controlling Shareholder who meet the above eligibility criteria are eligible to participate in the PSP provided that (a) the participation of, and (b) the terms of each grant and the actual number of Awards granted under the PSP to, a Participant who is an Associate of a Controlling Shareholder shall be approved by our independent Shareholders in separate resolutions for each such person.

There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by our Company or any other company within our Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the PSP may be amended from time to time at the absolute discretion of the Remuneration Committee.

(2) Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant achieving prescribed performance targets.

The selection of the Participants and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the PSP shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of our Group.

In the case of a performance-related Award, the performance targets will be set by the Remuneration Committee depending on each individual Participant's job scope and responsibilities. The performance targets to be set shall take into account both the medium and long-term corporate objectives of our Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The performance targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with our Group, achievement of past performance targets, value-add to our Group's performance and development and overall enhancement to Shareholder value, amongst others, will be taken into account.

Awards may be granted at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

An Award letter confirming the Award will be sent to each Participant as soon as reasonably practicable after the Award is finalised, specifying, *inter alia*, in relation to the Award:

- (i) in relation to a performance-related Award, the performance targets and the performance period during which the prescribed performance targets are to be met;

- (ii) the number of Shares to be vested on the Participant; and
- (iii) the date by which the Award shall be vested.

The Remuneration Committee will take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of our Company and the pre-determined dollar amount which the Remuneration Committee decides that a Participant deserves for meeting his performance targets. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Remuneration Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Remuneration Committee shall monitor the grant of Awards carefully to ensure that the size of the PSP will comply with the relevant rules of the Listing Manual.

(3) Size and duration of the PSP

The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (a) all Awards granted under the PSP; (b) all Options granted under the ESOS; and (c) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of our Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.

The Directors believe that the size of the PSP will give our Company sufficient flexibility to decide the number of Shares to be offered under the PSP. However, it does not indicate that the Remuneration Committee will definitely issue Shares up to the prescribed limit. The Remuneration Committee will exercise its discretion in deciding the number of Shares to be granted to each Participant under the PSP. This, in turn, will depend on and be commensurate with the performance and value of the Participant to our Group.

The aggregate number of Shares that are available to the Associates of our Controlling Shareholders under the PSP shall not exceed 25% of the total number of Shares available under the PSP. The number of Shares that are available to each Associate of our Controlling Shareholder under the PSP shall not exceed 10% of the Shares available under the PSP.

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

Notwithstanding the expiry or termination of the PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

(4) Operation of the PSP

The Remuneration Committee shall have the discretion to determine whether performance targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to our Company and/or any of our subsidiaries justifies the vesting of an Award. In making any such determination, the Remuneration Committee shall have the right to make reference to the audited results of our Company or our Group, as the case may be, to take into account such factors as the Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance targets if the Remuneration Committee decides that a changed performance targets would be a fairer measure of performance.

Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Remuneration Committee being satisfied that the Participant has achieved the performance targets.

Subject to the prevailing legislation and the provisions of the Listing Manual, our Company will be delivering Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as treasury shares to the Participants. In determining whether to issue New Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, our Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on our Company of either issuing New Shares or purchasing existing Shares.

New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the date of issue of the New Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

(5) Adjustments and alterations under the PSP

(a) Variation of Capital

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (ii) the class and/or number of Shares over which future Awards may be granted under the PSP,

shall be adjusted by the Remuneration Committee to give each Participant the same proportion of the equity capital of our Company as that to which he was previously entitled and, in doing so, the Remuneration Committee shall determine at its own discretion the manner in which such adjustment shall be made.

Unless the Remuneration Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (iii) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to share option scheme or share plan approved by Shareholders in general meeting, including the PSP; and
- (iv) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by our Company.

Notwithstanding the provisions of the rules of the PSP:

- (i) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (ii) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

(b) Modifications to the PSP

Any or all the provisions of the PSP may be modified and/or altered at any time and from time to time by resolution of the Remuneration Committee, provided that:

- (i) any modification or alteration which would be to the advantage of Participants under the PSP shall be subject to the prior approval of Shareholders in a general meeting; and
- (ii) no modification or alteration shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.

(6) Reporting requirements

Under the Listing Manual, an immediate announcement must be made on the date of grant of an Award and provide details of the grant, including the following:

- (a) date of grant;
- (b) market price of the Shares on the date of grant of the Award;
- (c) number of Shares granted under the Award;
- (d) number of Shares granted to Directors under the Award, if any; and
- (e) the vesting period in relation to the Award.

The following disclosures (as applicable) will be made by our Company in our annual report for so long as the PSP continues in operation:

- (a) the names of the members of the Remuneration Committee administering the PSP;
- (b) in respect of the following Participants:
 - (i) Directors of our Company; and
 - (ii) Participants (other than those in paragraph (b)(i) above) who have received Shares pursuant to the vesting of Awards granted under the PSP which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the PSP, the following information:
 - (aa) the name of the Participant;
 - (bb) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;
 - (cc) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the PSP to the end of the financial year under review;
 - (dd) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the PSP since the commencement of the PSP to the end of the financial year under review;
 - (ee) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and
- (c) such other information as may be required by the Listing Manual or the Companies Act.

(7) Role and composition of the Remuneration Committee

The Remuneration Committee shall be responsible for the administration of the PSP and shall consist of the Directors. As at the date of this Offer Document, the Remuneration Committee comprises Wong Hin Sun Eugene, Ng How Hwan, Kevin and Tan Lye Huat.

The Remuneration Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the PSP) for the implementation and administration of the PSP as they think fit including, but not limited to:

- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
- (b) amending performance targets if by so doing, it would be a fairer measure of performance for a Participant or for the PSP as a whole.

In compliance with the requirements of the Listing Manual, any Participant of the PSP who is a member of the Remuneration Committee shall not be involved in its deliberations in respect of Awards to be granted to or held by him or his Associate.

Rationale for participation by the Associates of our Controlling Shareholders in the PSP

Our Company acknowledges that the services and contributions of employees who are Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the PSP to confirmed full-time employees who are Associates of our Controlling Shareholders allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of the Associates of the Controlling Shareholders in the PSP will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long-term view of our Group.

Although Participants who are Associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the PSP to include them ensures that they are equally entitled, with the other employees of our Group who are not Associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the PSP solely by reason that he/she is an Associate of our Controlling Shareholder(s).

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number of and terms of such Awards. A separate resolution must be passed for each such participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of Associates of our Controlling Shareholders, the number of and terms of the Awards to be granted to the Associates of our Controlling Shareholders shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the PSP resulting from the participation of employees who are Associates of our Controlling Shareholders.

Rationale for participation by Non-Executive Directors (including Independent Directors)

While the PSP caters principally to Group Employees, it is recognised that there are other persons who make significant contributions to our Group through their close working relationships with our Group, even though they are not employed within our Group. Such persons include the Non-Executive Directors.

The Non-Executive Directors are persons from different professions and working backgrounds, bringing to our Group their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping our Group shape its business strategy by allowing our Group to draw on their diverse backgrounds and working experience. It is crucial for our Group to attract, retain and incentivise the Non-Executive Directors. By aligning the interests of the Non-Executive Directors with the interests of Shareholders, our Company aims to inculcate a sense of commitment on the part of the Non-Executive Directors towards serving the short and long-term objectives of our Group.

The Directors are of the view that including the Non-Executive Directors in the PSP will show our Company's appreciation for, and further motivate them in their contribution towards the success of our Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of our Group, while it is desired that participation in the PSP be made open to the Non-Executive Directors, any Awards that may be granted to any such Non-Executive Director would be intended only as a token of our Company's appreciation.

For the purpose of assessing the contributions of the Non-Executive Directors, the Remuneration Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by the Non-Executive Directors. In addition, the Remuneration Committee will also consider the scope of advice given, the number of contacts and size of deals which our Group is able to procure from the contacts and recommendations of the Non-Executive Directors. The Remuneration Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all.

It is envisaged that the vesting of Awards, and hence the number of Shares to be delivered to the Non-Executive Directors based on the criteria set out above will be relatively small, in terms of frequency and numbers. Based on this, the Directors are of the view that the participation by the Non-executive Directors in the PSP will not compromise the independent status of those who are Independent Directors.

Financial effects of the PSP

Cost of Awards

Singapore Financial Reporting Standard 102 ("FRS 102") relating to share-based payment takes effect for all listed companies beginning 1 January 2005. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to profit or loss over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss is made. This accounting treatment has been referred to as the "modified grant date method" because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest but no adjustment is made to changes in the fair value of the Shares since the grant date.

The amount charged to profit or loss would be the same whether our Company settles the Awards by issuing New Shares or by purchasing existing Shares. The amount of the charge to profit or loss also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to amounts charged to profit or loss are made if the market condition is not met. However, if the performance target is not a market condition, the fair value per Share of the Awards granted at the grant date is used to compute the amount to be charged to profit or loss at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to profit or loss if the Awards do not ultimately vest.

In the event that the Participants receive cash, our Company shall measure the fair value of the liability at grant date. Until the liability is settled, our Company shall re-measure the fair value of the liability at each accounting date and at the date of settlement, with changes in the fair value recognised in profit or loss.

Share capital

The PSP will result in an increase in our Company's issued share capital where new Shares are issued to Participants. The number of New Shares issued will depend on, among others, the size of the Awards granted under the PSP. In any case, the PSP provides that the number of shares to be issued under the said PSP will be subject to a maximum limit of 15% of our total issued Shares. The aggregate number of Shares available under the PSP shall not exceed 15% of the total issued share capital of our Company post-Invitation and from time to time. If instead of issuing New Shares to the Participants, treasury shares are transferred to Participants or our Company pays the equivalent cash value, the PSP would have no impact on our Company's total number of issued Shares.

NTA

The PSP will result in a charge to our Company's profit or loss over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with FRS 102. When new Shares are issued under the PSP, there would be no effect on the NTA. However, instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants, or our Company pays the equivalent cash value, the NTA would be impacted by the cost of the Shares purchased or the cash payment, respectively.

EPS

The PSP will result in a charge to earnings equivalent over the period from the grant date to the vesting date, computed in accordance with FRS 102.

It should again be noted that the delivery of Shares to Participants of the PSP will generally be contingent upon the Participants meeting the prescribed performance targets and conditions.

NEO GROUP EMPLOYEE SHARE OPTION SCHEME

In conjunction with our listing on Catalist we have adopted a share option scheme known as the “Neo Group Employee Share Option Scheme” which was approved at an Extraordinary General Meeting of our Shareholders held on 11 June 2012. The rules of our ESOS are set out in Appendix H of this Offer Document.

Capitalised terms used herein shall, unless otherwise defined, bear the same meanings as defined in Appendix H of this Offer Document.

The ESOS will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS, which forms an integral and important component of our employee compensation plan, is designed to primarily reward and retain directors and employees whose services are vital to our well being and success.

As at the Latest Practicable Date, no Options have been granted under the ESOS.

Objectives of the ESOS

The objectives of the ESOS are as follows:

- (a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and profitability of our Group;
- (c) to instil loyalty to, and a stronger identification by participants with the long-term prosperity of, our Group;
- (d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and
- (e) to align the interests of participants with the interests of our Shareholders.

Summary of the ESOS

The following is a summary of the rules of the ESOS:

(1) Participants

The ESOS allows for participation by confirmed employees of our Group (including Executive Directors) and Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant date of grant of the Option, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors.

Controlling Shareholders are not eligible to participate in the ESOS. However, their Associates are eligible to participate in the ESOS, provided that (a) the participation of, and (b) the terms of any Options to be granted and the actual number of Shares to be granted under the ESOS, to a Participant who is an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person.

(2) Administration

The ESOS shall be administered by the Remuneration Committee with powers to determine, *inter alia*, the following:

- (a) persons to be granted Options;
- (b) number of Options to be granted; and

- (c) recommendations for modifications to the ESOS.

As at the date of this Offer Document, our Remuneration Committee comprises Wong Hin Sun Eugene, Ng How Hwan, Kevin and Tan Lye Huat. The Remuneration Committee will consist of Directors (including Directors or persons who may be participants of the ESOS). A member of the Remuneration Committee who is also a participant of the ESOS must not be involved in any deliberation or decision in respect of Options granted or to be granted to him.

(3) Size of the ESOS

The total number of Shares over which the Remuneration Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of (a) all Options granted under the ESOS; (b) all Awards granted under the PSP; and (c) all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15% of the number of issued Shares (including treasury shares, as defined in the Companies Act) on the day immediately preceding the Offer Date of the Option.

Our Directors believe that this limit gives us sufficient flexibility to decide upon the number of Option Shares to offer to our existing and new employees. The number of eligible participants is expected to grow over the years. Our Company, in line with its goal of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base, and thus the number of eligible participants will increase as a result. If the number of Options available under the ESOS is limited, our Company may only be able to grant a small number of Options to each eligible participant which may not be a sufficiently attractive incentive. Our Company is of the opinion that it should have sufficient number of Options to offer to new employees as well as to existing ones. The number of Options offered must also be significant to serve as a meaningful reward for contributions to our Group. However, it does not necessarily mean that the Remuneration Committee will definitely issue Option Shares up to the prescribed limit. The Remuneration Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each employee which will depend on the performance and value of the employee to our Group.

(4) Maximum entitlements

The aggregate number of Shares comprised in any Option to be offered to a participant under the ESOS shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account (where applicable) criteria such as rank, past performance, years of service, potential for future development of that participant.

The aggregate number of Shares in respect of which Options may be granted to the Associates of the Controlling Shareholders under the ESOS shall not exceed 25% of the total number of Shares available under the ESOS. The aggregate number of Shares in respect of which Options may be granted to any individual Associate of a Controlling Shareholder under the ESOS shall not exceed 10% of the total number of Shares available under the ESOS.

(5) Options, exercise period and exercise price

The Options that are granted under the ESOS may have exercise prices that are, at the Remuneration Committee's discretion, set at a price (the "Market Price") equal to the average of the last dealt prices for the Shares on the Official List of Catalist for the five consecutive Market Days immediately preceding the relevant date of grant of the relevant Option; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price ("Market Price Option") may be exercised after the first anniversary of the date of grant of that Option while Options exercisable at a discount to the Market Price ("Discounted Option") may only be exercised after the second anniversary from the date of grant of the Option. Options granted under the ESOS will have a life span of 10 years.

(6) Grant of Options

Under the rules of the ESOS, there are no fixed periods for the grant of Options. As such, offers for the grant of Options may be made at any time at the discretion of the Remuneration Committee. However, no Option shall be granted during the period of 30 days immediately preceding the date of announcement of our Company's interim or final results (as the case may be).

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

(7) Termination of Options

Special provisions in the rules of the ESOS deal with the lapse or earlier exercise of Options in circumstances which include the termination of the participant's employment in our Group, the bankruptcy of the participant, the death of the participant, a take-over of our Company and the winding-up of our Company.

(8) Acceptance of Offer

The grant of Options shall be accepted within 30 days from the date of offer. Offers of Options made to grantees, if not accepted by the closing date, will lapse. Upon acceptance of the offer, the grantee must pay our Company a consideration of S\$1.00.

(9) Rights of Shares arising from the exercise of Options

Shares arising from the exercise of Options are subject to the provisions of the Memorandum and Articles of Association of our Company. The Shares so allotted will upon issue rank *pari passu* in all respects with the then existing issued Shares, save for any dividend, rights, allotments or distributions, the record date for which is prior to the relevant exercise date of the Option. For such purposes, "record date" means the date as at the close of business on which our Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

(10) Duration of the ESOS

The ESOS shall continue in operation for a maximum duration of 10 years commencing on the date on which the ESOS is adopted by our Company in general meeting and may be continued for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(11) Abstention from voting

Shareholders who are eligible to participate in the ESOS are to abstain from voting on any resolution of Shareholders relating to the ESOS.

Grant of Discounted Options

Discounted Options will only be granted to deserving employees whose performance has been consistently good and/or whose future contributions to our Group will be invaluable. The ability to offer Discounted Options will operate as a means to recognise the performance of participants as well as to motivate them to continue to excel while encouraging them to focus on improving the profitability and return of our Group to a level that benefits our Shareholders when these are eventually reflected through an appreciation of our share price. Discounted Options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered Discounted Options as only employees who have made significant contributions to the success and development of our Group would be granted Discounted Options.

The flexibility to grant Discounted Options is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Remuneration Committee will have absolute discretion to:

- (a) grant Options set at a discount to the Market Price of a Share (subject to a maximum limit of 20%); and
- (b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

In determining whether to give a discount and the quantum of the discount, the Remuneration Committee shall be at liberty to take into consideration factors including the performance of our Company, our Group, the performance of the participant concerned, the contribution of the participant to the success and development of our Group and the prevailing market conditions.

At present, our Company foresees that Discounted Options may be granted principally in the following circumstances:

- (a) Firstly, where it is considered more effective to reward and retain talented employees by way of a Discounted Option rather than a Market Price Option. This is to reward the outstanding performers who have contributed significantly to our Group's performance and the Discounted Option serves as additional incentives to such Group employees. Options granted by our Company on the basis of market price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence during such period the ability to offer Discounted Options would allow our Company to grant Options on a more realistic and economically feasible basis. Furthermore, Discounted Options will give an opportunity to our Group employees to realise some tangible benefits even if external events cause the Share price to remain largely static.
- (b) Secondly, where it is more meaningful and attractive to acknowledge a participant's achievements through a Discounted Option rather than paying him a cash bonus. For example, Discounted Options may be used to compensate employees and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit-based cash bonuses or rewards may be combined with grants of Market Price Options or Discounted Options, as part of eligible employees' compensation packages. The ESOS will provide our Group employees with an incentive to focus more on improving the profitability of our Group thereby enhancing shareholder value when these are eventually reflected through the price appreciation of our Shares after the vesting period.

The Remuneration Committee will have the absolute discretion to grant Discounted Options, to determine the level of discount (subject to a maximum discount of 20% of the Market Price) and the grantees to whom, and the Options to which, such discount in the exercise price will apply provided that our Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

Our Company may also grant Options without any discount to the Market Price. Additionally, our Company may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the market price or at a discount to the Market Price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

Rationale for participation by employees of our Group (including the Executive Directors) in the ESOS

The extension of the ESOS to employees of our Group allows us to have a fair and equitable system to reward employees of our Group (including Executive Directors) who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Options to the employees of our Group will enable us to attract, retain and provide incentives to its participants to produce higher standards of performance as well as encourage greater dedication and loyalty to our Group. This would enable our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

Rationale for participation by the Associates of our Controlling Shareholders in the ESOS

Our Company acknowledges that the services and contributions of employees who are Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the ESOS to confirmed full-time employees who are Associates of our Controlling Shareholders allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of the Associates of the Controlling Shareholders in the ESOS will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long-term view of our Group.

Although Participants who are Associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the ESOS to include them ensures that they are equally entitled, with the other employees of our Group who are not Associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the ESOS solely by reason that he/she is an Associate of our Controlling Shareholder(s).

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number of and terms of such Options. A separate resolution must be passed for each such participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of Associates of our Controlling Shareholders, the number of and terms (including the exercise price) of the Options to be granted to the Associates of our Controlling Shareholders shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the ESOS resulting from the participation of employees who are Associates of our Controlling Shareholders.

Rationale for participation by our Non-Executive Directors (including Independent Directors) in the ESOS

Although our Non-Executive Directors are not involved in the day-to-day running of our operations, they play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by Non-Executive Directors in the ESOS will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, the Non-Executive Directors may bring strategic or other value to our Company which may be difficult to quantify in monetary terms. The grant of Options to Non-Executive Directors will allow our Company to attract and retain experienced and qualified persons from different professional backgrounds to join our Company as Non-Executive Directors, and to motivate existing Non-Executive Directors to take extra efforts to promote the interests of our Company and/or our Group.

In deciding whether to grant Options to the Non-Executive Directors, the Remuneration Committee will take into consideration, among other things, the services and contributions made to the growth, development and success of our Group and the years of service of a particular Non-Executive Director. The Remuneration Committee may also, where it considers relevant, take into account other factors such as the economic conditions and our Company's performance.

In order to minimise any potential conflict of interests and not to compromise the independence of the Non-Executive Directors, our Company intends to grant only a nominal number of Options granted under the ESOS to such Non-Executive Directors.

Cost of Options granted under the ESOS to our Company

Any options granted under the ESOS, whether such options are Market Price Options or Discounted Options, would have a fair value. In the event that such options are granted at prices below the fair value of the options, there will be a cost to our Company. Such costs are higher in the case of Discounted Options, where such options are granted with exercise prices set at a discount to the prevailing market price of our Shares. The cost to our Company of granting options with a discounted exercise price under the ESOS would be as follows:

- (a) the exercise of an option at a discounted exercise price would translate into a reduction of the proceeds from the exercise of such options, as compared to the proceeds that our Company would have received from such exercise had the exercise been made at the prevailing market price of our Shares. Such reduction of the exercise proceeds would represent the monetary cost to our Company of granting options with a discounted exercise price;
- (b) as the monetary cost of granting options with a discounted exercise price is borne by our Company, the earnings of our Company would effectively be reduced by an amount corresponding to the reduced interest earnings that our Company would have received from the difference in proceeds from an exercise price with no discount versus the discounted exercise price. Such reduction would, accordingly, result in the dilution of our Company's EPS; and
- (c) the effect of the issue and allotment of new Shares upon the exercise of options on our Company's NAV per Share is accretive if the exercise price is above the NAV per Share, but dilutive otherwise.

The costs as discussed above would only materialise upon the exercise of the relevant Options. Share options have value because the option to buy a company's share for a fixed price during an extended future time period is a valuable right, even if there are restrictions attached to such an option. As our Company is required to account for share-based awards granted to our employees, the cost of granting Options will affect our financial results as this cost to our Company would be required to be charged to our Company's profit or loss commencing from the time Options are granted. Subject as aforesaid, as and when Options are exercised, the cash inflow will add to the net tangible assets of our Company and its share capital base will grow. Where Options are granted with subscription prices that are set at a discount to the market prices for our Shares prevailing at the time of the grant of such Options, the amount of the cash inflow to our Company on the exercise of such Options would be diminished by the quantum of the discount given, as compared with the cash inflow that would have been receivable by our Company had the Options been granted at the market price of our Shares prevailing at the time of the grant.

The grant of Options will have an impact on our Company's reported profit under the accounting rules in the Singapore Financial Reporting Standards which is effective for financial periods beginning on or after 1 January 2005. It requires the recognition of an expense in respect of Options granted. The expenses will be based on the fair value of the Options at the date of grant (as determined by an option-pricing model) and will be recognised over the vesting period.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders, and will use best efforts to implement the good practices recommended in the Code of Corporate Governance 2012 (“Code”). Our Board of Directors has formed three committees: (i) the Audit Committee, comprising Tan Lye Huat, Wong Hin Sun Eugene and Ng How Hwan, Kevin; (ii) the Remuneration Committee, comprising Wong Hin Sun Eugene, Ng How Hwan, Kevin and Tan Lye Huat; and (iii) the Nominating Committee comprising Tan Lye Huat, Wong Hin Sun Eugene and Yeo Guat Kwang.

In addition, in view of Neo Kah Kiat’s concurrent appointment as our Chairman and CEO, we have appointed Tan Lye Huat as our Lead Independent Director. As Lead Independent Director, he is the contact person for Shareholders in situations where there are concerns or issues which communication with our Chairman and CEO, and/or Group Financial Controller has failed to resolve or where such communication is inappropriate. Tan Lye Huat will also take the lead in ensuring compliance with the Code.

Our Directors are of the view that given the current board composition and based on the above, there are sufficient safeguards and checks to ensure that the process of decision-making by our Board is independent and based on collective decision-making without our Chairman and CEO being able to exercise considerable power and influence.

BOARD PRACTICES

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One third (or the number nearest one third) of our Directors, are required to retire from office at each annual general meeting. Further, all our Directors are required to retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in the section entitled “Summary of Selected Articles of Association of our Group” in Appendix E of this Offer Document.

Nominating Committee

Our Nominating Committee comprises Tan Lye Huat, Wong Hin Sun Eugene and Yeo Guat Kwang. The Chairman of the Nominating Committee is Yeo Guat Kwang. Our Nominating Committee will be responsible for:

- (a) reviewing and recommending the nomination or re-nomination of our Directors having regard to our Director’s contribution and performance;
- (b) determining on an annual basis whether or not a Director is independent;
- (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director; and
- (d) reviewing and approving any new employment of related persons and the proposed terms of their employment.

Our Nominating Committee will decide how the Board’s performance is to be evaluated and will propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term Shareholders’ value. The Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. Each member of our Nominating Committee will not take part in determining his own re-nomination or independence and shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

Remuneration Committee

Our Remuneration Committee comprises Wong Hin Sun Eugene, Ng How Hwan, Kevin and Tan Lye Huat. The Chairman of the Remuneration Committee is Ng How Hwan, Kevin.

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and key executives, and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, the Awards to be granted under the PSP, the Options to be issued under the ESOS and other benefits-in-kind shall be covered by our Remuneration Committee.

In addition, our Remuneration Committee will perform an annual review of the remuneration of employees related to our Directors and/or Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

Audit Committee

Our Audit Committee comprises Tan Lye Huat, Wong Hin Sun Eugene and Ng How Hwan, Kevin. The Chairman of the Audit Committee is Tan Lye Huat.

Our Audit Committee will meet periodically to perform the following functions:

- (a) review the audit plans of our external auditors and our internal auditors, where applicable;
- (b) review the system of internal controls and management of financial risks with our internal and external auditors;
- (c) review the co-operation given by our management to our external auditors and our internal auditors, where applicable;
- (d) review the effectiveness and adequacy of the internal audit function;
- (e) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time;
- (f) review and approve interested person transactions and review procedures thereof;
- (g) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (h) review the relevance and consistency of the accounting standards, significant financial reporting issues and recommendations made by the external auditors so as to ensure the integrity of the financial statements of our Group and any formal announcements relating to our Company's financial performance before submission to our Board for approval;
- (i) review our risk management framework, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;
- (j) review the independence of the external auditors and recommend their appointment or re-appointment, remuneration and terms of engagement;
- (k) investigate any matters within its terms of reference;

- (l) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (m) undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

Our Audit Committee shall also commission an annual internal control audit until such time as our Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weaknesses (if any). Prior to the decommissioning of such an annual audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

Currently, based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management and our Board, our Board, with the concurrence of our Audit Committee, is of the view that our internal control procedures are adequate to address financial, operational and compliance risks.

Our Audit Committee, after having conducted an interview with Lim Li Ling and after having considered:

- (a) the qualifications and past working experiences of Lim Li Ling (as described in the section entitled "Directors, Management and Staff – Executive Officers" of this Offer Document) which are compatible with her position as Group Financial Controller of our Group;
- (b) Lim Li Ling's past audit, financial and accounting related experiences;
- (c) Lim Li Ling's demonstration of the requisite competency in finance-related matters of our Group in connection with the preparation for the listing of our Company;
- (d) the absence of negative feedback on Lim Li Ling from the representatives of our Group's Independent Auditors and Reporting Accountants, BDO LLP; and
- (e) the absence of internal control weaknesses attributable to Lim Li Ling identified during the internal control review conducted,

is of the view that Lim Li Ling is suitable for the position of Group Financial Controller of our Group.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee members to cause them to believe that Lim Li Ling does not have the competence, character and integrity expected of a Group Financial Controller of a listed issuer.

Our Sponsor, after having considered the bases and conclusions of our Audit Committee as stated above, and after having (a) taken into consideration the qualifications and experience of Lim Li Ling and her finance and accounting staff; and (b) reviewed, together with our Independent Auditors and Reporting Accountants, BDO LLP, the unaudited combined statements of financial position, the unaudited combined statements of comprehensive income and the unaudited combined statements of cash flows for our Group for the two-month period ended 31 March 2012 as prepared by Lim Li Ling and her staff, concurs with our Audit Committee, and is also of the view that Lim Li Ling is suitable for the position of Group Financial Controller of our Group.

Based on BDO LLP's experience of working with Lim Li Ling over the past few months of the listing process, BDO LLP is of the view that Lim Li Ling is competent and is able to assume the functions and role of a Group Financial Controller of a listed issuer, and concurs with the view of our Audit Committee and our Sponsor that she is suitable for the position of Group Financial Controller of our Group.

Lim Li Ling shall be subject to performance appraisal by our Audit Committee on an annual basis to ensure satisfactory performance.

EXCHANGE CONTROLS

Currently, there are no Singapore governmental laws, decrees, regulations and other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide is payable to the share registrar for each share certificate issued and a stamp duty of S\$0.20 per S\$100.00 or part thereof of the last transacted price is payable where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.04% of the transaction value subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholder:
 - (a) has, at any time during the last ten years, had an application or a petition under any bankruptcy laws of any jurisdiction 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 two years from the date he ceased to be a partner;
 - (b) has, at any time during the last ten years, had an application or a petition under any law of any jurisdiction 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 two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) has any unsatisfied judgement against him;
 - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
 - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
 - (f) has, at any time during the last ten years, had judgement 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, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
 - (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (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;

- (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 the period when he was so concerned with the entity or business trust; or

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

A. Disclosure relating to Wong Hin Sun Eugene

Our Non-Executive Director, Wong Hin Sun Eugene, was involved in the following companies:

- (i) Finesse Alliance International Pte Ltd (“Finesse Alliance”)

Wong Hin Sun Eugene was appointed as an alternate director on 1 September 2000 of Finesse Alliance, a company that provides computer consultancy services and advice on IT to banking and finance companies. Wong Hin Sun Eugene was appointed by Crimson Asia Capital Singapore Pte Ltd as their representative director in Finesse Alliance, a company into which Crimson Asia Capital Ltd., L.P. and Crimson Investments, Ltd. had injected venture capital investment. He resigned from the board of Finesse Alliance on 6 March 2002 at the direction of Crimson Asia Capital Singapore Pte Ltd. Finesse Alliance was subsequently wound up on 23 April 2002 as a result of creditors’ voluntary winding up. There was no claim against Wong Hin Sun Eugene in relation to the winding up proceeding.

- (ii) Superdog

Wong Hin Sun Eugene is a director of Superdog. As at the Latest Practicable Date, Sirius Venture holds approximately 99.0% shareholding interest in Superdog. Wong Hin Sun Eugene is the managing director of Sirius Venture and owns 100% of the issued share capital of Sirius Venture as at the Latest Practicable Date.

An application for winding up was filed by United Overseas Bank Limited (as creditor) against Superdog on 2 December 2011 but was subsequently withdrawn as the parties had reached an agreement on the repayment schedule.

Superdog has been placed under creditors’ voluntary winding up with effect from 31 May 2012.

B. Disclosures relating to Tan Lye Huat

Our Independent Director, Tan Lye Huat, was involved in the following companies:

- (i) CAM International Holdings Limited (“CAM International”)

The former managing director and majority shareholder of CAM International, was involved in accounting fraud and triggered a collapse of the group that resulted in the authorities having to carry out a special investigation. The Commercial Affairs Department and the Corrupt Practices Investigation Bureau were involved.

Resulting from the aforesaid, several independent directors of CAM International resigned and a new management and board of directors were constituted. Tan Lye Huat was recommended by one of CAM International’s creditor banks to join the board of directors as an independent director in 1998 to restructure the company and to assist in finding a potential investor for the company.

He subsequently resigned from CAM International in 1999 after the majority shareholder vetoed a potential investment opportunity.

(ii) Kian Ho Bearings Ltd (“Kian Ho”)

Tan Lye Huat was appointed as an independent director of Kian Ho in 1999.

The former managing director of Kian Ho was involved in fraudulent business activities involving about S\$10.00 million and Tan Lye Huat played a role, subsequent to the ensuing crisis, as the facilitator between the board and the numerous creditor banks of the company to effect a debt restructuring exercise which had since been completed. He continued to be an independent director of Kian Ho until 2009.

SHARE CAPITAL

2. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in our Articles.
3. Save as disclosed below and in the sections entitled “General Information on Our Group - Share Capital” and “Restructuring Exercise” of this Offer Document, there are no changes in the issued and paid-up share capital of our Company and our subsidiaries within the last three years preceding the Latest Practicable Date.

Date of issue	Number of shares issued	Issue price per share	Purpose of issue	Resultant issued share capital
Our Company				
22 March 2012	1	S\$1.50	Incorporation	S\$1.50
8 June 2012	999,997	S\$0.50	Working Capital	S\$500,000
H-Cube				
11 September 2009	99,900	S\$1.00	Working capital	S\$100,000
NKK Import & Export				
24 March 2010	2	S\$1.00	Incorporation	S\$2.00
16 April 2010	199,998	S\$1.00	Working capital	S\$200,000
16 September 2010	100,000	S\$1.00	Working capital	S\$300,000

4. Save as disclosed above and under the section entitled “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the last three years preceding the date of lodgement of this Offer Document.
5. Except pursuant to the ESOS, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.
6. Apart from the PSP and the ESOS, our Company does not have any arrangement that involves the issue or grant of options or shares to the employees of our Group.

MATERIAL CONTRACTS

7. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgement of this Offer Document and are or may be material:
 - (a) share transfer forms dated 27 December 2010 between Neo Garden Catering (as vendor) and Poh Wee Leong (as purchaser) in respect of the sale and purchase of Neo Garden Catering’s entire shareholding interest in Neo @ 406 Restaurant, comprising 320,000 ordinary shares, at a sale consideration of S\$460,000;

- (b) consultancy agreement dated 1 February 2011 between Orange Clove and Neo Kah Kiat pursuant to which Neo Kah Kiat provided consultancy services to Orange Clove at a monthly fee of S\$20,800, for a period of one year commencing from 1 February 2011, with an option to extend for an additional one-month period;
- (c) consultancy agreement dated 21 June 2011 (as amended by a letter dated 11 June 2012) between Neo Garden Catering and Sirius Venture pursuant to which Sirius Venture was engaged as the financial adviser to provide advisory services and necessary assistance to our Group in respect of our listing in Singapore;
- (d) option to purchase dated 6 June 2011 (accepted on 17 June 2011) between Everwell Pte Ltd (as vendor) and Neo Garden Catering (as purchaser) in respect of the sale and purchase of the property located at 30B Quality Road at a purchase consideration of S\$8.80 million;
- (e) option to purchase dated 22 September 2011 (accepted on 5 October 2011) between Neo Garden Catering (as vendor) and Eatz Catering Services Pte Ltd (as purchaser) in respect of the sale and purchase of the property located at 3017 Bedok North Street 5, #01-02 Gourmet East Kitchen, Singapore 486121 at a purchase consideration of S\$1.20 million;
- (f) deed of novation dated 31 January 2012 between Neo Kah Kiat, Neo Garden Catering, Perdure Technology, GUI Solutions, Neo @ 406 Restaurant and Poh pursuant to which each of Perdure Technology, GUI Solutions, Neo @ 406 Restaurant and Poh transferred and novated to Neo Kah Kiat the benefit and burden of the Perdure Loan, the GUI Loan, the Neo @ 406 Restaurant Loan and the Poh Loan, amounted to S\$1,515,000;
- (g) tenancy agreement dated 1 February 2012 between Deli Hub (as landlord) and Perdure Technology (as lessee) pursuant to which Deli Hub leased the second floor of 10E Enterprise Road to Perdure Technology for a period of three years from 1 February 2012 at a monthly rental of S\$1,800, with an option to renew for a further term of three years;
- (h) tenancy agreement dated 1 February 2012 between Deli Hub (as landlord) and GUI Solutions (as lessee) pursuant to which Deli Hub leased the third floor of 10E Enterprise Road to GUI Solutions for a period of three years from 1 February 2012 at a monthly rental of S\$1,500, with an option to renew for a further term of three years;
- (i) utility sharing agreement dated 1 February 2012 between Neo Garden Catering and Perdure Technology pursuant to which Neo Garden Catering charged Perdure Technology a flat rate of 10% of the total utility expenses incurred for the entire building at 10E Enterprise Road for a period of three years commencing from 1 February 2012 and if Perdure Tehnology renews the lease, for a further term of three years at a rate to be mutually agreed by the parties;
- (j) utility sharing agreement dated 1 February 2012 between Neo Garden Catering and GUI Solutions pursuant to which Neo Garden Catering charged GUI Solutions a flat rate of 10% of the total utility expenses incurred for the entire building at 10E Enterprise Road for a period of three years commencing from 1 February 2012 and if GUI Solutions renews the lease, for a further term of three years at a rate to be mutually agreed by the parties;
- (k) deed of assignment 31 March 2012 between our Company and Neo Garden Catering pursuant to which Neo Garden Catering assigned to our Company all of Neo Garden Catering's rights, title, benefits and interests in and to the Perdure Loan, the GUI Loan, the Neo @ 406 Restaurant Loan and the Poh Loan, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to our Company;

- (l) deed of assignment 31 March 2012 between our Company and NKK Import & Export pursuant to which NKK Import & Export assigned to our Company all of NKK Import & Export's rights, title, benefits and interests in and to the indebtedness of S\$3,525 owed by Neo Kah Kiat to NKK Import & Export, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to our Company;
- (m) deed of assignment and novation dated 31 March 2012 between our Company, Neo Kah Kiat, H-Cube and Liew Choh Khing pursuant to which:
 - (i) Liew Choh Khing assigned to Neo Kah Kiat all of his rights, title, benefits and interests in and to the indebtedness of S\$306,752 owed by H-Cube to Liew Choh Khing ("H-Cube indebtedness"); and
 - (ii) H-Cube transferred and novated to our Company the benefit and burden of the H-Cube indebtedness;
- (n) deed of assignment and novation dated 31 March 2012 between our Company, Neo Kah Kiat, Niwa Sushi and Liew Choh Khing pursuant to which:
 - (i) Liew Choh Khing assigned to Neo Kah Kiat all of his rights, title, benefits and interests in and to the indebtedness of S\$125,157 owed by Niwa Sushi to Liew Choh Khing ("Niwa Sushi indebtedness"); and
 - (ii) Niwa Sushi transferred and novated to our Company the benefit and burden of the Niwa Sushi indebtedness;
- (o) deed of assignment dated 31 March 2012 between our Company and Neo Garden Catering pursuant to which Neo Garden Catering assigned and transferred to our Company all of Neo Garden Catering's rights, title, benefits and interests in and to the indebtedness of S\$151,820 owed by Neo Kah Kiat to Neo Garden Catering, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to our Company;
- (p) deed of novation dated 31 March 2012 between our Company, Orange Clove and Neo Kah Kiat pursuant to which Orange Clove transferred and novated to our Company the benefit and burden of the indebtedness of S\$113,650 owed by Orange Clove to Neo Kah Kiat;
- (q) deed of novation dated 31 March 2012 entered into between our Company, Deli Hub and Neo Kah Kiat pursuant to which Deli Hub transferred and novated to our Company the benefit and burden of the indebtedness of S\$440,372 owed by Deli Hub to Neo Kah Kiat;
- (r) bill of sale dated 1 April 2012 between Neo Garden Catering (as vendor) and Twinkle Investment (as purchaser) in respect of the sale and purchase of a yacht at a sale consideration of S\$150,962;
- (s) software licence and services agreement dated 1 April 2012 between our Company, GUI Solutions, Neo Kah Kiat and Chin Chee Hwa pursuant to which, among other things, GUI Solutions granted our Company an unlimited user and non-exclusive right and licence to use the computer programs, systems and technology developed by GUI Solutions for our Group's business at any and all physical locations where our Group's business may be conducted worldwide at a licence fee of S\$70 per authorised user per month. Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions" of this Offer Document for the salient terms of the agreement;
- (t) agreement dated 30 April 2012 between Neo Garden Catering (as vendor) and Twinkle Investment (as purchaser) in respect of the sale and purchase of the property located at #05-06 Enterprise One at a sale consideration of approximately S\$1.10 million;

- (u) sale and purchase agreement dated 11 June 2012 between our Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors) in respect of the sale and purchase of the entire issued and paid-up share capital of Neo Garden Catering, comprising 200,000 ordinary shares, at an aggregate consideration of approximately S\$606,254;
- (v) sale and purchase agreement dated 11 June 2012 between our Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors) in respect of the sale and purchase of the entire issued and paid-up share capital of Orange Clove, comprising 100,000 ordinary shares, at an aggregate consideration of approximately S\$192,874;
- (w) sale and purchase agreement dated 11 June 2012 between our Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors) in respect of the sale and purchase of the entire issued and paid-up share capital of Deli Hub, comprising 50,002 ordinary shares, at an aggregate consideration of approximately S\$223,375; and
- (x) sale and purchase agreement dated 11 June 2012 between our Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors) in respect of the sale and purchase of the entire issued and paid-up share capital of NKK Import & Export, comprising 300,000 ordinary shares, at an aggregate consideration of approximately S\$53,402.

LITIGATION

8. As at the Latest Practicable Date, neither our Company nor any member of our Group is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had in the last 12 months before the date of lodgement of this Offer Document, a material effect on our Group's financial position or profitability.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

9. Pursuant to the Management Agreement, our Company appointed CIMB to sponsor and manage the Invitation. CIMB will receive a management fee from our Company for such services rendered.
10. Pursuant to the Underwriting and Placement Agreement, our Company appointed CIMB Securities as the Underwriter to underwrite our offer of the Offer Shares for a commission of 3.00% of the Issue Price for each Offer Share ("Underwriting Commission"), payable by our Company pursuant to the Invitation. CIMB Securities may, at its absolute discretion, appoint one or more sub-underwriters for the Offer Shares.
11. Pursuant to the Underwriting and Placement Agreement, our Company appointed CIMB Securities as the Placement Agent to subscribe and/or procure subscribers for the Placement Shares for a placement commission of 3.00% of the Issue Price for each Placement Share, to be paid by our Company. CIMB Securities may, at its absolute discretion, appoint one or more secondary sub-placement agents for the Placement Shares.
12. Brokerage will be paid by our Company to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or their IB websites at the rate of 0.25% of the Issue Price for each Offer Share or in the case of DBS Bank, 0.50% of the Issue Price for each Offer Share. This brokerage has been included in the Underwriting Commission stated in paragraph 10 above. In addition, DBS Bank will levy a minimum brokerage fee of S\$10,000. Subscribers of the Placement Shares may be required to pay a brokerage fee of up to 1.00% of the Issue Price to the Placement Agent (and the prevailing GST, if applicable).

13. The Management Agreement may, subject to the terms and conditions thereof, be terminated by CIMB at any time prior to or on the date of commencement of trading of our Shares on Catalist, on the occurrence of certain events, including, among other things:
- (a) the issue of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, or other competent authority in accordance with Section 242 of the SFA (notwithstanding that a supplementary or replacement offer document is subsequently registered with the SGX-ST pursuant to Section 241 of the SFA);
 - (b) there shall come to the knowledge of CIMB any breach of the warranties or undertakings in the Management Agreement or that any of the warranties or undertakings in the Management Agreement is untrue, incorrect or misleading in any material respect;
 - (c) the occurrence of certain specified events (described in the Management Agreement) which comes to the knowledge of CIMB;
 - (d) there shall have been, since the date of the Management Agreement:
 - (i) any adverse change, or any development or event involving a prospective adverse change, in the condition (financial or otherwise), performance or general affairs of our Company or any member of our Group or of our Group as a whole; or
 - (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore, the SGX-ST or any other relevant authorities) in Singapore or elsewhere or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere; or
 - (iii) any change, or any development involving a prospective change or any crisis in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including, without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST (including Catalist) due to exceptional financial circumstances or otherwise); or
 - (iv) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities whether war has been declared or not, or insurrection or armed conflict (whether or not involving financial markets); or
 - (v) any regional or local outbreak of disease that may have an adverse effect on the financial markets; or
 - (vi) any other occurrence of any nature whatsoever,which event or events shall in the opinion of CIMB (1) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or elsewhere; or (2) be likely to materially prejudice the success of the offer, subscription or placement of the New Shares (whether in the primary market or in respect of dealings in the secondary market); or (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management Agreement; or (4) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole; or (5) result or be likely to result in the issue of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, or other competent authority pursuant to the SFA; or

- (e) without limiting the generality of the foregoing, if it comes to the notice of CIMB (1) any statement contained in this Offer Document or the Application Forms which in the reasonable opinion of CIMB has become untrue, incorrect or misleading in any material respect or (2) circumstances or matters have arisen or have been discovered, which would, if this Offer Document was to be issued at that time, constitute in the reasonable opinion of CIMB, a material omission of material information, and our Company fails to lodge a supplementary or replacement offer document within a reasonable time after being notified of such material misrepresentation or omission or fails to promptly take such steps as CIMB may reasonably require to inform investors of the lodgement of such supplementary offer document or document. In such event, CIMB reserves the right, at its absolute discretion to inform the SGX-ST and to cancel the Invitation and (if applicable) subject to the terms and conditions of the Offer Document, any application monies received in connection with the Invitation will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicants for the New Shares by ordinary post, telegraphic transfer or such other means as CIMB may deem appropriate at the applicant's own risk within 14 days of the termination of the Invitation; or
- (f) the Underwriting and Placement Agreement is terminated pursuant to clause 11 ("Termination") of the Underwriting and Placement Agreement.

In the event that the Management Agreement is terminated, our Company reserves the right, at the absolute discretion of our Directors, to cancel the Invitation.

14. The Underwriting and Placement Agreement is conditional upon, among other things, the Management Agreement not having been terminated or rescinded pursuant to the provisions of the Management Agreement.

MISCELLANEOUS

15. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two years preceding the date of this Offer Document.
16. There has not been any public takeover offer by a third party in respect of our Company's Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between 1 February 2011 and the Latest Practicable Date.
17. Save as disclosed in the sub-section entitled "Management, Underwriting and Placement Arrangements" under this section of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.
18. No expert is employed on a contingent basis by our Group or has an interest, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the Latest Practicable Date, been acquired or disposed of by or leased to our Company or any of our subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.
19. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with CIMB (the "Receiving Bank"). Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
20. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred between the end of FY2012 and the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.

21. Save as disclosed in this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:
- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and
 - (d) the business and financial prospects and any significant recent trends in production, sales and inventory, and in the costs and selling prices of products and services and known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues, profitability, liquidity, capital resources or operating income or that would cause financial information disclosed to be not necessary indicative of the future operating results or financial condition of our Company.
22. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company since the incorporation of our Company are as follows:

Period	Name, professional qualification and address	Professional body	Partner-in-charge/ Professional qualification
From 22 March 2012 (being date of incorporation of our Company)	BDO LLP Public Accountants and Certified Public Accountants 21 Merchant Road #05-01 Royal Merukh S.E.A. Building Singapore 058267	Institute of Certified Public Accountants of Singapore (ICPAS)	Leong Hon Mun Peter (a member of the Institute of Certified Public Accountants of Singapore)

We currently have no intention of changing our auditors after the listing of our Company on Catalist.

CONSENTS

23. BDO LLP, the Independent Auditors and Reporting Accountants, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the Independent Auditors' Report and the Proforma Report as set out in Appendices A and B of this Offer Document in the form and context in which they are respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
24. Euromonitor International Limited, named as the Industry Consultant, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its statements in the sections "Definitions – Industry and Market Data", "Offer Document Summary – Overview of our Group", "General Information on our Group – Business Overview", "General Information on our Group – Competitive Strengths", "General Information on our Group – Prospects" and "Appendix C - Euromonitor Report" in this Offer Document and in the form and context in which they appear in this document, and references to its name in the form and context in which it appears in this document and to act in such capacity in relation to this document.

25. The Sponsor, the Underwriter and Placement Agent, the Solicitors to the Invitation, the Share Registrar and Share Transfer Office and the Receiving Banker, have each given and have not withdrawn their written consents to the issue of this Offer Document with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.
26. Each of the Solicitors to the Invitation, the Share Registrar and Share Transfer Office, the Principal Bankers and the Receiving Banker do not make, or purport to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any persons which is based on, or arises out of, the statements, information or opinions in this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

27. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation, our Company and our subsidiaries, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

DOCUMENTS AVAILABLE FOR INSPECTION

28. The following documents or copies thereof may be inspected at our registered office at 6A Wan Lee Road, Singapore 627938 during normal business hours for a period of six months from the date of registration of this Offer Document:
 - (a) the Memorandum and Articles of Association of our Company;
 - (b) the Independent Auditors' Report set out in Appendix A of this Offer Document;
 - (c) the Proforma Report set out in Appendix B of this Offer Document;
 - (d) the audited financial statements of each of our subsidiaries for FY2010, FY2011 and FY2012;
 - (e) the Euromonitor Report set out in Appendix C of this Offer Document prepared by Euromonitor;
 - (f) the material contracts referred to in this Offer Document;
 - (g) the letters of consent referred to in this Offer Document; and
 - (h) the Service Agreements referred to in this Offer Document.

**AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012**

**NEO GROUP LIMITED
and Its Subsidiaries**

Audited Combined Financial Statements
For the financial years ended 31 January 2010, 2011 and 2012

**AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012**

STATEMENT BY DIRECTORS

We, Neo Kah Kiat and Liew Oi Peng, being the Directors of Neo Group Limited (the “Company”), do hereby state that, in the opinion of the Board of Directors,

- (i) the accompanying combined financial statements as set out on pages A-5 to A-60 together with notes thereto are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Company and its subsidiaries (the “Group”) as at 31 January 2010, 2011 and 2012 and of the results, changes in equity and cash flows of the Group for the financial years ended on those dates, and
- (ii) 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.

On behalf of the Board of Directors

Neo Kah Kiat
Director

Liew Oi Peng
Director

Singapore
2 July 2012

**INDEPENDENT AUDITORS' REPORT ON AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012**

2 July 2012

The Board of Directors
Neo Group Limited
6A Wan Lee Road
Singapore 627938

Dear Sirs,

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Neo Group Limited (the "Company") and its subsidiaries (collectively the "Group") as set out on pages A-5 to A-60 which comprise the combined statements of financial position as at 31 January 2010, 2011 and 2012, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of combined financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT ON AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

Report on the Combined Financial Statements (Continued)

Opinion

In our opinion, the accompanying combined financial statements are properly drawn up in accordance with Singapore Financial Reporting Standards to present fairly, in all material respects, the state of affairs of the Group as at 31 January 2010, 2011 and 2012 and of the results, changes in equity and cash flows of the Group for the financial years ended 31 January 2010, 2011 and 2012.

Other Matters

This report has been prepared solely for inclusion in the Offer Document of the Company in connection with the initial public offering of ordinary shares of the Company on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

Yours faithfully

BDO LLP

Public Accountants and
Certified Public Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

**COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JANUARY 2010, 2011 AND 2012**

	Note	2010 \$	2011 \$	2012 \$
Non-current assets				
Property, plant and equipment	5	4,169,623	5,915,771	15,501,126
Investment properties	6	2,251,965	2,421,942	1,584,276
		<u>6,421,588</u>	<u>8,337,713</u>	<u>17,085,402</u>
Current assets				
Inventories	7	85,392	366,776	800,511
Assets held for sale	8	520	–	817,623
Trade and other receivables	9	1,556,150	3,063,719	4,116,186
Prepayments		38,832	156,356	295,132
Cash and cash equivalents	10	1,691,372	899,947	3,477,984
Current income tax recoverable		–	73,692	–
		<u>3,372,266</u>	<u>4,560,490</u>	<u>9,507,436</u>
Less:				
Current liabilities				
Trade and other payables	11	3,063,077	4,055,208	6,146,151
Provisions	12	20,700	31,750	56,030
Bank borrowings	13	919,008	1,015,746	1,619,811
Finance lease payables	14	56,944	70,123	155,591
Current income tax payable		216,925	217,274	803,785
		<u>4,276,654</u>	<u>5,390,101</u>	<u>8,781,368</u>
Net current (liabilities)/assets		<u>(904,388)</u>	<u>(829,611)</u>	<u>726,068</u>
Less:				
Non-current liabilities				
Bank borrowings	13	1,487,773	1,569,119	7,458,514
Finance lease payables	14	–	14,990	–
Deferred tax liabilities	15	19,000	27,000	72,000
		<u>1,506,773</u>	<u>1,611,109</u>	<u>7,530,514</u>
		<u>4,010,427</u>	<u>5,896,993</u>	<u>10,280,956</u>
Capital and reserves				
Share capital	16	750,002	650,002	650,002
Merger reserves	17	–	100,000	100,000
Retained earnings		3,260,425	5,146,991	9,530,954
Total equity attributable to owners		<u>4,010,427</u>	<u>5,896,993</u>	<u>10,280,956</u>

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012**

	Note	2010 \$	2011 \$	2012 \$
Revenue	18	22,653,594	29,998,412	38,376,464
<i>Other items of income</i>				
Interest income		248	262	173
Other income	19	179,986	505,416	294,981
<i>Items of expense</i>				
Purchases and consumables used		(9,388,327)	(11,505,727)	(12,079,654)
Changes in inventories		–	220,161	65,440
Distribution costs		(1,430,608)	(1,611,678)	(1,972,376)
Employee benefits expense	20	(4,883,115)	(7,411,949)	(9,325,616)
Depreciation expenses	21	(503,829)	(928,587)	(1,339,642)
Advertising expenses		(911,167)	(1,165,414)	(1,343,727)
Rental expenses		(573,943)	(1,048,586)	(1,906,693)
Utilities		(683,251)	(889,694)	(1,162,635)
Other expenses		(1,937,195)	(2,766,491)	(2,999,694)
Finance costs	22	(48,521)	(93,559)	(125,058)
Profit before income tax	23	2,473,872	3,302,566	6,481,963
Income tax expense	24	(264,473)	(516,000)	(1,098,000)
Profit for the financial year, representing total comprehensive income for the financial year		<u>2,209,399</u>	<u>2,786,566</u>	<u>5,383,963</u>
Profit and total comprehensive income attributable to owners		<u>2,209,399</u>	<u>2,786,566</u>	<u>5,383,963</u>
Earnings per share (in cents)	25			
- Basic		<u>294.59</u>	<u>398.08</u>	<u>828.30</u>
- Diluted		<u>294.59</u>	<u>398.08</u>	<u>828.30</u>

**COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012**

	Note	Share capital \$	Merger reserves \$	Retained earnings \$	Total equity attributable to owners \$
Balance at 1 February 2009		750,002	–	1,201,026	1,951,028
Profit for the financial year		–	–	2,209,399	2,209,399
Total comprehensive income for the financial year		–	–	2,209,399	2,209,399
Distributions to owners					
Dividends	26	–	–	(150,000)	(150,000)
Total transactions with owners		–	–	(150,000)	(150,000)
Balance at 31 January 2010		<u>750,002</u>	<u>–</u>	<u>3,260,425</u>	<u>4,010,427</u>
Balance at 1 February 2010		750,002	–	3,260,425	4,010,427
Profit for the financial year		–	–	2,786,566	2,786,566
Total comprehensive income for the financial year		–	–	2,786,566	2,786,566
Contributions by and distributions to owners					
Issue of shares		300,000	–	–	300,000
Difference between consideration and share capital acquired of Niwa Sushi Pte. Ltd. and H-Cube F&B Pte. Ltd.	17	(400,000)	100,000	–	(300,000)
Dividends	26	–	–	(900,000)	(900,000)
Total transactions with owners		(100,000)	100,000	(900,000)	(900,000)
Balance at 31 January 2011		<u>650,002</u>	<u>100,000</u>	<u>5,146,991</u>	<u>5,896,993</u>
Balance at 1 February 2011		650,002	100,000	5,146,991	5,896,993
Profit for the financial year		–	–	5,383,963	5,383,963
Total comprehensive income for the financial year		–	–	5,383,963	5,383,963
Distributions to owners					
Dividends	26	–	–	(1,000,000)	(1,000,000)
Total transactions with owners		–	–	(1,000,000)	(1,000,000)
Balance at 31 January 2012		<u>650,002</u>	<u>100,000</u>	<u>9,530,954</u>	<u>10,280,956</u>

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012

	2010	2011	2012
	\$	\$	\$
Operating activities			
Profit before income tax	2,473,872	3,302,566	6,481,963
Adjustments for:			
Allowance for doubtful third parties trade receivables	17,094	19,682	18,004
Doubtful third parties trade receivables written-off	–	3,748	–
Depreciation of property, plant and equipment	475,138	871,441	1,281,985
Depreciation of investment properties	28,691	57,146	57,657
Loss on disposal of investment property	–	1,737	–
Loss/(Gain) on disposals of plant and equipment	4,667	–	(14,383)
Gain on disposal of asset held for sale	–	(140,000)	–
Plant and equipment written-off	1,133	24,331	17,363
Interest income	(248)	(262)	(173)
Interest expense	48,521	93,559	125,058
Operating cash flows before working capital changes	3,048,868	4,233,948	7,967,474
Working capital changes:			
Inventories	(85,392)	(281,384)	(433,735)
Trade and other receivables	(1,573,244)	(1,530,999)	(1,070,471)
Prepayments	(38,832)	(117,524)	(138,776)
Trade and other payables	3,063,077	992,131	2,090,943
Cash generated from operations	4,414,477	3,296,172	8,415,435
Income tax paid	(28,548)	(581,343)	(392,797)
Net cash from operating activities	4,385,929	2,714,829	8,022,638

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

	Note	2010	2011	2012
		\$	\$	\$
Investing activities				
Purchase of property, plant and equipment		(6,218,337)	(2,530,870)	(10,742,653)
Purchase of investment properties		(600,000)	(808,300)	(37,614)
Purchase of assets held for sale		(520)	(319,480)	–
Proceeds from disposal of investment property		–	579,440	–
Proceeds from disposals of plant and equipment		12,000	–	86,613
Proceeds from disposal of asset held for sale		–	460,000	–
Net cash used in investing activities		<u>(6,806,857)</u>	<u>(2,619,210)</u>	<u>(10,693,654)</u>
Financing activities				
Fixed deposit pledged with financial institution		(40,000)	–	–
Proceeds from issuance of shares		750,002	–	–
Drawdown of bank borrowings		2,565,783	707,913	7,040,000
Repayment of bank borrowings		(159,002)	(529,829)	(546,540)
Repayment of finance lease payables		(47,236)	(71,831)	(119,522)
Dividends paid		(150,000)	(900,000)	(1,000,000)
Interest paid		(48,521)	(93,559)	(125,058)
Net cash from/(used in) financing activities		<u>2,871,026</u>	<u>(887,306)</u>	<u>5,248,880</u>
Net change in cash and cash equivalents		450,098	(791,687)	2,577,864
Cash and cash equivalents at beginning of financial year		<u>1,201,026</u>	<u>1,651,124</u>	<u>859,437</u>
Cash and cash equivalents at end of financial year	10	<u><u>1,651,124</u></u>	<u><u>859,437</u></u>	<u><u>3,437,301</u></u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012

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

These combined financial statements have been prepared for inclusion in the Offer Document of Neo Group Limited (the “Company”) and its subsidiaries (collectively the “Group”) and were authorised for issue by the Directors of the Company on 2 July 2012.

1. Corporate information

1.1 Domicile and activities

The Company was incorporated in the Republic of Singapore on 22 March 2012 under the Singapore Companies Act, Chapter 50 (the “Act”) as a private company limited by shares under the name of Neo Group Pte. Ltd.

The address of the Company’s registered office and principal place of business is 6A Wan Lee Road, Singapore 627938. The Company’s registration number is 201207080G.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 1.3 to the combined financial statements.

1.2 Restructuring exercise

Prior to the Invitation, a restructuring exercise (the “Restructuring Exercise”) was carried out which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

(i) Novation and assignment of indebtedness

Pursuant to a deed of novation dated 31 January 2012 entered into between Neo Kah Kiat, Neo Garden Catering Pte. Ltd. (“Neo Garden Catering”), Perdure Technology Pte. Ltd. (“Perdure Technology”), GUI Solutions Pte. Ltd. (“GUI Solutions”), Neo @ 406 Restaurant Pte. Ltd. (“Neo @ 406 Restaurant”, formerly known as Neo Garden Restaurant Pte. Ltd.) and Poh Wee Leong (“Poh”), each of Perdure Technology, GUI Solutions, Neo @ 406 Restaurant and Poh transferred and novated to Neo Kah Kiat the benefit and burden of the following:

- (a) the indebtedness of \$600,000 owed by Perdure Technology to Neo Garden Catering (“Perdure Loan”);
- (b) the indebtedness of \$415,000 owed by GUI Solutions to Neo Garden Catering (“GUI Loan”);
- (c) the indebtedness of \$40,000 owed by Neo @ 406 Restaurant to Neo Garden Catering (“Neo @ 406 Restaurant Loan”); and
- (d) the indebtedness of \$460,000 owed by Poh to Neo Garden Catering (“Poh Loan”).

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

1. Corporate information (Continued)

1.2 Restructuring exercise (Continued)

(i) Novation and assignment of indebtedness (Continued)

On 31 March 2012, the following deeds of assignment and novation were entered into:

- (a) Pursuant to a deed of assignment dated 31 March 2012 entered into between the Company and Neo Garden Catering, Neo Garden Catering assigned to the Company all of Neo Garden Catering's rights, title, benefits and interests in and to the Perdure Loan, the GUI Loan, the Neo @ 406 Restaurant Loan and the Poh Loan, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to the Company.
- (b) Pursuant to a deed of assignment dated 31 March 2012 entered into between the Company and NKK Import & Export Trading Pte. Ltd. ("NKK Import & Export"), NKK Import & Export assigned to the Company all of NKK Import & Export's rights, title, benefits and interests in and to the indebtedness of \$3,525 owed by Neo Kah Kiat to NKK Import & Export, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to the Company.
- (c) Pursuant to a deed of assignment and novation dated 31 March 2012 entered into between the Company, Neo Kah Kiat, H-Cube F&B Pte. Ltd. ("H-Cube") and Liew Choh Khing:
 - (i) Liew Choh Khing assigned to Neo Kah Kiat all of his rights, title, benefits and interests in and to the indebtedness of \$306,752 owed by H-Cube to Liew Choh Khing ("H-Cube indebtedness"); and
 - (ii) H-Cube transferred and novated to the Company the benefit and burden of the H-Cube indebtedness.
- (d) Pursuant to a deed of assignment and novation dated 31 March 2012 entered into between the Company, Neo Kah Kiat, Niwa Sushi Pte. Ltd. ("Niwa Sushi") and Liew Choh Khing:
 - (i) Liew Choh Khing assigned to Neo Kah Kiat all of his rights, title, benefits and interests in and to the indebtedness of \$125,157 owed by Niwa Sushi to Liew Choh Khing ("Niwa Sushi indebtedness"); and
 - (ii) Niwa Sushi transferred and novated to the Company the benefit and burden of the Niwa Sushi indebtedness.
- (e) Pursuant to a deed of assignment dated 31 March 2012 entered into between the Company and Neo Garden Catering, Neo Garden Catering assigned and transferred to the Company all of Neo Garden Catering's rights, title, benefits and interests in and to the indebtedness of \$151,820 owed by Neo Kah Kiat to Neo Garden Catering, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to the Company.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

1. Corporate information (Continued)

1.2 Restructuring exercise (Continued)

(i) Novation and assignment of indebtedness (Continued)

- (f) Pursuant to a deed of novation dated 31 March 2012 entered into between the Company, Orange Clove Catering Pte. Ltd. ("Orange Clove") and Neo Kah Kiat, Orange Clove transferred and novated to the Company the benefit and burden of the indebtedness of \$113,650 owed by Orange Clove to Neo Kah Kiat.
- (g) Pursuant to a deed of novation dated 31 March 2012 entered into between the Company, Deli Hub Catering Pte. Ltd. ("Deli Hub") and Neo Kah Kiat, Deli Hub transferred and novated to the Company the benefit and burden of the indebtedness of \$440,372 owed by Deli Hub to Neo Kah Kiat.

Following the completion of the above deeds of assignment and novation, Neo Kah Kiat owed the Company a sum of \$684,414.

(ii) Subscription of shares in the Company

On 8 June 2012, Neo Kah Kiat (Founder, Chairman and CEO) subscribed for 999,997 Shares at an aggregate subscription consideration of \$499,998.50.

(iii) Acquisition of Neo Garden Catering

Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between the Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), the Company acquired the entire issued and paid-up share capital of Neo Garden Catering, comprising 200,000 ordinary shares, for an aggregate cash consideration of approximately \$606,254. The purchase consideration was arrived at based on a discount of approximately 89% to the audited combined group NAV of Neo Garden Catering and its subsidiaries (namely, Niwa Sushi and H-Cube) as at 31 January 2012 (after adjusting for the dividends of \$500,000 declared in FY2013) of approximately \$5,511,401.

(iv) Declaration of dividend by way of distribution in specie by Neo Garden Catering of its shareholding interests in Niwa Sushi and H-Cube

Pursuant to the articles of association of Neo Garden Catering, Neo Garden Catering may from time to time declare a dividend to be paid out of its profits. Immediately prior to the distribution in specie, Neo Garden Catering held 300,000 ordinary shares in Niwa Sushi and 100,000 ordinary shares in H-Cube (the "Distributed Shares"), representing the entire issued and paid-up share capital of Niwa Sushi and H-Cube respectively.

On 11 June 2012, Neo Garden Catering declared an interim dividend in respect of FY2013 amounting to \$300,000 by way of a distribution in specie. Pursuant thereto, all the Distributed Shares were distributed to the sole shareholder of Neo Garden Catering, namely Neo Group Limited on 11 June 2012. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is effected.

Following the completion of the distribution in specie, Neo Group Limited became the sole shareholder of Niwa Sushi and H-Cube.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

1. Corporate information (Continued)

1.2 Restructuring exercise (Continued)

(v) Acquisition of Orange Clove

Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between the Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), the Company acquired the entire issued and paid-up share capital of Orange Clove, comprising 100,000 ordinary shares, for an aggregate cash consideration of approximately \$192,874. The purchase consideration was arrived at based on a discount of approximately 89% to the audited NAV of Orange Clove as at 31 January 2012 of approximately \$1,753,403. On 11 June 2012, the transfer of such shares was completed.

(vi) Transfer of shares of Deli Hub

Pursuant to an agreement dated 11 June 2012 entered into between Neo Kah Kiat (as the purchaser) and Ng Kah Lye and Liew Choh Khing (as the vendors), Neo Kah Kiat acquired an aggregate of 25,000 shares representing approximately 50.0% of the issued share capital of Deli Hub for an aggregate cash consideration of \$1,014,935. The purchase consideration was arrived at on a willing-seller willing-buyer basis based on the audited NAV of Deli Hub as at 31 January 2012 of approximately \$2,030,682. On 11 June 2012, the transfer of such shares was completed.

(vii) Acquisition of Deli Hub

Pursuant to an agreement dated 11 June 2012 entered into between the Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), the Company acquired the entire issued and paid-up share capital of Deli Hub, comprising 50,002 ordinary shares, for an aggregate cash consideration of approximately \$223,375. The purchase consideration was arrived at based on a discount of approximately 89% to the audited NAV of Deli Hub as at 31 January 2012 of approximately \$2,030,682. On 11 June 2012, the transfer of such shares was completed.

(viii) Acquisition of NKK Import & Export

Pursuant to an agreement dated 11 June 2012 entered into between the Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), the Company acquired the entire issued and paid-up share capital of NKK Import & Export, comprising 300,000 ordinary shares, for an aggregate cash consideration of approximately \$53,402. The purchase consideration was arrived at based on a discount of approximately 89% to the audited NAV of NKK Import & Export as at 31 January 2012 of approximately \$485,470. On 11 June 2012, the transfer of such shares was completed.

Following the completion of the Restructuring Exercise, Neo Kah Kiat owed the Company \$82,626 and the Company owed Liew Oi Peng \$474,118. On 11 June 2012, such indebtedness owing to and from the Company were fully settled.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

1. Corporate information (Continued)

1.3 Details of subsidiaries

As at the date of this report after the Restructuring Exercise, the Company has the following subsidiaries:

Name of company	Date and country of incorporation	Fully paid-up capital	Principal activities	Effective equity interest
Deli Hub Catering Pte. Ltd.	9 November 2004 Singapore	\$50,002	Provision of food catering services	100%
Neo Garden Catering Pte. Ltd.	28 March 2008 Singapore	\$200,000	Provision of food catering services	100%
Orange Clove Catering Pte. Ltd.	15 May 2008 Singapore	\$100,000	Provision of food catering services	100%
Niwa Sushi Pte. Ltd.	14 November 2008 Singapore	\$300,000	Food retail outlets	100%
H-Cube F&B Pte. Ltd.	19 November 2008 Singapore	\$100,000	Provision of food catering services	100%
NKK Import & Export Trading Pte. Ltd.	24 March 2010 Singapore	\$300,000	General trading	100%

2. Basis of preparation of combined financial statements

The Restructuring Exercise involved companies which are under common control. The combined financial statements of the Group for the financial years ended 31 January 2010, 2011 and 2012 have been prepared in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the end of the reporting periods.

These combined financial statements of the Group are a combination or aggregation of the financial statements of the Company and its subsidiaries after the Restructuring Exercise.

The audited combined financial statements of the Group for the financial years ended 31 January 2010, 2011 and 2012 are prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

2. Basis of preparation of combined financial statements (Continued)

The statutory audited financial statements of certain companies within the Group for the financial period/years ended 31 January 2010, 2011 and 2012 covered by this report were audited by the following firms of Certified Public Accountants who issued unqualified audit opinions in their reports as follows:

Name of company	Auditors	Financial period/year
Deli Hub Catering Pte. Ltd.	BDO LLP	Financial period from 1 January 2010 to 31 January 2011 and financial year ended 31 January 2012
Neo Garden Catering Pte. Ltd.	Wu Chiaw Ching & Company	Financial year ended 28 February 2010
	BDO LLP	Financial period from 1 March 2010 to 31 January 2011 and financial year ended 31 January 2012
Orange Clove Catering Pte. Ltd.	Wu Chiaw Ching & Company	Financial year ended 30 April 2010
	BDO LLP	Financial period from 1 May 2010 to 31 January 2011 and financial year ended 31 January 2012
Niwa Sushi Pte. Ltd.	BDO LLP	Financial period from 1 November 2009 to 31 January 2011 and financial year ended 31 January 2012
H-Cube F&B Pte. Ltd.	BDO LLP	Financial period from 1 November 2009 to 31 January 2011 and financial year ended 31 January 2012
NKK Import & Export Trading Pte. Ltd.	BDO LLP	Financial period from 24 March 2010 (Date of incorporation) to 31 January 2011 and financial year ended 31 January 2012

For the purpose of inclusion in the combined financial statements, BDO LLP audited the financial statements of the other companies within the Group which had prepared compilation accounts as these companies were exempt under the Singapore Companies Act. In addition, where individual companies had differing financial year-ends, the financial statements were re-aligned to 12 months from 1 February to 31 January for all of the 3 financial years ended 31 January 2010, 2011 and 2012.

The preparation of combined financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting periods, and the reported amounts of revenue and expenses throughout the financial years. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

2. Basis of preparation of combined financial statements (Continued)

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the combined financial statements are disclosed in Note 4 to the combined financial statements.

3. Summary of significant accounting policies

3.1 Changes in accounting policies

During the financial years ended 31 January 2010, 2011 and 2012, the Group adopted the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for each annual period respectively. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior financial years.

FRS and INT FRS issued but not yet effective

As at the date of authorisation of these combined financial statements, the Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 1	: Amendments to FRS 1 - Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 12	: Amendments to FRS 12 - Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 19	: Employee Benefits (Revised)	1 January 2013
FRS 27	: Separate Financial Statements	1 January 2013
FRS 28	: Investments in Associates and Joint Ventures	1 January 2013
FRS 32	: Amendments to FRS 32 - Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 101	: Amendments to FRS 101 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
FRS 107	: Amendments to FRS 107 Disclosures - Transfers of Financial Assets	1 July 2011
	: Amendments to FRS 107 Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 110	: Consolidated Financial Statements	1 January 2013
FRS 111	: Joint Arrangements	1 January 2013
FRS 112	: Disclosure of Interests in Other Entities	1 January 2013
FRS 113	: Fair Value Measurement	1 January 2013
INT FRS 120	: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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

The Group expects that the adoption of the above FRS and INT FRS, if applicable, will have no material impact on the financial statements in the period of initial adoption.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.2 Basis of combination

The combined financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the financial years ended 31 January 2010, 2011 and 2012. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full.

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and share capital of entities acquired is recognised directly to equity.

Transactions eliminated on combination

Intra-group balances and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the combined financial statements.

3.3 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.3 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
Leasehold properties	Over lease term 8 to 50
Furniture and fittings	3 to 5
Computers	3
Kitchen and office equipment	3 to 5
Motor vehicles	6 to 16
Renovation	3 to 6

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.

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.

Land held for development represents land held for future development and subsequent use as owner-occupied property, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of acquisition of the land and costs of preparing the land for its intended use, net of proceeds from salvage.

3.4 Investment properties

Investment properties comprise those portions of buildings that are held for long-term rental yields.

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.

Investment properties are initially recorded at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

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 deemed cost for subsequent accounting is the fair value at the date of change in use. 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 3.3, up to the date of change in use.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.4 Investment properties (Continued)

Investment properties are derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the financial year of retirement or disposal.

Depreciation is calculated using the straight-line method to allocate the depreciable amount of the investment properties over their estimated useful lives of 27 to 85 years.

The residual values, useful lives and depreciation method of investment properties 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 investment properties.

3.5 Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

3.6 Assets held for sale

Assets classified as held for sale are measured at the lower of carrying amounts and fair values less costs to sell.

Assets are classified as held for sale if the carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets once classified as held for sale are not depreciated.

3.7 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period 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.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.7 Impairment of non-financial assets (Continued)

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, 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 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.

3.8 Inventories

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

The cost of raw materials for the food catering and food retail businesses is determined on a weighted average basis. The cost of trading goods for the food catering supplies business is 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.

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.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.9 Financial assets

The Group classifies its financial assets as loans and receivables. 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 cash equivalents" on the combined statements of financial position.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits 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 has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss.

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any, and financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in fair value of the "financial assets at fair value through profit or loss" are recognised in profit or loss in the financial year in which the changes in fair value arise.

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 through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.9 Financial assets (Continued)

Impairment

The Group assesses 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 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 either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

3.10 Cash and cash equivalents

Cash and cash equivalents consist of 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 combined statements of cash flows, cash and cash equivalents comprise cash on hand and cash at bank net of fixed deposits pledged with financial institution.

3.11 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

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 are subsequently measured at amortised cost using the effective interest method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.11 Financial liabilities (Continued)

(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 taken to profit or loss over the period of the bank borrowings using the effective interest method.

Bank borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current 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 borrowings in the combined statements of financial position.

Recognition and derecognition

Financial liabilities are recognised on the combined statements of financial position when, and only when, the Group becomes a party 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.

3.12 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.

3.13 Provisions

Provisions are recognised when the Group has a present 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, and are discounted to present value where the effect is material.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.14 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from food catering and retail sales are recognised upon the delivery and acceptance of the goods sold to the customers.

Revenue from food and catering supplies sales is recognised when goods are delivered to the customer and the significant risks and rewards of ownership has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

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

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

Advertising sponsorship income is recognised upon receipt of sponsorship.

3.15 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense 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.

3.16 Grants

Grants are recognised at the fair value where there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate 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.

Government grant - Jobs credit scheme

The Singapore government introduced a cash grant known as the Jobs credit scheme in its Budget for 2009 in a bid to help businesses preserve jobs in the economic downturn. The amount received for jobs credit are to be paid to eligible employers in instalments and the amount an employer can receive would depend on the fulfillment of the conditions as stated in the Scheme.

The Group recognises the amounts received for jobs credit at their fair value as other income in the month of receipt of these grants from the government.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.17 Leases

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 lessee) is recognised in profit or loss on a straight-line basis over the lease term.

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.

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.

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.

3.18 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.

3.19 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the three financial years, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.19 Income tax (Continued)

Deferred tax is provided, using the liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3.20 Foreign currencies

Items included in 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 ("functional currency").

The combined financial statements are presented in Singapore dollar, which is the functional currency of the Company and presentation currency of the combined financial statements.

In preparing the financial statements, 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 on 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.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

3. Summary of significant accounting policies (Continued)

3.21 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.

3.22 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 assess its performance.

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of investments or financial assets

The Group follows the guidance of FRS 36 and FRS 39 on determining when an investment or a financial asset is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment or a financial asset is less than its cost and the financial health of the near-term business outlook for an investment or a financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4.2 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) Depreciation of property, plant and equipment

The property, plant and equipment are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of these assets to be within 3 to 50 years. The carrying amounts of property, plant and equipment as at 31 January 2010, 2011 and 2012 were \$4,169,623, \$5,915,771 and \$15,501,126 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised.

(ii) Depreciation of investment properties

The Group's investment properties are depreciated on a straight-line method over the estimated useful life. The management estimates the useful lives of these assets to be within 27 to 85 years. The carrying amounts of investment properties as at 31 January 2010, 2011 and 2012 were \$2,251,965, \$2,421,942 and \$1,584,276 respectively. Changes in the expected level of usage and technological developments could impact the economic useful life and residual values of these assets, therefore future depreciation could be revised.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.2 Key sources of estimation uncertainty (Continued)

(iii) Allowance for inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the weighted average basis for food catering and food retail businesses, and first-in, first-out basis for food catering supplies business. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide 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 amounts of inventories as at 31 January 2010, 2011 and 2012 were \$85,392, \$366,776 and \$800,511 respectively.

(iv) Allowance for doubtful receivables

The management establishes allowance for doubtful receivables when it believes that payment of amounts owed is unlikely to occur. In establishing the allowance, the management considers the historical experience and changes to the customers' financial position. If the financial conditions of these customers were to deteriorate, resulting in impairment of the ability to make the required payments, additional allowance may be required. The carrying amounts of trade and other receivables as at 31 January 2010, 2011 and 2012 were \$1,556,150, \$3,063,719 and \$4,116,186 respectively.

(v) Income taxes

The Group recognises 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. As at 31 January 2010, 2011 and 2012, the carrying amounts of current income tax recoverable were \$Nil, \$73,692, and \$Nil respectively, current income tax payable were \$216,925, \$217,274 and \$803,785 respectively and deferred tax liabilities were \$19,000, \$27,000 and \$72,000 respectively.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

5. Property, plant and equipment

2010	Leasehold properties	Furniture and fittings	Computers	Kitchen and office equipment	Motor vehicles	Renovation	Construction-in-progress	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 February 2009	664,282	8,566	63,566	249,347	291,152	62,953	550,382	1,890,248
Additions	943,126	63,356	98,894	517,610	622,280	468,069	1,883,873	4,597,208
Disposals	–	–	–	–	(20,000)	–	–	(20,000)
Written-off	–	(6,214)	(48,862)	(16,485)	–	–	–	(71,561)
Reclassification	503,599	–	–	–	–	–	(503,599)	–
Transferred to investment properties	–	–	–	–	–	–	(1,680,656)	(1,680,656)
Balance at 31 January 2010	2,111,007	65,708	113,598	750,472	893,432	531,022	250,000	4,715,239
Accumulated depreciation								
Balance at 1 February 2009	41,518	6,214	47,965	16,744	31,798	–	–	144,239
Depreciation for the financial year	97,094	11,676	30,744	136,485	113,704	85,435	–	475,138
Disposals	–	–	–	–	(3,333)	–	–	(3,333)
Written-off	–	(6,214)	(48,144)	(16,070)	–	–	–	(70,428)
Balance at 31 January 2010	138,612	11,676	30,565	137,159	142,169	85,435	–	545,616
Carrying amount								
Balance at 31 January 2010	1,972,395	54,032	83,033	613,313	751,263	445,587	250,000	4,169,623

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

5. Property, plant and equipment (Continued)

2011	Leasehold properties	Furniture and fittings	Computers	Kitchen and office equipment	Motor vehicles	Renovation	Construction-in-progress	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 February 2010	2,111,007	65,708	113,598	750,472	893,432	531,022	250,000	4,715,239
Additions	13,915	204,392	59,552	900,852	351,193	426,809	685,207	2,641,920
Written-off	–	(7,075)	(1,363)	(16,558)	–	(11,615)	–	(36,611)
Reclassification	541,500	–	–	–	–	–	(541,500)	–
Balance at 31 January 2011	<u>2,666,422</u>	<u>263,025</u>	<u>171,787</u>	<u>1,634,766</u>	<u>1,244,625</u>	<u>946,216</u>	<u>393,707</u>	<u>7,320,548</u>
Accumulated depreciation								
Balance at 1 February 2010	138,612	11,676	30,565	137,159	142,169	85,435	–	545,616
Depreciation for the financial year	126,088	47,451	49,583	310,650	180,258	157,411	–	871,441
Written-off	–	(1,875)	(985)	(5,792)	–	(3,628)	–	(12,280)
Balance at 31 January 2011	<u>264,700</u>	<u>57,252</u>	<u>79,163</u>	<u>442,017</u>	<u>322,427</u>	<u>239,218</u>	<u>–</u>	<u>1,404,777</u>
Carrying amount								
Balance at 31 January 2011	<u>2,401,722</u>	<u>205,773</u>	<u>92,624</u>	<u>1,192,749</u>	<u>922,198</u>	<u>706,998</u>	<u>393,707</u>	<u>5,915,771</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

5. Property, plant and equipment (Continued)

2012	Land held for	Leasehold	Furniture	Computers	Kitchen	Motor	Renovation	Construction-	Total
Cost	development	properties	and fittings		and office	vehicles		in-progress	\$
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 February 2011	–	2,666,422	263,025	171,787	1,634,766	1,244,625	946,216	393,707	7,320,548
Additions	8,856,100	202,500	174,226	86,998	637,555	379,961	449,763	169,830	10,956,933
Disposals	–	–	(9,570)	–	(7,600)	(42,045)	(41,050)	–	(100,265)
Written-off	–	–	(5,130)	–	–	–	(19,072)	–	(24,202)
Reclassification	–	478,537	–	–	–	–	–	(478,537)	–
Balance at 31 January 2012	8,856,100	3,347,459	422,551	258,785	2,264,721	1,582,541	1,335,857	85,000	18,153,014
Accumulated depreciation									
Balance at 1 February 2011	–	264,700	57,252	79,163	442,017	322,427	239,218	–	1,404,777
Depreciation for the financial year	–	124,250	88,653	69,739	510,110	248,084	241,149	–	1,281,985
Disposals	–	–	(2,388)	–	(1,014)	(14,015)	(10,618)	–	(28,035)
Written-off	–	–	(609)	–	–	–	(6,230)	–	(6,839)
Balance at 31 January 2012	–	388,950	142,908	148,902	951,113	556,496	463,519	–	2,651,888
Carrying amount									
Balance at 31 January 2012	8,856,100	2,958,509	279,643	109,883	1,313,608	1,026,045	872,338	85,000	15,501,126

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

5. Property, plant and equipment (Continued)

As at 31 January 2010, 2011 and 2012, the carrying amounts of motor vehicles which were acquired under finance lease agreements were \$146,110, \$185,629 and \$328,982 respectively. Finance lease assets are pledged as securities for the related finance lease payables (Note 14).

The land held for development and leasehold properties with aggregate carrying amounts of \$1,432,666, \$1,395,151 and \$11,304,693 as at 31 January 2010, 2011 and 2012 respectively were mortgaged as security for the banking facilities as set out in Note 13 to the financial statements.

On 9 April 2009, the Group lodged a caveat claiming interest as a purchaser for a leasehold property with carrying amount of \$536,987 and \$509,912 as at 31 January 2011 and 2012 respectively. As the Jurong Town Corporation has not issued a legal title in respect of the property to the Group, the Group only has an equitable and beneficial interest in the property.

For the purpose of combined statements of cash flows, the Group's additions to property, plant and equipment during the financial year comprised:

	2010	2011	2012
	\$	\$	\$
Carrying amount as at 1 February 2009	1,746,009	—	—
Additions of property, plant and equipment	4,597,208	2,641,920	10,956,933
Provision for dismantlement, removal or restoration	(20,700)	(11,050)	(24,280)
Finance lease payable	(104,180)	(100,000)	(190,000)
Cash payments to acquire property, plant and equipment	<u>6,218,337</u>	<u>2,530,870</u>	<u>10,742,653</u>

6. Investment properties

	2010	2011	2012
	\$	\$	\$
Cost			
Balance at beginning of financial year	600,000	2,280,656	2,488,956
Additions	—	808,300	37,614
Disposals	—	(600,000)	—
Transferred from property, plant and equipment	1,680,656	—	—
Transferred to assets held for sale	—	—	(845,914)
Balance at end of financial year	<u>2,280,656</u>	<u>2,488,956</u>	<u>1,680,656</u>
Accumulated depreciation			
Balance at beginning of financial year	—	28,691	67,014
Depreciation for the financial year	28,691	57,146	57,657
Disposals	—	(18,823)	—
Transferred to assets held for sale	—	—	(28,291)
Balance at beginning of financial year	<u>28,691</u>	<u>67,014</u>	<u>96,380</u>
Carrying amount			
Balance at end of financial year	<u>2,251,965</u>	<u>2,421,942</u>	<u>1,584,276</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

6. Investment properties (Continued)

During the financial year ended 31 January 2012, the Group reclassified an investment property with carrying amount of \$817,623 to assets held for sale as the Group has entered into options to sell the property to a third party.

The fair value of investment properties as at 31 January 2010, 2011 and 2012 amounted to approximately \$2,359,000, \$3,288,000 and \$2,436,000 respectively. The fair values of the investment properties as at 31 January 2010 and 2011 had been determined based on the management's estimation by reference to the recent market evidences of transaction prices for similar properties. The fair value of investment properties as at 31 January 2012 has been determined on the basis of valuation carried out by independent valuers having the appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuations were arrived at by reference to market evidences of transaction prices for similar properties, and were performed in accordance with International Valuation Standards.

The Group's investment properties are held under leasehold interest.

The following amounts are recognised in profit or loss:

	2010	2011	2012
	\$	\$	\$
Rental income	24,750	—	—
Property taxes and other direct operating expenses arising from investment property			
- rental income-generating	50,660	—	—
- non-rental income-generating	16,450	135,040	105,827

The investment properties with carrying amount of \$2,251,965, \$2,421,942 and \$1,584,276 as at 31 January 2010, 2011 and 2012 respectively was mortgaged as security for the banking facilities as set out in Note 13 to the financial statements.

As at 31 January 2012, the Group's investment properties are as follows:

Location	Description	Tenure	Approximate site area (sq m)
8A Admiralty Street #06-01, Singapore 757437	Vacant	60 years leasehold from 9 October 2000	345
8A Admiralty Street #06-02, Singapore 757437	Vacant	60 years leasehold from 9 October 2000	345
10E Enterprise Road, Singapore 629831	General office (2 nd storey and 3 rd storey)	30 years leasehold from 12 June 2007	322

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

7. Inventories

	2010	2011	2012
	\$	\$	\$
Raw materials	85,392	146,615	514,910
Trading goods	–	220,161	285,601
	<u>85,392</u>	<u>366,776</u>	<u>800,511</u>

The cost of inventories recognised as expense and included in “Purchases and consumables used” line item for the financial years ended 31 January 2010, 2011 and 2012 amounted to \$8,969,237, \$10,967,286 and \$11,369,270 respectively.

8. Assets held for sale

	2010	2011	2012
	\$	\$	\$
Balance at beginning of financial year	–	520	–
Additions during the financial year	520	319,480	–
Disposals during the financial year	–	(320,000)	–
Transferred from investment properties	–	–	817,623
Balance at end of financial year	<u>520</u>	<u>–</u>	<u>817,623</u>

Assets held for sale were as follows:

	2010	2011	2012
	\$	\$	\$
Investments in Neo @ 406 Restaurant Pte. Ltd. (formerly known as Neo Garden Restaurant Pte. Ltd.)	520	–	–
Investment property:			
- 3017 Bedok North Street 5, #01-02 Gourmet East Kitchen, Singapore 486121	–	–	817,623
	<u>520</u>	<u>–</u>	<u>817,623</u>

During the financial year ended 31 January 2011, the investments held for sale with a total carrying amount of \$320,000 was subsequently disposed to a third party for cash consideration of \$460,000 and the Group has recognised a gain on disposal of assets held for sale amounting to \$140,000.

As at 31 January 2012, the fair value of investment property held for sale was \$1,200,000, representing the total consideration offered by third party to acquire such asset and its disposal was completed in February 2012.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

9. Trade and other receivables

	2010	2011	2012
	\$	\$	\$
Trade receivables			
- third parties	539,955	783,646	1,525,203
- related parties	—	300	—
	539,955	783,946	1,525,203
Less: Allowance for doubtful third parties trade receivables	(17,094)	(36,776)	(54,780)
	522,861	747,170	1,470,423
Deposits	278,285	686,623	814,498
Staff loan	4,100	24,102	12,295
Non-trade receivables			
- third parties	37,424	511,298	112,892
- related parties	463,480	996,406	35,733
- Directors of the Company	250,000	98,120	1,670,345
	750,904	1,605,824	1,818,970
	<u>1,556,150</u>	<u>3,063,719</u>	<u>4,116,186</u>

Trade receivables are unsecured, non-interest bearing and generally on 7 to 30 days' credit terms.

Non-trade receivables are unsecured, non-interest bearing and repayable on demand.

Movements in allowance for doubtful third parties trade receivables were as follows:

	2010	2011	2012
	\$	\$	\$
Balance at beginning of financial year	—	17,094	36,776
Allowance made during the financial year	17,094	19,682	18,004
Balance at end of financial year	<u>17,094</u>	<u>36,776</u>	<u>54,780</u>

The Group's allowance for doubtful third parties trade receivables amounting to \$17,094, \$19,682 and \$18,004 for the financial years ended 31 January 2010, 2011 and 2012 respectively were included in "other expenses" line item in profit or loss subsequent to a debt recovery assessment performed during the financial years ended 31 January 2010, 2011 and 2012.

Trade and other receivables are denominated in Singapore dollar.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

10. Cash and cash equivalents

	2010 \$	2011 \$	2012 \$
Cash and bank balances	1,651,124	859,437	3,437,301
Fixed deposits	40,248	40,510	40,683
Cash and cash equivalents as per combined statements of financial position	1,691,372	899,947	3,477,984
Fixed deposits pledged	(40,248)	(40,510)	(40,683)
Cash and cash equivalents as per combined statements of cash flows	1,651,124	859,437	3,437,301

Fixed deposits are placed for a period of 12 months and bear effective interest rate of 0.825%, 0.45% and 0.35% per annum for the financial years ended 31 January 2010, 2011 and 2012 respectively.

Cash and cash equivalents included in the combined statements of financial position are denominated in Singapore dollar.

11. Trade and other payables

	2010 \$	2011 \$	2012 \$
Trade payables			
- third parties	766,457	1,734,660	2,241,855
- related parties	11,269	10,464	1,708
	777,726	1,745,124	2,243,563
Deferred income	141,472	99,134	158,995
Non-trade payables			
- third parties	230,291	473,426	291,731
- related parties	9,400	10,882	14,396
- Directors of the Company	1,021,263	876,990	2,477,926
	1,260,954	1,361,298	2,784,053
Deposits received	18,315	73,119	68,110
Accrued operating expenses	839,889	733,617	820,288
Unutilised annual leave	24,721	42,916	71,142
	3,063,077	4,055,208	6,146,151

Trade and non-trade amount due to third parties and related parties are unsecured, non-interest bearing and generally on 7 to 60 days terms.

Deferred income represents the amount of billing raised in advance for uncompleted orders from customers.

The non-trade amount due to Directors of the Company is unsecured, non-interest bearing and repayable on demand.

Trade and other payables are denominated in Singapore dollar.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

12. Provisions

	2010	2011	2012
	\$	\$	\$
Balance at beginning of financial year	–	20,700	31,750
Provision made during the financial year	20,700	11,050	24,280
Balance at end of financial year	20,700	31,750	56,030

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.

13. Bank borrowings

	2010	2011	2012
	\$	\$	\$
Current liabilities			
Secured			
Term loan I	111,798	126,028	128,840
Term loan II			
- Portion of term loan due for repayment within one year which are subject to a repayment on demand clause	43,529	51,778	48,964
- Portion of term loan due for repayment after one year which are subject to a repayment on demand clause	608,022	632,158	583,194
Term loan III	79,978	79,382	83,353
Term loan IV	75,681	–	–
Term loan V	–	126,400	126,400
Term loan VI	–	–	649,060
	919,008	1,015,746	1,619,811
Non-current liabilities			
Secured			
Term loan I	532,638	406,610	277,983
Term loan III	799,037	720,109	633,876
Term loan IV	156,098	–	–
Term loan V	–	442,400	316,000
Term loan VI	–	–	6,230,655
	1,487,773	1,569,119	7,458,514
Total	2,406,781	2,584,865	9,078,325

Non-current bank borrowings are repayable as follows:

	2010	2011	2012
	\$	\$	\$
In the second year	284,948	338,099	1,007,115
In the third year	288,260	345,208	1,027,066
In the fourth year	218,808	352,591	858,064
In the fifth year	226,224	170,779	801,475
After five years	469,533	362,442	3,764,794
	1,487,773	1,569,119	7,458,514

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

13. Bank borrowings (Continued)

During each of the reporting period, the average interest rates per annum of the bank borrowings are as follows:

	2010	2011	2012
	%	%	%
Term loan I	2.25	2.23	2.20
Term loan II	3.49	4.39	5.00
Term loan III	2.88	3.71	4.72
Term loan IV	4.73	4.98	—
Term loan V	—	2.09	1.93
Term loan VI	—	—	1.88

Bank borrowings are arranged at floating rates, thus exposing the Group to interest rate risk.

The fair values of non-current bank borrowings approximate their carrying amounts.

Term loan I is repayable over 60 months commencing from March 2010 to February 2015. As at 31 January 2010, 2011 and 2012, term loan I is secured by the legal mortgage on leasehold property with carrying amount of \$936,839, \$917,976 and \$899,113 respectively and supported by joint and several guarantees of the Directors amounting to \$644,000.

Term loan II is repayable over 168 months commencing from February 2009 to January 2023. As at 31 January 2010, 2011 and 2012, term loan II is secured by the legal mortgage on leasehold property with carrying amount of \$495,827, \$477,175 and \$458,519 respectively, and investment property with carrying amount of \$482,346, \$464,201 and \$446,060 respectively, and supported by joint and several guarantees of the Directors amounting to \$759,132.

Term loan III is repayable over 120 months commencing from June 2009 to May 2019. As at 31 January 2010, 2011 and 2012, term loan III is secured by the legal mortgage on investment property with carrying amount of \$1,184,913, \$1,161,565 and \$1,138,216 respectively, and supported by joint and several guarantees of the Directors for all amounts owing to the financial institution.

Term loan IV is repayable over 60 months commencing from December 2007 to November 2012. As at 31 January 2010, term loan IV is secured by the legal mortgage on investment property with carrying amount of \$584,706, and supported by joint and several guarantees of the Directors amounting to \$420,000. On 13 August 2010, term loan IV was fully settled upon the disposal of such investment properties to a third party.

Term loan V is repayable over 60 months commencing from August 2010 to July 2015. As at 31 January 2011 and 2012, term loan V is secured by the legal mortgage on investment property with carrying amount of \$796,176 and \$Nil respectively, and assets held for sale with carrying amount of \$Nil and \$817,623 respectively, and supported by joint and several guarantees of the Directors amounting to \$632,000.

Term loan VI is repayable over 120 months commencing from November 2011 to October 2021. As at 31 January 2012, term loan VI is secured by the legal mortgage on land held for development and leasehold properties with carrying amount of \$9,947,061, and supported by joint and several guarantees of the Directors amounting to \$9,756,000.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

13. Bank borrowings (Continued)

As at 31 January 2010, 2011 and 2012, current bank borrowings in respect of term loan II included an amount of \$608,022, \$632,158 and \$583,194 which was not scheduled for repayment within twelve months from the end of the financial year but was classified as current liabilities as the Group did not have the unconditional right at the end of the financial year to defer settlement for at least twelve months after the end of the financial year and the loan can be recalled by the bank lenders at any time even if there is no default.

As at the end of the reporting period, the Group has banking facilities as follows:

	2010 \$	2011 \$	2012 \$
Banking facilities granted	2,446,781	2,784,865	12,238,325
Banking facilities utilised	<u>2,406,781</u>	<u>2,584,865</u>	<u>9,082,918</u>

Bank borrowings are denominated in Singapore dollar.

14. Finance lease payables

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
2010	\$	\$	\$
Current liabilities			
Within one financial year	<u>59,754</u>	<u>(2,810)</u>	<u>56,944</u>
2011			
Current liabilities			
Within one financial year	72,698	(2,575)	70,123
Non-current liabilities			
After one financial year but within five financial years	<u>15,887</u>	<u>(897)</u>	<u>14,990</u>
	<u>88,585</u>	<u>(3,472)</u>	<u>85,113</u>
2012			
Current liabilities			
Within one financial year	<u>160,181</u>	<u>(4,590)</u>	<u>155,591</u>

The finance lease terms range from 1 year, 1 to 2 years and 1 year for the financial years ended 31 January 2010, 2011 and 2012 respectively. The effective interest rates for the finance lease obligations range from between 6.40% to 8.21%, 5.47% to 8.21% and 5.47% to 6.94% per annum for the financial years ended 31 January 2010, 2011 and 2012 respectively.

Interest rates are fixed at the contract date and thus expose the Group to fair value interest rate risk. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

14. Finance lease payables (Continued)

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group, and supported by several guarantees of the Directors for all amounts owing to the financial institution.

Finance lease payables are denominated in Singapore dollar.

15. Deferred tax liabilities

	2010 \$	2011 \$	2012 \$
Balance at beginning of financial year	—	19,000	27,000
Charged to profit or loss	19,000	8,000	45,000
Balance at end of financial year	<u>19,000</u>	<u>27,000</u>	<u>72,000</u>

Deferred tax liabilities arise as a result of temporary differences between the tax written down values and carrying amount of the following computed at statutory tax rate of 17%:

	2010 \$	2011 \$	2012 \$
Excess of carrying amount over tax written down value of property, plant and equipment	22,000	34,000	86,000
Accrued unutilised leave	(3,000)	(7,000)	(14,000)
	<u>19,000</u>	<u>27,000</u>	<u>72,000</u>

16. Share capital

	2010 \$	2011 \$	2012 \$
Issued and fully-paid ordinary share capital of:			
- Deli Hub Catering Pte. Ltd.	50,002	50,002	50,002
- Neo Garden Catering Pte. Ltd.	200,000	200,000	200,000
- Orange Clove Catering Pte. Ltd.	100,000	100,000	100,000
- Niwa Sushi Pte. Ltd.	300,000	—	—
- H-Cube F&B Pte. Ltd.	100,000	—	—
- NKK Import & Export Trading Pte. Ltd.	—	300,000	300,000
	<u>750,002</u>	<u>650,002</u>	<u>650,002</u>

For the purpose of these combined financial statements, the share capital represents the paid-up share capital of the Company and the aggregation of the Group's interest in the paid-up capital of its subsidiaries.

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.

During the financial year ended 31 January 2011, Neo Garden Catering Pte. Ltd. acquired the issued and fully paid share capital of Niwa Sushi Pte. Ltd. and H-Cube F&B Pte. Ltd. for a consideration of \$300,000.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

17. Merger reserves

Merger reserves represent the difference between the consideration paid and the share capital of subsidiaries acquired.

18. Revenue

	2010	2011	2012
	\$	\$	\$
Sales of food and beverages			
- Food catering	19,617,984	24,934,104	29,961,352
- Food retail	3,035,610	4,978,958	8,339,831
- Food and catering supplies	—	85,350	75,281
	<u>22,653,594</u>	<u>29,998,412</u>	<u>38,376,464</u>

19. Other income

	2010	2011	2012
	\$	\$	\$
Advertising sponsorship income	16,618	63,617	105,140
Gain on disposal of asset held for sale	—	140,000	—
Gain on disposals of plant and equipment	—	—	16,970
Government grants:			
- Capability development scheme (Enterprise)	—	104,200	—
- Capability development scheme (CDS TI Project)	—	105,375	—
- Executive training programme	—	—	37,556
- Jobs credit scheme	136,251	42,822	—
Rental income	24,750	32,532	67,800
Others	2,367	16,870	67,515
	<u>179,986</u>	<u>505,416</u>	<u>294,981</u>

20. Employee benefits expense

	2010	2011	2012
	\$	\$	\$
Salaries, wages, bonuses and other staff benefits	4,608,523	6,988,966	8,795,292
Contributions to defined contribution plans	274,592	422,983	530,324
	<u>4,883,115</u>	<u>7,411,949</u>	<u>9,325,616</u>

Included in the employee benefits expense were the remuneration of Directors and key management personnel of the group as shown in Note 27 to the combined financial statements.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

21. Depreciation expenses

	2010	2011	2012
	\$	\$	\$
Depreciation of property, plant and equipment	475,138	871,441	1,281,985
Depreciation of investment properties	28,691	57,146	57,657
	<u>503,829</u>	<u>928,587</u>	<u>1,339,642</u>

22. Finance costs

	2010	2011	2012
	\$	\$	\$
Interest expenses			
– term loan	44,959	89,653	117,667
– finance leases	3,562	3,906	7,271
– others	–	–	120
	<u>48,521</u>	<u>93,559</u>	<u>125,058</u>

23. 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:

	2010	2011	2012
	\$	\$	\$
<i>Other expenses</i>			
Allowance for doubtful third parties trade receivables	17,094	19,682	18,004
Consultancy fees	496,321	535,595	250,565
Credit card charges	67,833	113,640	150,904
Doubtful third parties trade receivables written-off	–	3,748	–
Hire of vessels and equipment	21,663	159,947	159,875
Insurance	70,889	80,351	148,489
Laundry and dish washing expenses	90,856	112,085	109,380
Loss on disposals of plant and equipment	4,667	–	2,587
Loss on disposal of investment property	–	1,737	–
Printing and stationery expenses	72,860	134,191	147,730
Professional and legal fees	26,887	107,541	90,249
Plant and equipment written-off	1,133	24,331	17,363
Repairs and maintenance	203,946	399,962	452,551
Software and programming expenses	136,903	45,699	123,374
Telephone and internet charges	51,623	96,193	121,033
Upkeep of motor vehicles	<u>212,498</u>	<u>282,823</u>	<u>355,682</u>

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

24. Income tax expense

	2010 \$	2011 \$	2012 \$
Current income tax			
- current financial year	243,473	508,000	1,053,000
- under provision in prior financial years	2,000	—	—
	245,473	508,000	1,053,000
Deferred income tax			
- current financial year	19,000	8,000	45,000
Total income tax recognised in profit or loss	264,473	516,000	1,098,000

Reconciliation of effective income tax rate

	2010 \$	2011 \$	2012 \$
Profit before income tax	2,473,872	3,302,566	6,481,963
Income tax calculated at Singapore's statutory income tax rate of 17%	420,558	561,436	1,101,934
Income not subject to income tax	(113,321)	(90,761)	(67,333)
Income tax exemption	(93,925)	(100,585)	(76,788)
Expenses not deductible for income tax purposes	37,182	65,573	84,047
Under provision of current income tax in prior financial years	2,000	—	—
Deferred tax assets not recognised	8,932	81,147	50,407
Others	3,047	(810)	5,733
	264,473	516,000	1,098,000

Unrecognised deferred tax assets

Balance at beginning of financial year	24,997	33,929	115,076
Amount not recognised during the financial year	8,932	81,147	50,407
Balance at end of financial year	33,929	115,076	165,483

The unrecognised deferred tax assets are attributable to the following temporary differences:

	2010 \$	2011 \$	2012 \$
Unutilised tax losses	29,383	96,217	128,298
Unabsorbed capital allowances	—	—	10,114
Property, plant and equipment	4,377	16,222	21,012
Accrued unutilised leave	169	2,637	6,059
	33,929	115,076	165,483

As at 31 January 2010, 2011 and 2012, the Group has unutilised tax losses of approximately \$173,000, \$566,000 and \$755,000 respectively and unabsorbed capital allowances of approximately \$Nil, \$Nil and \$59,000 respectively available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of Singapore. No deferred tax assets have been recognised in respect of the unutilised tax losses and unabsorbed capital allowances of approximately \$29,000, \$96,000 and \$138,000 as at 31 January 2010, 2011 and 2012 respectively 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 combined financial statements in accordance with the accounting policy in Note 3.19 to the financial statements.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

25. Earnings per share

The calculation for earnings per share is based on:

	2010	2011	2012
Profit attributable to owners of the Company (\$)	<u>2,209,399</u>	<u>2,786,566</u>	<u>5,383,963</u>
Weighted/Actual number of ordinary shares in issue during the financial year applicable to basic earnings per share	<u>750,002</u>	<u>700,002</u>	<u>650,002</u>
Earnings per share (in cents)			
- Basic	<u>294.59</u>	<u>398.08</u>	<u>828.30</u>
- Diluted	<u>294.59</u>	<u>398.08</u>	<u>828.30</u>

The calculations for basic earnings per share for the relevant periods are based on the profit attributable to owners for the financial years ended 31 January 2010, 2011 and 2012 divided by the weighted/actual number of ordinary shares in issue in the relevant periods.

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.

26. Dividends

	2010 \$	2011 \$	2012 \$
Neo Garden Catering paid the following dividends:			
(a) In respect of financial year ended 31 January 2010			
A first interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	100,000	—	—
A second interim tax exempt dividend of \$0.25 per share on 200,000 ordinary shares	50,000	—	—
(b) In respect of financial year ended 31 January 2011			
A first interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	—	100,000	—
A second interim tax exempt dividend of \$1.00 per share on 200,000 ordinary shares	—	200,000	—
A third interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	—	100,000	—
A fourth interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	—	100,000	—
A fifth interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	—	100,000	—
A sixth interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	—	100,000	—
A seventh interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	—	100,000	—

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

26. Dividends (Continued)

	2010 \$	2011 \$	2012 \$
Neo Garden Catering paid the following dividends: (Continued)			
(c) In respect of financial year ended 31 January 2012			
A first interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	—	—	100,000
A second interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	—	—	100,000
A third interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	—	—	100,000
A fourth interim tax exempt dividend of \$0.50 per share on 200,000 ordinary shares	—	—	100,000
A fifth interim tax exempt dividend of \$0.25 per share on 200,000 ordinary shares	—	—	50,000
A sixth interim tax exempt dividend of \$0.75 per share on 200,000 ordinary shares	—	—	150,000
A seventh interim tax exempt dividend of \$0.75 per share on 200,000 ordinary shares	—	—	150,000
Orange Clove paid the following dividends:			
(a) In respect of financial year ended 31 January 2011			
A first interim tax exempt dividend of \$1.00 per share on 100,000 ordinary shares	—	100,000	—
(b) In respect of financial year ended 31 January 2012			
A first interim tax exempt dividend of \$1.50 per share on 100,000 ordinary shares	—	—	150,000
Deli Hub paid the following dividends:			
(a) In respect of financial year ended 31 January 2012			
A first interim tax exempt dividend of \$1.99992 per share on 50,002 ordinary shares	—	—	100,000
	<u>150,000</u>	<u>900,000</u>	<u>1,000,000</u>

Subsequent to the end of the reporting period, the Directors of Neo Garden Catering recommended interim tax exempt dividends of an aggregate amount of \$2.50 per share on 200,000 ordinary shares amounting to \$500,000 be paid to shareholders in respect of financial year ending 31 January 2013. The interim dividends have not been recognised as a liability.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

27. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the combined financial statements, the following were significant related party transactions at terms and rates agreed between the Group and its related parties during the financial years ended 31 January 2010, 2011 and 2012:

	2010 \$	2011 \$	2012 \$
With related parties			
Advances made to	360,000	615,000	40,000
Expenses made on behalf of	–	21,406	14,927
Provision of IT services by	230,250	242,141	334,826
Purchases of food from	–	70,804	–
Purchases of decoration craft from	30,512	43,890	–
Purchases of IT equipment from	172,932	192,028	401,147
With Directors of the Company			
Acquired the share capital of Niwa Sushi Pte. Ltd. from	–	200,000	–
Acquired the share capital of H-Cube F&B Pte. Ltd. from	–	100,000	–
Advances made from	306,513	223,941	1,739,088
Advances made to	250,000	98,120	57,225
Capitalisation of amount due from H-Cube F&B Pte. Ltd. into share capital	99,900	–	–
Consultancy fees paid to	496,321	535,595	250,565
Rental expenses paid to	144,000	227,000	300,000

As the Group employs foreign workers in Singapore, a security bond of \$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 \$210,000, \$260,000 and \$360,000 as at 31 January 2010, 2011 and 2012 respectively. As at 31 January 2010, 2011 and 2012, no fee was paid by the Group to the Directors for the provision of the above indemnities.

Compensation of key management personnel

The remuneration of Directors and key management personnel of the Group for the financial years ended 31 January 2010, 2011 and 2012 were as follows:

	2010 \$	2011 \$	2012 \$
Short-term benefits	1,411,000	1,843,500	1,493,843
Post-employment benefits	92,845	130,036	110,217
	1,503,845	1,973,536	1,604,060

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

28. Operating lease commitments

Group as a lessor

The Group lease out office spaces under non-cancellable operating leases. The leases are committed for an average of 1 year.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

	2010 \$	2011 \$	2012 \$
Not later than one financial year	—	—	162,000

Group as a lessee

The Group lease various retail outlets, office spaces and central kitchens under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. 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 years.

The future minimum lease payable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities are as follows:

	2010 \$	2011 \$	2012 \$
Not later than one financial year	615,528	1,142,589	1,583,827
Later than one financial year but not later than five financial years	694,188	1,240,861	1,326,433
	<u>1,309,716</u>	<u>2,383,450</u>	<u>2,910,260</u>

29. Capital commitments

As at 31 January 2010, 2011 and 2012, the Group has capital commitments on the construction-in-progress for the extension and additions to leasehold properties amounting to \$Nil, \$84,830 and \$84,000 respectively.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

30. 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 three reportable operating segments as follows:

- a) Food catering business
- b) Food retail business
- c) Food and catering supplies business

Food catering business segment provide events catering services under three catering brands to corporate, community or private functions. Food catering business segment also provide daily meal delivery services to families, Halal-certified food as well as catering for last minute events or emergency orders.

Food retail business segment operate a chain of 17 food retail outlets specialising in Japanese cuisine.

Food and catering supplies business segment supply food ingredients used in food catering business and food retail business and the supply of food products for third parties' catering business.

Management 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.

Income taxes are managed by the management of respective entities within the Group.

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 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 intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated in the combined 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 consist primarily of property, plant and equipment, investment properties, inventories, receivables and cash and cash equivalents. 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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

30. Segment information (Continued)

2010	Food catering business \$	Food retail business \$	Food and catering supplies business \$	Unallocated \$	Elimination \$	Combined \$
Revenue						
External revenue	19,617,984	3,035,610	—	—	—	22,653,594
Inter-segment revenue	—	—	2,043,564	—	(2,043,564)	—
	<u>19,617,984</u>	<u>3,035,610</u>	<u>2,043,564</u>	<u>—</u>	<u>(2,043,564)</u>	<u>22,653,594</u>
Results						
Segment results	3,090,768	8,032	123,032	(57,964)	(115,000)	3,048,868
Interest income	248	—	—	—	—	248
Interest expense	(48,015)	—	(506)	—	—	(48,521)
Depreciation of investment properties	—	—	—	(28,691)	—	(28,691)
Depreciation of property, plant and equipment	(338,293)	(77,655)	(59,190)	—	—	(475,138)
Plant and equipment written-off	—	(1,133)	—	—	—	(1,133)
Loss on disposals of plant and equipment	(4,667)	—	—	—	—	(4,667)
Other non-cash expenses:						
- Allowance for doubtful third parties trade receivables	(17,094)	—	—	—	—	(17,094)
Profit before income tax	<u>2,682,947</u>	<u>(70,756)</u>	<u>63,336</u>	<u>(86,655)</u>	<u>(115,000)</u>	<u>2,473,872</u>
Income tax expense						(264,473)
Profit for the financial year						<u>2,209,399</u>
Capital expenditure						
Property, plant and equipment	<u>4,227,647</u>	<u>258,678</u>	<u>110,883</u>	<u>—</u>	<u>—</u>	<u>4,597,208</u>
Assets and liabilities						
Assets	<u>6,528,090</u>	<u>548,609</u>	<u>568,305</u>	<u>2,252,485</u>	<u>(103,635)</u>	<u>9,793,854</u>
Liabilities						
Unallocated liabilities				—	(103,635)	5,547,502
- Current income tax payable	4,755,493	358,592	537,052			216,925
- Deferred tax liabilities						<u>19,000</u>
						<u>5,783,427</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

30. Segment information (Continued)

2011	Food catering business \$	Food retail business \$	Food and catering supplies business \$	Unallocated \$	Elimination \$	Combined \$
Revenue						
External revenue	24,934,104	4,978,958	85,350	-	-	29,998,412
Inter-segment revenue	-	2,325	4,270,781	-	(4,273,106)	-
	<u>24,934,104</u>	<u>4,981,283</u>	<u>4,356,131</u>	<u>-</u>	<u>(4,273,106)</u>	<u>29,998,412</u>
Results						
Segment results	4,627,529	(225,069)	104,078	(87,590)	(185,000)	4,233,948
Interest income	262	-	-	-	-	262
Interest expense	(91,704)	-	(1,855)	-	-	(93,559)
Depreciation of investment properties	-	-	-	(57,146)	-	(57,146)
Depreciation of property, plant and equipment	(626,896)	(113,039)	(131,506)	-	-	(871,441)
Plant and equipment written-off	-	(24,331)	-	-	-	(24,331)
Loss on disposal of investment property	-	-	-	(1,737)	-	(1,737)
Gain on disposal of asset held for sale	-	-	-	140,000	-	140,000
Other non-cash expenses:						
- Allowance for doubtful third parties trade receivables	(19,682)	-	-	-	-	(19,682)
- Doubtful third parties trade receivables written-off	(3,128)	(620)	-	-	-	(3,748)
Profit before income tax	<u>3,886,381</u>	<u>(363,059)</u>	<u>(29,283)</u>	<u>(6,473)</u>	<u>(185,000)</u>	<u>3,302,566</u>
Income tax expense						<u>(516,000)</u>
Profit for the financial year						<u>2,786,566</u>
Capital expenditure						
Property, plant and equipment	1,751,582	487,468	402,870	-	-	2,641,920
Investment properties	-	-	-	808,300	-	808,300
	<u>1,751,582</u>	<u>487,468</u>	<u>402,870</u>	<u>808,300</u>	<u>-</u>	<u>3,450,220</u>
Assets and liabilities						
Assets						
	<u>9,389,245</u>	<u>1,255,795</u>	<u>1,444,942</u>	<u>2,721,942</u>	<u>(1,913,721)</u>	<u>12,898,203</u>
Liabilities						
Unallocated liabilities	5,701,086	1,501,131	1,168,440	-	(1,613,721)	6,756,936
- Current income tax payable						217,274
- Deferred tax liabilities						<u>27,000</u>
						<u>7,001,210</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

30. Segment information (Continued)

2012	Food catering business \$	Food retail business \$	Food and catering supplies business \$	Unallocated \$	Elimination \$	Combined \$
Revenue						
External revenue	29,961,352	8,339,831	75,281	-	-	38,376,464
Inter-segment revenue	-	6,860	7,096,214	-	(7,103,074)	-
	<u>29,961,352</u>	<u>8,346,691</u>	<u>7,171,495</u>	<u>-</u>	<u>(7,103,074)</u>	<u>38,376,464</u>
Results						
Segment results	7,950,391	(165,697)	468,453	(69,674)	(216,000)	7,967,473
Interest income	173	-	-	-	-	173
Interest expense	(120,541)	-	(4,517)	-	-	(125,058)
Depreciation of investment properties	-	-	-	(57,657)	-	(57,657)
Depreciation of property, plant and equipment	(837,944)	(266,399)	(177,641)	-	-	(1,281,984)
Plant and equipment written-off	-	(17,363)	-	-	-	(17,363)
Gain/(Loss) on disposals of plant and equipment	16,970	-	(2,587)	-	-	14,383
Other non-cash expenses:						
- Allowance for doubtful third parties trade receivables	(18,004)	-	-	-	-	(18,004)
Profit before income tax	<u>6,991,045</u>	<u>(449,459)</u>	<u>283,708</u>	<u>(127,331)</u>	<u>(216,000)</u>	<u>6,481,963</u>
Income tax expense						(1,098,000)
Profit for the financial year						<u>5,383,963</u>
Capital expenditure						
Property, plant and equipment	10,349,169	526,143	81,621	-	-	10,956,933
Investment properties	-	-	-	37,614	-	37,614
	<u>10,349,169</u>	<u>526,143</u>	<u>81,621</u>	<u>37,614</u>	<u>-</u>	<u>10,994,547</u>
Assets and liabilities						
Assets						
	<u>24,118,536</u>	<u>1,921,985</u>	<u>2,255,610</u>	<u>1,884,276</u>	<u>(3,587,569)</u>	<u>26,592,838</u>
Liabilities						
Unallocated liabilities	14,283,109	2,677,597	1,762,960	-	(3,287,569)	15,436,097
- Current income tax payable						803,785
- Deferred tax liabilities						<u>72,000</u>
						<u>16,311,882</u>

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

30. Segment information (Continued)

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.

Major customer

The Group's customers comprise the general public, households, community clubs and corporations. Due to the diverse base of customers to whom the Group sells products in each of the reporting period, the Group is not reliant on any customer for its sales and no one single customer accounted for 5% or more of the Group's total revenue for each of the reporting period.

31. Financial instruments, financial risks and capital management

The Group's activities expose it to financial risks (including credit risk, foreign currency risk, interest rate risk and liquidity risk) arising in the ordinary course of business. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's 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 exposures to these financial risks or the manner in which it manages and measures the risk. The Group does not hold or issue derivative financial instruments for trading purposes.

31.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collaterals.

The Group has no significant concentrations of credit risk.

The carrying amounts of financial assets recorded in the financial statements grossed up for any allowance for losses, represents the Group's maximum exposure to credit risk. The Group does not hold any collateral.

The Group's major classes of financial assets are cash and cash equivalents and trade and other receivables.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

31. Financial instruments, financial risks and capital management (Continued)

31.1 Credit risk (Continued)

The age analysis of trade receivables as at end of the reporting period is as follows:

	Gross receivables \$	Impairment \$
2010		
Not past due	219,091	—
Past due 0 to 1 month	179,721	—
Past due 1 to 2 months	73,750	—
Past due 2 to 3 months	24,469	—
Past due over 3 months	42,924	(17,094)
	<u>539,955</u>	<u>(17,094)</u>
2011		
Not past due	313,670	—
Past due 0 to 1 month	330,604	—
Past due 1 to 2 months	54,503	—
Past due 2 to 3 months	27,719	—
Past due over 3 months	57,450	(36,776)
	<u>783,946</u>	<u>(36,776)</u>
2012		
Not past due	908,823	—
Past due 0 to 1 month	372,667	—
Past due 1 to 2 months	108,639	—
Past due 2 to 3 months	27,088	—
Past due over 3 months	107,986	(54,780)
	<u>1,525,203</u>	<u>(54,780)</u>

31.2 Foreign currency risk

The Group does not have significant exposure to foreign currency risk at the end of the reporting period.

31.3 Interest rate risk

The Group's exposure to interest rate risk relates primarily to bank borrowings.

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.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

31. Financial instruments, financial risks and capital management (Continued)

31.3 Interest rate risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 1% change in the interest rates from the end of the reporting period, with all variables held constant.

If the interest rate increases or decreases by 1%, profit before income tax, will increase or decrease by:

	Profit or loss		
	2010	2011	2012
	\$	\$	\$
Bank borrowings	<u>735</u>	<u>835</u>	<u>2,123</u>

31.4 Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all repayment needs are met. As part of its overall prudent liquidity management, the Group minimises 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 its working capital requirements.

The following table details the Group's remaining contractual maturity for its 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 is expected to receive or pay.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)

31. Financial instruments, financial risks and capital management (Continued)

31.4 Liquidity risk (Continued)

Contractual maturity analysis

	Within one financial year \$	After one financial year but within five financial years \$	After five financial years \$	Total \$
2010				
Financial assets				
<i>Non-interest bearing</i>				
- Trade and other receivables	1,556,150	—	—	1,556,150
- Cash and cash equivalents	1,651,124	—	—	1,651,124
<i>Interest bearing</i>				
- Cash and cash equivalents	40,248	—	—	40,248
	<u>3,247,522</u>	<u>—</u>	<u>—</u>	<u>3,247,522</u>
Financial liabilities				
<i>Non-interest bearing</i>				
- Trade and other payables	3,063,077	—	—	3,063,077
<i>Interest bearing</i>				
- Bank borrowings	1,283,479	1,176,825	522,918	2,983,222
- Finance lease payables	59,754	—	—	59,754
	<u>4,406,310</u>	<u>1,176,825</u>	<u>522,918</u>	<u>6,106,053</u>
2011				
Financial assets				
<i>Non-interest bearing</i>				
- Trade and other receivables	3,063,719	—	—	3,063,719
- Cash and cash equivalents	859,437	—	—	859,437
<i>Interest bearing</i>				
- Cash and cash equivalents	40,510	—	—	40,510
	<u>3,963,666</u>	<u>—</u>	<u>—</u>	<u>3,963,666</u>
Financial liabilities				
<i>Non-interest bearing</i>				
- Trade and other payables	4,055,208	—	—	4,055,208
<i>Interest bearing</i>				
- Bank borrowings	1,274,920	1,349,417	394,610	3,018,947
- Finance lease payables	72,698	15,887	—	88,585
	<u>5,402,826</u>	<u>1,365,304</u>	<u>394,610</u>	<u>7,162,740</u>

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

31. Financial instruments, financial risks and capital management (Continued)

31.4 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one financial year \$	After one financial year but within five financial years \$	After five financial years \$	Total \$
2012				
Financial assets				
<i>Non-interest bearing</i>				
- Trade and other receivables	4,116,186	—	—	4,116,186
- Cash and cash equivalents	3,437,301	—	—	3,437,301
<i>Interest bearing</i>				
- Cash and cash equivalents	40,683	—	—	40,683
	<u>7,594,170</u>	<u>—</u>	<u>—</u>	<u>7,594,170</u>
Financial liabilities				
<i>Non-interest bearing</i>				
- Trade and other payables	6,146,151	—	—	6,146,151
<i>Interest bearing</i>				
- Bank borrowings	1,965,592	4,168,854	3,944,073	10,078,519
- Finance lease payables	160,181	—	—	160,181
	<u>8,271,924</u>	<u>4,168,854</u>	<u>3,944,073</u>	<u>16,384,851</u>

The Group's operations are financed mainly through equity and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

31. Financial instruments, financial risks and capital management (Continued)

31.4 Liquidity risk (Continued)

As at 31 January 2010, 2011 and 2012, included in the Group's bank borrowings within 1 year were callable loans as discussed in Note 13 which have repayment schedule as follows:

	Within one financial year \$	After one financial year but within five financial years \$	After five financial years \$	Total \$
2010				
Bank borrowings	<u>76,027</u>	<u>328,783</u>	<u>557,362</u>	<u>962,172</u>
2011				
Bank borrowings	<u>82,196</u>	<u>328,783</u>	<u>475,166</u>	<u>886,145</u>
2012				
Bank borrowings	<u>82,196</u>	<u>328,783</u>	<u>392,970</u>	<u>803,949</u>

31.5 Capital management policies and objectives

The Group manages its capital to ensure that the Group is able to continue as going concern and maintains an optimal capital structure so as to maximise shareholders' value. The Group is not subject to any externally imposed capital requirements for the financial years ended 31 January 2010, 2011 and 2012.

The Group constantly reviews the capital structure to ensure that the Group is able to service any debt obligations (include principal repayment and interests) based on its operating cash flows. The Group's overall strategy remains unchanged during the financial years ended 31 January 2010, 2011 and 2012.

The Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, trade and other payables, bank borrowings and finance lease payables less cash and cash equivalents. Equity consists of share capital plus reserves.

	2010 \$	2011 \$	2012 \$
Trade and other payables	3,063,077	4,055,208	6,146,151
Bank borrowings	2,406,781	2,584,865	9,078,325
Finance lease payables	56,944	85,113	155,591
Less: Cash and cash equivalents	<u>(1,691,372)</u>	<u>(899,947)</u>	<u>(3,477,984)</u>
Net debt	<u>3,835,430</u>	<u>5,825,239</u>	<u>11,902,083</u>
Total equity	<u>4,010,427</u>	<u>5,896,993</u>	<u>10,280,956</u>
Total capital	<u>7,845,857</u>	<u>11,722,232</u>	<u>22,183,039</u>
Gearing ratio (%)	<u>48.9%</u>	<u>49.7%</u>	<u>53.7%</u>

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

31. Financial instruments, financial risks and capital management (Continued)

31.6 Fair values of financial assets and financial liabilities

The carrying amounts of the Group's cash and cash equivalents, finance lease payables, trade and other receivables and payables approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments. The fair values of non-current liabilities in relation to finance lease payables and bank borrowings are disclosed in Notes 13 and 14 to the financial statements.

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

32. Events after the reporting period

Subsequent to 31 January 2012, the following events have taken place:

- 32.1 On 8 June 2012, the one share issued and fully paid-up capital of the Company was subdivided into 3 ordinary shares.
- 32.2 The Restructuring Exercise as set out in Note 1.2 to the audited combined financial statements.
- 32.3 At an extraordinary general meeting held on 11 June 2012, the shareholders of the Company approved, inter alia, the following:
- (a) the Share Split;
 - (b) the conversion of the Company into a public company limited by shares and the consequential change of the name to "Neo Group Limited";
 - (c) the adoption of a new set of Articles;
 - (d) the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued as part of the Invitation), the Performance Shares and the Option Shares to be issued (if any) on Catalist;
 - (e) the allotment and issue of the New Shares which are the subject of the Invitation, on the basis that the New Shares, when allotted, issued and fully paid-up, will rank pari passu in all respects with the existing issued and fully paid-up Shares;

32. Events after the reporting period (Continued)

- 32.3 (f) the authorisation for the Directors of the Company, pursuant to Section 161 of the Companies Act and the Listing Manual to (i) issue Shares whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:
- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
 - (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of the Company (excluding treasury shares) immediately after the Invitation, after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of Shares;
 - (3) in exercising such authority, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
 - (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010, 2011 AND 2012 (Continued)**

32. Events after the reporting period (Continued)

- 32.3 (g) the adoption of the PSP, the rules of which are set out in Appendix G of the Offer Document and that the Directors of the Company be authorised to allot and issue Shares upon the release of Awards granted under the PSP; and
- (h) the adoption of the ESOS, the rules of which are set out in Appendix H of the Offer Document and that the Directors of the Company be authorised to allot and issue Option Shares upon the exercise of Options granted under the ESOS.
- 32.4 On 22 September 2011, the Group has entered into an option with the completion date on 23 February 2012 to dispose an investment property held for sale with carrying amount of \$817,623 for a total consideration of \$1,200,000.
- 32.5 On 1 April 2012, the Group has entered into a sale and purchase agreement to dispose a yacht with carrying amount of \$150,962 for a consideration of \$150,962.
- 32.6 On 30 April 2012, the Group has entered into a sale and purchase agreement to dispose a leasehold property with carrying amount of \$899,113 for a consideration of \$1,100,000. The sale transaction is targeted to be completed in July 2012.
- 32.7 On 13 June 2012, the name of the Company was changed to “Neo Group Limited”.

**COMPILATION REPORT OF THE INDEPENDENT REPORTING AUDITORS
ON THE UNAUDITED PROFORMA COMBINED FINANCIAL INFORMATION**

**NEO GROUP LIMITED
and Its Subsidiaries**

Unaudited Proforma Combined Financial Information
For the financial year ended 31 January 2012

2 July 2012

The Board of Directors
Neo Group Limited
6A Wan Lee Road
Singapore 627938

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING AUDITORS ON THE UNAUDITED PROFORMA COMBINED FINANCIAL INFORMATION

This report has been prepared for inclusion in the Offer Document in respect of initial public offering of shares of Neo Group Limited (the “Company”). The unaudited proforma combined financial information comprises the unaudited proforma combined statement of financial position as at 31 January 2012 and the unaudited proforma combined statement of comprehensive income and unaudited proforma combined statement of cash flows for the financial year ended 31 January 2012.

We report on the unaudited proforma combined financial information as set out in pages B-5 to B-10 which has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments to show what:

- (i) the financial results and cash flows of the Company and its subsidiaries (the “Group”) for the financial year ended 31 January 2012 would have been if the significant events as stated in Note 2 of the unaudited proforma combined financial information had occurred on 1 February 2011; and
- (ii) the financial positions of the Group as at 31 January 2012 would have been if the significant events had occurred on that date.

The unaudited proforma combined financial information, because of their nature, may not give a true picture of the Group’s actual financial position, results and cash flows.

The unaudited proforma combined financial information is the responsibility of the Directors of the Company.

Our responsibility is to express an opinion on the unaudited proforma combined financial information based on our work. We carried out procedures in accordance with Singapore Statement of Auditing Practice 24: Auditors and Public Offering Documents. Our work, which involved no independent examination of the unaudited proforma combined financial information, consisted primarily of comparing the unaudited proforma combined financial information to the audited combined financial statements of the Group for the financial year ended 31 January 2012, considering the evidence supporting the adjustments and discussing the unaudited proforma combined financial information with the Directors of the Company.

In our opinion,

- (a) the unaudited proforma combined financial information has been properly prepared:
 - (i) on the basis stated in Note 3 of the unaudited proforma combined financial information;
 - (ii) such basis is consistent with the accounting policies of the Company; and
- (b) each material adjustment made to the information used in the preparation of the unaudited proforma combined financial information is appropriate for the purpose of preparing such financial information.

Yours faithfully

BDO LLP
Public Accountants and
Certified Public Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

UNAUDITED PROFORMA COMBINED FINANCIAL INFORMATION

The unaudited proforma combined financial information, which comprises the unaudited proforma combined statement of financial position, unaudited proforma combined statement of comprehensive income and unaudited proforma combined statement of cash flows, as set out herein has been prepared for illustrative purposes only to show what the financial position of the Group as at 31 January 2012 the financial results and cash flows for the financial year ended 31 January 2012 would have been based on certain assumptions and after making certain adjustments as stated in Notes 2 and 3 of the unaudited proforma combined financial information. Save as disclosed in Notes 2 and 3 of the unaudited proforma combined financial information, the Directors of the Company, for the purpose of preparing this set of proforma combined financial information, have not considered the effects of other events.

The unaudited proforma combined financial information for the financial year ended 31 January 2012 have been prepared for inclusion in the Offer Document in connection with the invitation of shares of Neo Group Limited and should be read in conjunction with the audited combined financial statements of the Group for the financial year ended 31 January 2012. The unaudited proforma combined financial information, because of their nature, may not give a true picture of the Group's actual financial position, results and cash flows.

**UNAUDITED PROFORMA COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2012**

	Audited	Proforma adjustments Note 3		Unaudited Proforma
	\$	\$		\$
Non-current assets				
Property, plant and equipment	15,501,126	(1,171,574)	(i), (iii), (iv)	14,329,552
Investment properties	1,584,276			1,584,276
	<u>17,085,402</u>			<u>15,913,828</u>
Current assets				
Inventories	800,511			800,511
Asset held for sale	817,623	(817,623)	(ii)	–
Trade and other receivables	4,116,186	(1,670,345)	(vi)	2,445,841
Prepayments	295,132			295,132
Cash and cash equivalents	3,477,984	630,630	(i), (ii), (iii), (iv), (v), (vi)	4,108,614
	<u>9,507,436</u>			<u>7,650,098</u>
Less:				
Current liabilities				
Trade and other payables	6,146,151	(985,931)	(vi)	5,160,220
Provisions	56,030			56,030
Bank borrowings	1,619,811	(255,240)	(ii), (iv)	1,364,571
Finance lease payables	155,591			155,591
Current income tax payable	803,785			803,785
	<u>8,781,368</u>			<u>7,540,197</u>
Net current assets	<u>726,068</u>			<u>109,901</u>
Less:				
Non-current liabilities				
Bank borrowings	7,458,514	(1,079,633)	(i), (iv)	6,378,881
Deferred tax liabilities	72,000			72,000
	<u>7,530,514</u>			<u>6,450,881</u>
	<u>10,280,956</u>			<u>9,572,848</u>
Capital and reserves				
Share capital	650,002	(150,002)	(vi)	500,000
Merger reserves	100,000	(425,903)	(vi)	(325,903)
Retained earnings	9,530,954	(132,203)	(v)	9,398,751
Total equity attributable to owners	<u>10,280,956</u>			<u>9,572,848</u>

**UNAUDITED PROFORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2012**

	Audited	Proforma adjustments Note 3		Unaudited Proforma
	\$	\$		\$
Revenue	38,376,464			38,376,464
<i>Other items of income</i>				
Interest income	173			173
Other income	294,981	536,842	(ii), (iii), (iv)	831,823
<i>Items of expense</i>				
Purchases and consumables used	(12,079,654)			(12,079,654)
Changes in inventories	65,440			65,440
Distribution costs	(1,972,376)			(1,972,376)
Employee benefits expense	(9,325,616)			(9,325,616)
Depreciation expenses	(1,339,642)	(75,078)	(i),(ii),(iii),(iv)	(1,414,720)
Advertising expenses	(1,343,727)			(1,343,727)
Rental expenses	(1,906,693)			(1,906,693)
Utilities	(1,162,635)			(1,162,635)
Other expenses	(2,999,694)			(2,999,694)
Finance costs	(125,058)	(93,967)	(i)	(219,025)
Profit before income tax	6,481,963			6,849,760
Income tax expense	(1,098,000)			(1,098,000)
Profit for the financial year, representing total comprehensive income for the financial year	5,383,963	367,797		5,751,760
Profit and total comprehensive income attributable to owners	<u>5,383,963</u>			<u>5,751,760</u>
Earnings per share (in cents)				
- Basic	<u>4.41</u>			<u>4.71</u>
- Diluted	<u>4.41</u>			<u>4.71</u>

Note:

- (1) The calculations of proforma basic and diluted earnings per share for the financial year is based on the profit attributable to owners for the financial year ended 31 January 2012 on the assumption that Pre-Invitation share capital of 122,000,000 ordinary shares are in issue as at 2 July 2012.

**UNAUDITED PROFORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2012**

	Audited	Proforma adjustments Note 3		Unaudited Proforma
	\$	\$		\$
Operating activities				
Profit before income tax	6,481,963	367,797		6,849,760
Adjustments for:				
Allowance for doubtful third parties trade receivables	18,004			18,004
Depreciation of property, plant and equipment	1,281,985	75,078	(i),(ii),(iii),(iv)	1,357,063
Depreciation of investment properties	57,657			57,657
Gain on disposals of plant and equipment	(14,383)	(170,631)	(iii), (iv)	(185,014)
Gain on disposal of asset held for sale	–	(366,211)	(ii)	(366,211)
Plant and equipment written-off	17,363			17,363
Interest income	(173)			(173)
Interest expense	125,058	93,967	(i)	219,025
Operating cash flows before working capital changes	7,967,474			7,967,474
Working capital changes:				
Inventories	(433,735)			(433,735)
Trade and other receivables	(1,070,471)			(1,070,471)
Prepayments	(138,776)			(138,776)
Trade and other payables	2,090,943			2,090,943
Cash generated from operations	8,415,435			8,415,435
Income tax paid	(392,797)			(392,797)
Net cash from operating activities	8,022,638			8,022,638
Investing activities				
Acquisition of subsidiaries	–	(391,491)	(vi)	(391,491)
Purchase of property, plant and equipment	(10,742,653)			(10,742,653)
Purchase of investment properties	(37,614)			(37,614)
Proceeds from disposals of plant and equipment	86,613	1,250,961	(iii), (iv)	1,337,574
Proceeds from disposal of asset held for sale	–	1,200,000	(ii)	1,200,000
Net cash used in investing activities	(10,693,654)			(8,634,184)

**UNAUDITED PROFORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2012 (Continued)**

	Audited	Proforma adjustments Note 3		Unaudited Proforma
	\$	\$		\$
Financing activities				
Proceeds from bank borrowings	7,040,000			7,040,000
Proceeds from issuance of shares	—	500,000	(vi)	500,000
Repayment of bank borrowings	(546,540)	(1,334,873)	(i), (ii), (iv)	(1,881,413)
Repayment of finance lease payables	(119,522)			(119,522)
Dividend paid	(1,000,000)	(500,000)	(v)	(1,500,000)
Interest paid	(125,058)	(93,967)	(i)	(219,025)
Net cash from financing activities	<u>5,248,880</u>			<u>3,820,040</u>
Net change in cash and cash equivalents	2,577,864			3,208,494
Cash and cash equivalents at beginning of financial year	<u>859,437</u>			<u>859,437</u>
Cash and cash equivalents at end of financial year	<u><u>3,437,301</u></u>			<u><u>4,067,931</u></u>

**NOTES TO UNAUDITED PROFORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2012**

1. Corporate information

Neo Group Pte. Ltd. (the “Company”) was incorporated in the Republic of Singapore on 22 March 2012 under the Singapore Companies Act, Chapter 50 as an exempt private limited company. In connection with its conversion into a public company limited by shares, the Company changed its name from Neo Group Pte. Ltd. to Neo Group Limited on 13 June 2012.

The address of the Company’s registered office and principal place of business is at 6A Wan Lee Road Singapore 627938.

2. Significant events

Save for the following significant events relating to the acquisition and disposal of assets (the “Significant Events”), the Directors of the Company, as at the date of this report, are not aware of any significant acquisitions/disposals of assets which have occurred since 1 February 2011 and any significant changes made to the capital structure of the Company subsequent to 31 January 2012:–

- On 17 June 2011, the Group has entered into an option with a third party, with completion date on 18 October 2011, to acquire a leasehold land and property for a total consideration of \$8,800,000.
- On 22 September 2011, the Group has entered into an option, with completion date on 23 February 2012, to dispose a property held for sale with carrying amount of \$817,623 for a consideration of \$1,200,000.
- On 1 April 2012, the Group has entered into a sale and purchase agreement to dispose a yacht with carrying amount of \$150,962 for a consideration of \$150,962.
- On 30 April 2012, the Group has entered into a sale and purchase agreement to dispose a leasehold property with carrying amount of \$899,113 for a total consideration of \$1,100,000.
- On 17 February 2012, 8 March 2012 and 1 June 2012, the Group recommended interim tax exempt dividends of an aggregate amount of \$2.50 per share on 200,000 ordinary shares of Neo Garden Catering Pte. Ltd. amounting to \$500,000 be paid to shareholders in respect of financial year ending 31 January 2013.
- On 11 June 2012, Neo Group Pte. Ltd. acquired all the share capital of Neo Garden Catering Pte. Ltd., Orange Clove Catering Pte. Ltd., Deli Hub Catering Pte. Ltd., NKK Import & Export Trading Pte. Ltd., H-Cube F&B Pte. Ltd. and Niwa Sushi Pte. Ltd. with aggregate cost of investment of \$1,075,905 by way of offsetting of net amount due from Director of \$684,414 (derived from amount due from Director of \$1,670,345 less amount due to Director of \$985,931), and cash payment for the remaining balance of \$391,491.

3. Basis of preparation of the unaudited proforma combined financial information

The Group in this unaudited proforma combined financial information relates to the companies referred to in the entities within Neo Group Limited and its subsidiaries (the “Group”) subsequent to the Restructuring Exercise as referred to in the Offer Document.

The unaudited proforma combined financial information have been prepared based on audited combined financial statements of the Group for the financial year ended 31 January 2012, prepared in accordance with Singapore Financial Reporting Standards by the Directors of the Company. The audited combined financial statements are audited by BDO LLP in accordance with Singapore Standards on Auditing. The auditors’ report on these financial statements were not qualified.

**NOTES TO UNAUDITED PROFORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2012 (Continued)**

3. Basis of preparation of the unaudited proforma combined financial information (Continued)

The unaudited proforma combined financial information for the financial year ended 31 January 2012 is prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show what:

- the financial results and cash flows of the Group for the financial year ended 31 January 2012 would have been if the Significant Events discussed above had occurred on 1 February 2011; and
- the financial position of the Group as at 31 January 2012 would have been if the Significant Events had occurred on that date.

Based on the assumptions discussed above, the following material adjustments have been made to the unaudited combined financial statements of the Group in arriving at the unaudited proforma combined financial information included herein:

- (i) inclusion of proforma financial information for the financial year ended 31 January 2012, where the Group has entered into an option to acquire a leasehold land and property for a total consideration of \$8,800,000 on 1 February 2011;
- (ii) inclusion of proforma financial information for the financial year ended 31 January 2012, assuming that the Group has entered into an option to dispose a property held for sale with carrying amount of \$833,789 for a total consideration of \$1,200,000 and full repayment of the bank borrowings for which the property was mortgaged on 1 February 2011;
- (iii) inclusion of proforma financial information for the financial year ended 31 January 2012, where the Group has entered into a sale and purchase agreement to dispose a yacht with carrying amount of \$162,354 for a consideration of \$150,962 on 1 February 2011;
- (iv) inclusion of proforma financial information for the financial year ended 31 January 2012, where the Group has entered into a sale and purchase agreement to dispose a leasehold property with carrying amount of \$917,976 for a consideration of \$1,100,000 and full repayment of the bank borrowings for which the leasehold property was mortgaged on 1 February 2011;
- (v) inclusion of proforma financial information for the financial year ended 31 January 2012, where the Group has declared interim dividends with aggregate amount of \$500,000; and
- (vi) inclusion of proforma financial information for the financial year ended 31 January 2012, where Neo Group Pte. Ltd. acquired all the share capital of Neo Garden Catering Pte. Ltd., Orange Clove Catering Pte. Ltd., Deli Hub Catering Pte. Ltd., NKK Import & Export Trading Pte. Ltd., H-Cube F&B Pte. Ltd. and Niwa Sushi Pte. Ltd. with aggregate cost of investments of \$1,075,905 by way of offsetting of net amount due from Director of \$684,414 (derived from amount due from Director of \$1,670,345 less amount due to Director of \$985,931), and cash payment for the remaining balance of \$391,491.

The unaudited proforma combined financial information, because of their nature, is not necessarily indicative of the results of the operations, cash flows or the related effects on the financial position that would have been attained had the Significant Events actually occurred earlier. Save as disclosed in the Explanatory Notes, the Directors of the Company, for the purposes of preparing this set of unaudited proforma combined financial information, have not considered the effects of the other events.

REPORT ON “EVENTS CATERING SERVICES SINGAPORE”

All the information and data presented in this “Appendix C - Report on “Events Catering Services Singapore”, including the analysis of the respective markets in which we operate, have been provided by Euromonitor.

Euromonitor has advised that the statistical and graphical information contained herein is drawn from its database and other sources. In connection therewith, Euromonitor has advised that:

- *Certain information in Euromonitor’s database is derived from estimates or subjective judgments formed based on in-house analysis;*
- *The information in the databases of other data collection agencies may differ from the information in Euromonitor’s database due to differences in definitions, research methodology adopted, and/or underlying assumptions; and*
- *While Euromonitor has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures.*

Euromonitor’s methodologies for collection of information and data, and therefore the information discussed in this section, may differ from those of other sources.

While we believe that the information and data in this “Appendix C - Euromonitor Report” are reliable, we cannot ensure the accuracy of the information or data, and none of our Company, the Sponsor, the Underwriter and the Placement Agent or any of our and their respective affiliates or advisors have independently verified this information or data. You should not assume that the information and data contained in this section speak as at any date other than the date of this Offer Document, except as otherwise indicated. You should also be aware that since the date of this Offer Document there may have been changes in the food catering industry or the various sectors therein that could affect the accuracy or completeness of the information in this “Appendix C - Euromonitor Report”.

Events Catering Services

Singapore



A custom report template prepared by Euromonitor International

April 2012

Business Development Manager

Contact Number

Email

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The views contained within this report are based from the statistical and graphical information contained herein is drawn from its database and other sources. Certain information in Euromonitor's database is derived from estimates or subjective judgments formed based on in-house analysis. The information in the databases of other data collection agencies may differ from the information in Euromonitor's database due to differences in definitions, research methodology adopted, research period and/or underlying assumptions. While Euromonitor has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures.

This work was undertaken by Euromonitor International exclusively for Neo Group of Companies for use as specified in Euromonitor's research proposal.

**Prepared for
Board of Directors of Neo Group Limited**

For and on behalf of
Euromonitor International Limited

Name: David Cleveland
Designation: Director

1. RESEARCH BACKGROUND

1.1 RESEARCH OBJECTIVES

Neo Group of Companies (comprising of Neo Garden Catering Pte. Ltd., Deli Hub Catering Pte. Ltd., and Orange Clove Catering Pte. Ltd.), a leading player in the events catering industry in Singapore, is planning an IPO listing. For the IPO listing prospectus, the end clients and their advisors would like to assess the opportunity and potential of the events catering services industry in Singapore. For this purpose, Euromonitor has been tasked with obtaining overall macro-economic information in Singapore, market trends and figures, and profiling the industry's five leading competitors in Singapore. Euromonitor is also to cover the details of their service offerings.

To facilitate reading of this report, each of the data points to be reported by Euromonitor from this research (mentioned in the first paragraph of this section) has been included below in tabular form and supplemented with qualitative information and other graphical representations wherever appropriate.

1.2 RESEARCH DEFINITION AND COVERAGE

For the purposes of the required competitive profiling, Euromonitor focused on event catering, which is defined as food catering services provided for social or corporate events only. All industrial and contractual types of catering ("institutional catering") were excluded from the research. The definitions of the sub-categories are as follows:

- i. Social catering: a sub-category of events catering, this term refers to catering that is provided in all residential venues such as HDBs, condominiums, landed properties etc. Social catering also includes wedding functions regardless of venue.
- ii. Corporate catering: another sub-category of events catering, this term refers to catering services that are provided at all places other than residences, including offices, club houses, churches, etc. Corporate catering also includes government events.

Broadly, the events catering industry in Singapore was analysed for the following:

- i. Macroeconomic environment of Singapore:
 - a. GDP, 2009-2011 (2011 as available from government released statistics)
 - b. Per capita GDP, 2009-2011 (2011 as available from government released statistics)
 - c. Population, with splits for
 - i. Aged 0-9
 - ii. Aged 10-29
 - iii. Aged 30-44
 - iv. Aged 45 and above
 - d. Number of households
 - e. Household disposable income
 - f. Per capita disposable income
 - g. Annual consumer expenditure
 - i. Annual consumer expenditure on food and non-alcoholic beverages
 - h. Qualitative commentary on the macro-economic environment of Singapore, with focus on consumer expenditure on food and beverage.

- ii. Market analysis of events catering in Singapore:
 - a. Overview of the events catering industry in Singapore.
 - b. Value sales (i.e. total customer spend value) of events catering in Singapore, split by
 - i. Social catering
 - ii. Corporate catering
 - c. Qualitative analysis of key trends, developments and drivers influencing the growth in demand for events catering in Singapore. Analysis may include increasing willingness to spend more on baby/children function and weddings, Singapore increasing as a hub for international events and exhibitions, etc.
 - d. Qualitative commentary on the entry barriers to the events catering industry in Singapore.
- iii. Competitive landscape of events catering in Singapore:
 - a. Analyzing the competitive environment of the events catering in Singapore.
 - b. Market shares (by value sales for events catering) of the top five companies in Singapore, 2011.
 - c. A competitive profile will be provided for each of the identified top five events catering companies. Analysis will focus on:
 - i. Company information including company name, address and key contact personnel
 - ii. The brands operated by the company and key customer segments targeted
 - iii. Types of food service offerings (i.e. cuisine offered)
 - iv. % split of social catering vs. corporate catering in 2011 (as available)
 - v. Number of employees, current
 - vi. Overall key success factors

Unless otherwise stated, dollar metrics will be reported in local currency terms (i.e. Singapore dollar).

1.3 RESEARCH METHODOLOGY

This Euromonitor report has been compiled after thorough and diligent research conducted by Euromonitor's Singapore office.

The market research process for this study was undertaken through a top-down central research and bottom up intelligence to present a comprehensive and accurate picture of the food catering industry in Singapore. Euromonitor's detailed primary research involved:

- a. Detailed desk research using information from Euromonitor's Passport database, regulatory authorities in Singapore, trade associations, and companies' annual reports. Where national statistics are quoted in this review, these will be taken from the most updated published official statistics, where available.
- b. Trade interviews with trade associations and leading industry players, among others.

With both primary and secondary research in place, Euromonitor has utilised both types of sources to validate all data and information collected, with no reliance on any single source. Furthermore, a test of each respondent's information and views against those of others is applied to ensure reliability and eliminate bias from these sources.

Lastly, to ensure forecasting accuracy, Euromonitor adopted its standard practice of quantitative and qualitative analysis of the market size, growth trends on the basis of a comprehensive and in-depth

review of the market's historical and postulated performance. Data was cross-checked with established government/industry figures and trade interviews, as well as statistical tools (e.g. regression analysis, time-series analysis, data modelling) where possible.

2. MARKET DATA & ANALYSIS

2.1 MACROECONOMIC ENVIRONMENT OF SINGAPORE

2.1.1 GDP (2009 – 2011)

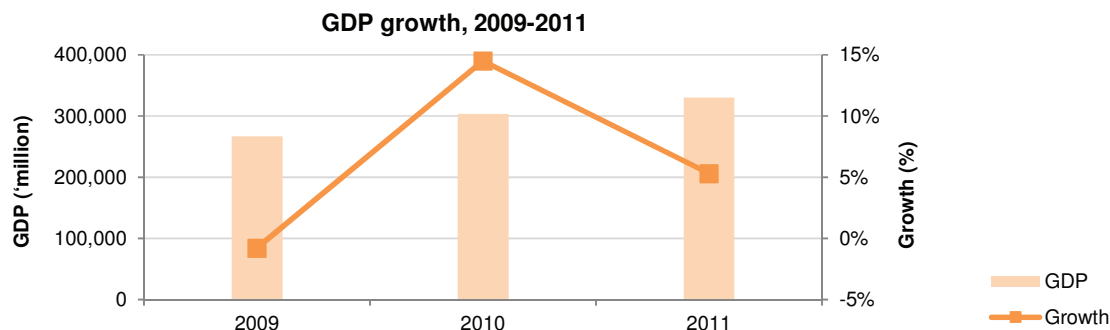
Table 1 GDP, Historic (2009 – 2011)

	2009	2010	2011
GDP (SGD'million) ¹	270,012.7	310,036.8	326,832.4
GDP growth (%)	-0.8%	14.8%	5.4%
GDP per capita (SGD)	53,464.39	59,812.87	64,209.73
GDP per capita growth (%)	-	11.9%	7.4%

Source: Singapore Government Statistics, 2011

Over the past three years, Singapore's GDP showed inconsistent growth. After a dip of 0.8% from 2008 to 2009, there was a rise of 14.5% for the year 2010. This rise was attributed to a sudden growth in the electronics and bio-medicals manufacturing industries. In 2011, Singapore's GDP saw a contraction in Q2 and Q4, with the latter being affected by weak external demand from the advanced economies, as well as the floods in Thailand which caused severe supply chain disruptions for local trade. In 2012, the GDP growth is expected to fall even more, with estimates projected around 1-3%. While the contribution of the manufacturing sector for 2012's GDP is expected to be weak, growth in the services sector is expected to support the GDP figures. The chart below illustrates the GDP growth for Singapore over the review period.

Chart 1 GDP growth, Historic (2009 – 2011)



Source: Singapore Government Statistics, 2011

Table 2 Population, Historic (2009 – 2011), Forecast (2012 – 2014)

(No. of units)	2009	2010	2011	2012	2013	2014
Age 0-9	558,200	552,000	540,800	535,500	531,300	531,000
Age 10-29	1,370,800	1,383,500	1,387,300	1,379,800	1,369,400	1,359,800
Age 30-44	1,236,400	1,249,200	1,257,300	1,268,400	1,278,000	1,284,800
Age 45 and above	1,822,300	1,891,900	1,952,700	2,003,700	2,051,800	2,095,100
Total	4,987,700	5,076,600	5,138,100	5,187,400	5,230,500	5,270,700

Source: Euromonitor International

¹ <http://www.singstat.gov.sg/stats/themes/economy/hist/gdp2.html>

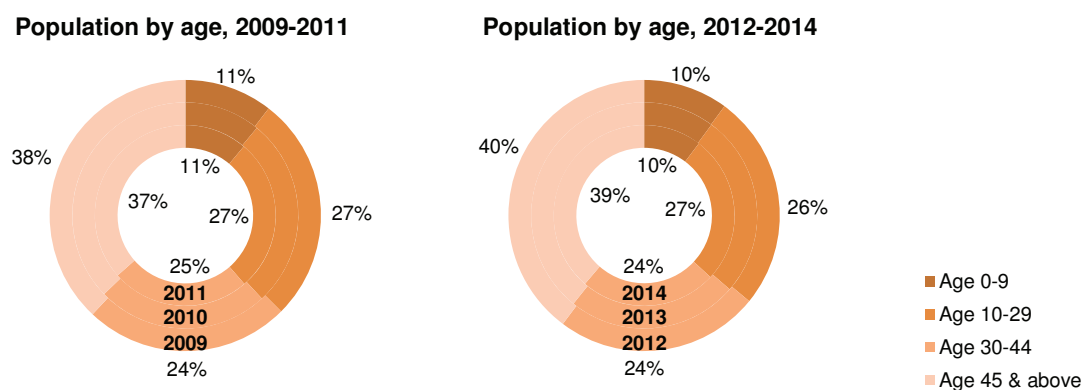
Table 3 Population growth, Historic (2010 – 2011), Forecast (2012 – 2014)					
(%)	2010	2011	2012	2013	2014
Age 0-9	-1.1%	-2.0%	-1.0%	-0.8%	-0.1%
Age 10-29	0.9%	0.3%	-0.5%	-0.8%	-0.7%
Age 30-44	1.0%	0.6%	0.9%	0.8%	0.5%
Age 45 and above	3.8%	3.2%	2.6%	2.4%	2.1%
Total	1.8%	1.2%	1.0%	0.8%	0.8%

Source: Euromonitor International

Population growth slowed to 1.8% in 2010 and 1.2% in 2011, bringing total population to 5.1 million at the end of last year. As the population growth is driven mainly by influx of immigrants rather than increased local birth rates, a steady and low growth in population size in the recent period points to a slower growth in the number of permanent residents and non-residents, largely because the government took steps to mitigate the inflow of immigrants in 2010. Due to the combination of rising life expectancies and falling birth rates, Singapore's population is ageing, and this trend is expected to continue over the forecast period.

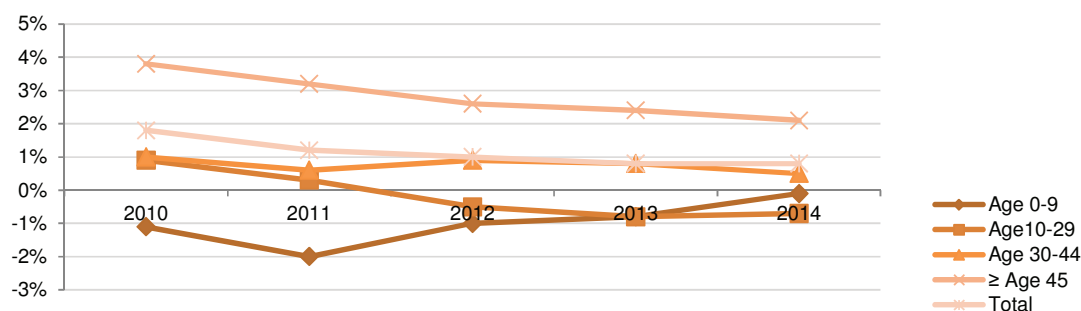
Among the age groups, ages nine and below experienced a contraction over 2009-2011. This is the result of the continued fall in fertility rates since 2000. The low fertility rate trend is expected to stay during the forecast period. The largest age group consists of middle-aged adults (40-64) and the older population (65 and above), and is also the fastest growing segment. Singapore's population mix and growth by age group are depicted below.

Chart 2 Population by age, Historic (2009 – 2011), Forecast (2012 – 2014)



Source: Euromonitor International

Chart 3 Population growth, Historic (2010 – 2011), Forecast (2012 – 2014)



Source: Euromonitor International

2.1.2 Number of households (2009 – 2014)

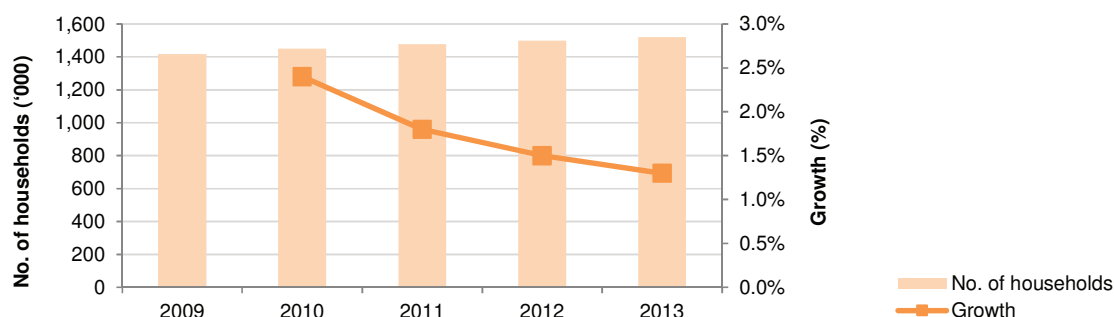
Table 4 Number of households, Historic (2009 – 2011), Forecast (2012 – 2014)

	2009	2010	2011	2012	2013	2014
No. of households	1,416,500	1,450,500	1,476,700	1,499,400	1,520,000	1,539,700
Growth (%)	-	2.4%	1.8%	1.5%	1.3%	1.2%

Source: Euromonitor International

The number of households grew at a declining rate over the last three years and this trend is expected to continue over the forecast period. Growth in household numbers was attributable to new family set-ups as well as an influx of foreigners migrating to Singapore for its political and economic stability. The slower growth in household numbers follows the phenomenon of Singaporeans starting families later in life, and staying in multi-generation households until one gets married, or even after marriage due to increased cost in housing. Coupled with government initiatives to limit incoming immigrant traffic by increasing minimum wages required for work visas, the forecast CAGR for household numbers stands 1.3%. The number of households and its growth is illustrated in Chart 4.

Chart 4 Number of households, Historic (2009 – 2011), Forecast (2012 – 2014)
Growth of number of households, Historic (2010 – 2011), Forecast (2012 – 2014)



Source: Euromonitor International

Table 5 Number of occupants per household, Historic (2009 – 2011), Forecast (2012 – 2014)

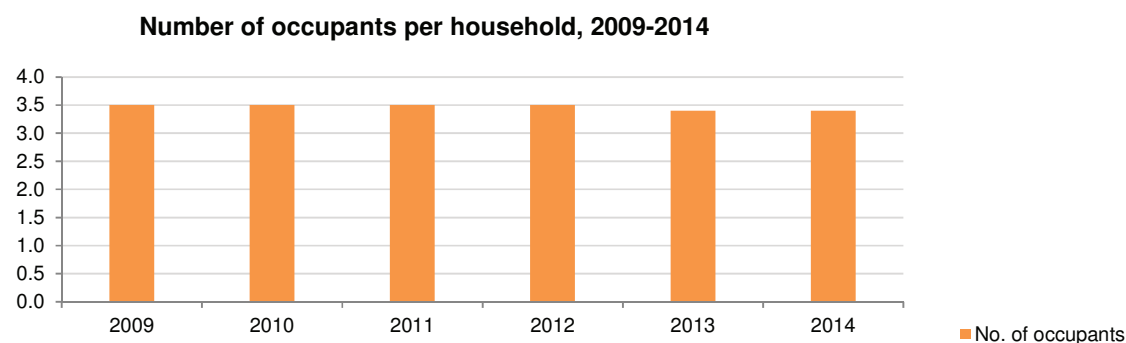
(No. of units)	2009	2010	2011	2012	2013	2014
No. of children	0.8	0.8	0.7	0.7	0.7	0.7
Total occupants	3.5	3.5	3.5	3.5	3.4	3.4

Source: Euromonitor International

The average number of occupants per household (Chart 5) continues to hover at 3.5 over the historic and forecast periods, as a result of the slow growth of mid-sized households (four to five occupants) and high growth of households with six or more occupants and single-occupant households.

This is mainly due to the fact that young couples are having fewer children, later². On the other hand, the growth of larger family units is a consequence of the ageing of the population. As a result, there is an increase in the number of households with several generations living together as joint families. The fast growth of single-person households can be attributed to a number of social factors, such as the rising divorce rate, the growing desire for independence among young people, and rising disposable incomes which allow them to afford living on their own.

² <http://www.singstat.gov.sg/stats/themes/people/popinbrief2011.pdf>

Chart 5 Number of occupants per household, Historic (2009 – 2011), Forecast (2012 – 2014)

Source: Euromonitor International

2.1.3 Household disposable income (2009 – 2014)

Table 6 Annual disposable income indicators, Historic (2009 – 2011), Forecast (2012 – 2014)

(SGD)	2009	2010	2011	2012	2013	2014
Household disposable income	106,304.55	111,461.01	119,045.91	125,112.24	131,208.68	137,510.03
Annual disposable income ('million)	150,580.4	161,674.2	175,795.1	187,593.3	199,437.2	211,724.2
Per capita disposable income	30,190.95	31,846.32	34,214.03	36,163.26	38,130.39	40,169.27

Source: Euromonitor International

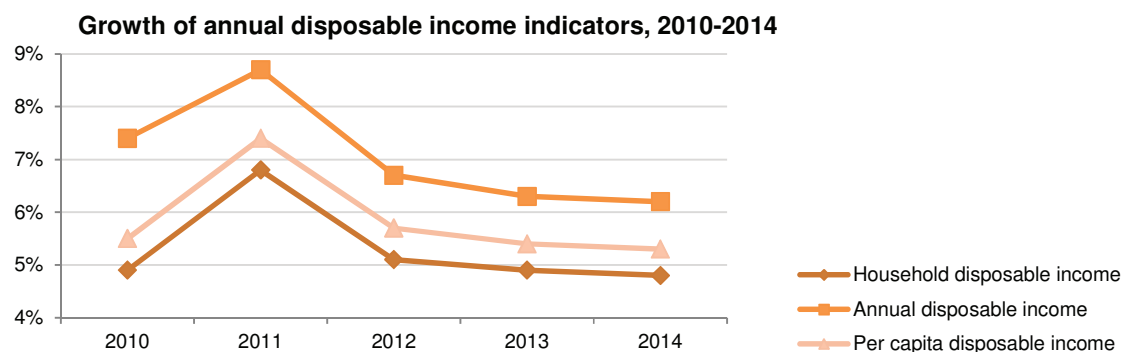
Table 7 Growth of annual disposable income indicators, Historic (2010 – 2011), Forecast (2012 – 2014)

(%)	2010	2011	2012	2013	2014	CAGR 09-11	CAGR 12-14
Household disposable income	4.9%	6.8%	5.1%	4.9%	4.8%	5.8%	4.8%
Annual disposable income	7.4%	8.7%	6.7%	6.3%	6.2%	8.0%	6.2%
Per capita disposable income	5.5%	7.4%	5.7%	5.4%	5.3%	6.5%	5.4%

Source: Euromonitor International

Annual disposable income experienced a sharp growth of 8.7% in 2011, reflecting a robust recovery from the 2008-09 economic crisis. Consequently, household disposable income grew by 6.8% and per capita disposable income by 7.4%, significantly greater than the inflation rate of 5.2%. Bolstered by strong GDP growth of 14.5% in 2010, wages were accordingly increased. Furthermore, the personal income tax rate has decreased gradually since 2007, boosting the disposable income of Singaporeans and helping them cope with rising prices. Household disposable income and per capita disposable income have also risen in tandem. The CAGR for annual disposable income over 2009-2011 was 5.8%, and this is expected to fall to 4.8% as growth normalises.

Singaporean consumers have strong purchasing power compared to their neighbouring counterparts, thanks to their high disposable income. This contributes to their enthusiasm for consumption and provides for flexible spending on non-necessities such as food catering services. Growth of various disposable income indicators are shown in Chart 6.

Chart 6 Growth of annual disposable income indicators, Historic (2010 – 2011), Forecast (2012 – 2014)

Source: Euromonitor International

2.1.4 Annual consumer expenditure

Table 8 Annual consumer expenditure on food and non-alcoholic beverages, Historic (2009 – 2011), Forecast (2012 – 2014)

(SGD'million)	2009	2010	2011	2012	2013	2014
Expenditure on food	7,380.8	7,748.9	8,434.3	8,927.6	9,438.2	9,958.2
Expenditure on non-alcoholic beverages	485.0	517.2	570.2	614.9	662.0	711.8
Total	7,865.8	8,266.1	9,004.5	9,542.5	10,100.1	10,670.0

Sources: Euromonitor International

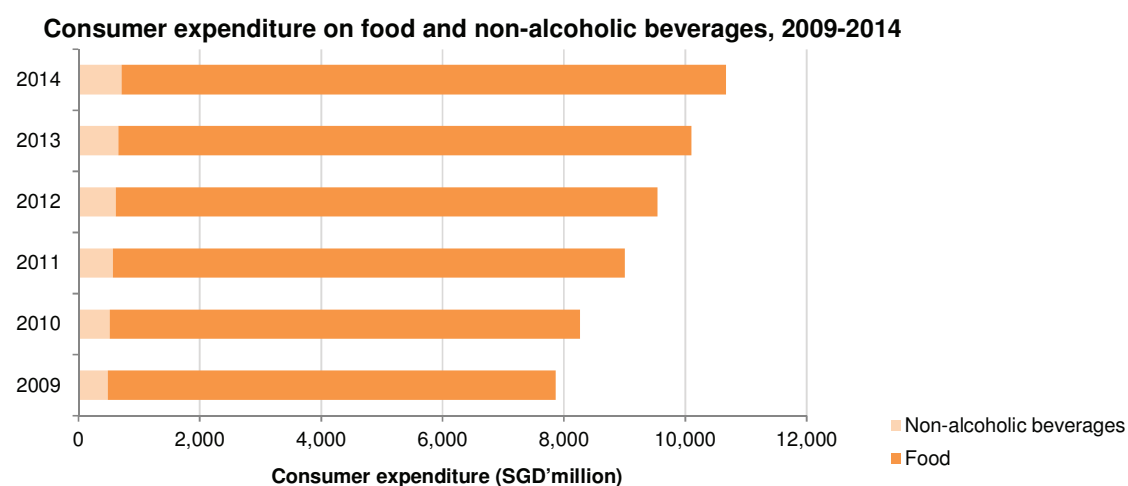
Table 9 Growth of annual consumer expenditure on food and non-alcoholic beverages, Historic (2010 – 2011), Forecast (2012 – 2014)

(%)	2010	2011	2012	2013	2014	CAGR 09-11	CAGR 12-14
Expenditure on food	5.0%	8.8%	5.8%	5.7%	5.5%	6.9%	5.6%
Expenditure on non-alcoholic beverages	6.6%	10.2%	7.8%	7.7%	7.5%	8.4%	7.6%
Total	5.1%	8.9%	6.0%	5.8%	5.6%	7.0%	5.7%

Sources: Euromonitor International

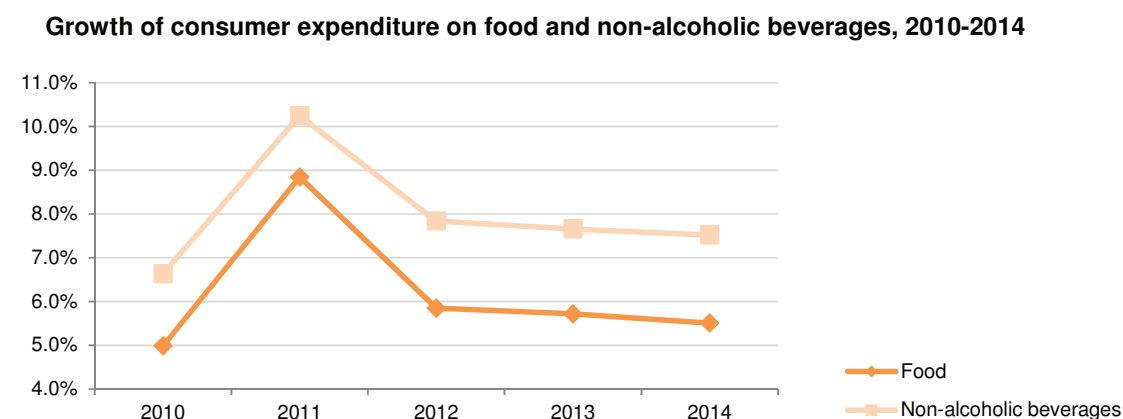
Consumer expenditure on food and non-alcoholic beverages increased sharply by 8.9% in 2011, in tandem with growth in disposable income and accompanying appetite for premium foods such as organic and gourmet (Chart 7). Growth is expected to tame down to 2010 levels and experience a sustainable, albeit slightly contracting rate (Chart 8). Consumer expenditure on food and non-alcoholic beverages make up about 5% of total per capita disposable income, and this proportion is expected to decrease gradually over the forecast period (Chart 9). Consumer expenditure on food as a percentage of per capita disposable income is forecasted to contract, while its non-alcoholic beverage counterpart is expected to grow about 1.2% year-on-year (Chart 10).

Chart 7 Annual consumer expenditure on food and non-alcoholic beverages, Historic (2009 – 2011), Forecast (2012 – 2014)



Source: Euromonitor International

Chart 8 Growth of annual consumer expenditure on food and non-alcoholic beverages, Historic (2010 – 2011), Forecast (2012 – 2014)



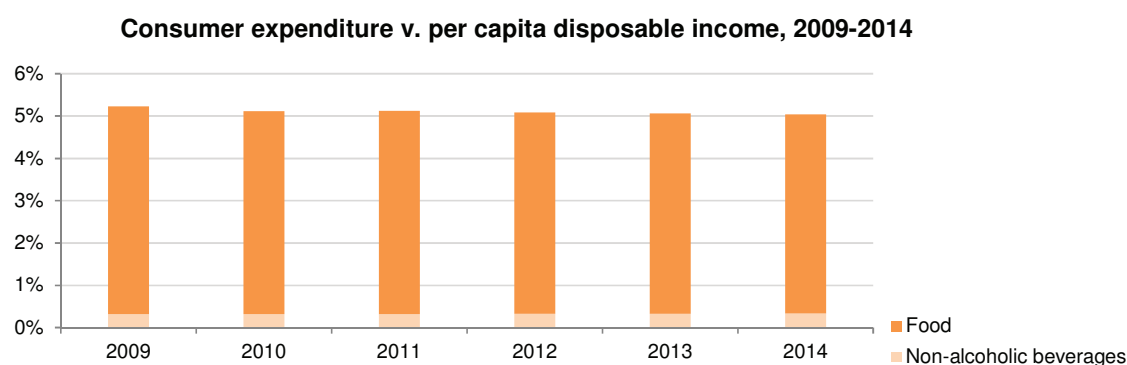
Source: Euromonitor International

Table 10 Annual consumer expenditure on food and non-alcoholic beverages as % of per capita disposable income, Historic (2009 – 2011), Forecast (2012 – 2014)

(%)	2009	2010	2011	2012	2013	2014
Expenditure on food	4.9%	4.8%	4.8%	4.8%	4.7%	4.7%
Expenditure on non-alcoholic beverages	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Total	5.2%	5.1%	5.1%	5.1%	5.1%	5.0%

Sources: Euromonitor International

Chart 9 Annual consumer expenditure as % of per capita disposable income, Historic (2009 – 2011), Forecast (2012 – 2014)



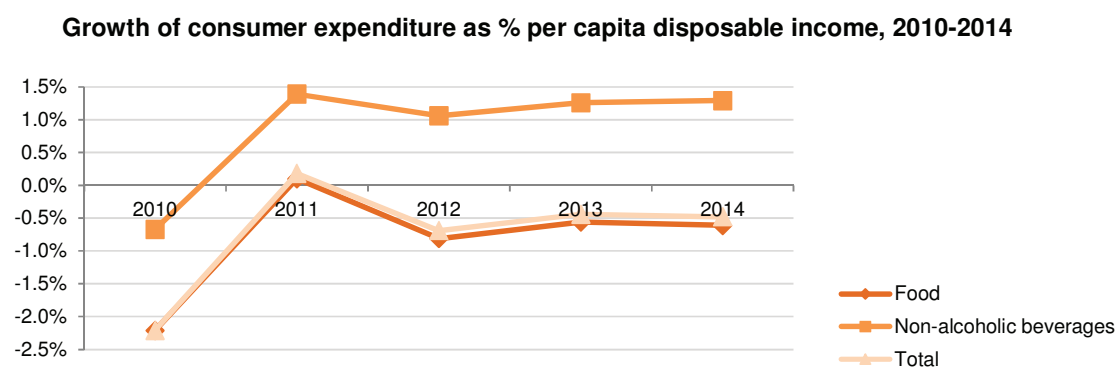
Source: Euromonitor International

Table 11 Growth of annual consumer expenditure as % of per capita disposable income, Historic (2010 – 2011), Forecast (2012 – 2014)

(%)	2010	2011	2012	2013	2014
Expenditure on food	-2.2%	0.1%	-0.8%	-0.6%	-0.6%
Expenditure on non-alcoholic beverages	-0.7%	1.4%	1.1%	1.3%	1.3%
Total	-2.1%	0.2%	-0.7%	-0.4%	-0.5%

Sources: Euromonitor International

Chart 10 Growth of annual consumer expenditure as % of per capita disposable income, Historic (2010 – 2011), Forecast (2012 – 2014)



Source: Euromonitor International

2.1.5 Overview of macro-environment of Singapore

As the GDP per capita increases and the household disposable income grows steadily, the population of Singapore is generally becoming more and more open to spending on food services compared to cooking by themselves at home. Also, the number of households is on a steady decline while the disposable income per household increases. This can be attributed to Singapore's status as a major economic hub of Asia, because of which the Singaporean lifestyle is becoming faster paced as time passes. This fact, coupled with the rising incomes is encouraging Singaporeans to eat out more often, and also increase spending on catering due to the convenience offered.

2.2 MARKET ANALYSIS OF EVENTS CATERING IN SINGAPORE

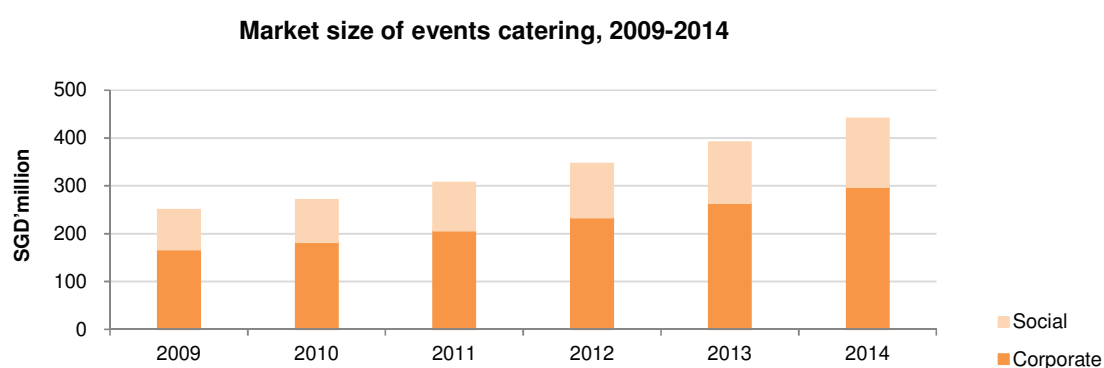
2.2.1 Overview and trends

Table 12 Market size – events catering, Historic (2009 – 2011), Forecast (2012 – 2014)

(SGD'million)	2009	2010	2011	2012	2013	2014
Social catering	83.6	88.6	100.0	112.8	127.0	142.8
Corporate catering	166.7	182.3	206.6	233.7	264.2	297.7
Total	250.3	270.9	306.6	346.5	391.2	440.5

Sources: Department of Statistics Singapore, trade interviews

Chart 11 Market size – events catering, Historic (2009 – 2011), Forecast (2012 – 2014)



Sources: Department of Statistics Singapore, trade interviews

The events catering industry in Singapore has grown and evolved extensively over the last two decades. High disposable incomes have influenced consumer lifestyles, which in turn fuelled the events catering industry, allowing them to enjoy a robust growth of 13.2% in 2011. Singaporeans today are not as price-sensitive as they were a decade ago, and have consistently demonstrated an enthusiasm for consumption, luxury and convenience. Growth in this sector is hence expected to continue over the forecast period at a slightly contracted rate of 12.5-13.0%, as illustrated in Chart 12. Dominant players include Neo Group of Companies and Select Group Limited.

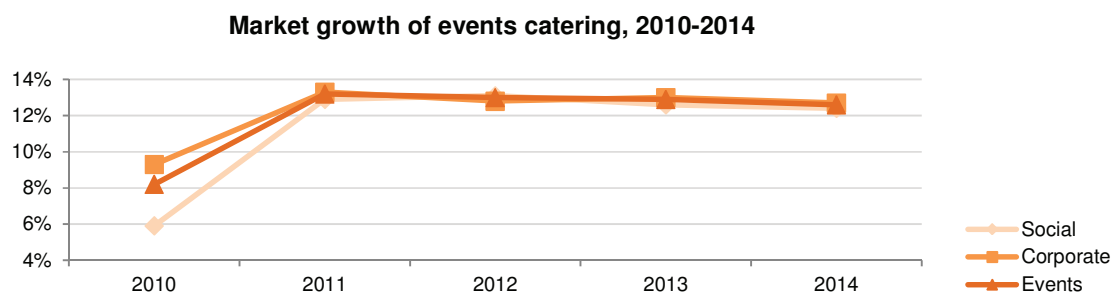
The events catering industry was able to weather the economic recession relatively well in 2008-2009, experiencing a contraction of 3.8% compared to its institutional counterpart's contraction of 8.9% and the overall catering industry's contraction of 7.0%. This was largely due to the shift of consumers from parallel foodservice industries such as hotels, clubs and restaurants to catering, due to its more affable price points and flexibility in customising menus, delivery and collection times, décor and et cetera.

Table 13 Market growth – events catering, Historic (2010 – 2011), Forecast (2012 – 2014)

(%)	2010	2011	2012	2013	2014	CAGR 09-11	CAGR 12-14
Social catering	5.9%	12.9%	13.1%	12.6%	12.4%	10.7%	12.8%
Corporate catering	9.3%	13.3%	12.8%	13.0%	12.7%	9.4%	12.6%
Total	8.2%	13.2%	13.0%	12.9%	12.6%	11.3%	12.9%

Sources: Department of Statistics Singapore, trade interviews

Chart 12 Market growth – events catering, Historic (2010 – 2011), Forecast (2012 – 2014)



Sources: Department of Statistics Singapore, trade interviews

Corporate catering steals market share from parallel foodservice industries during recession

In fact, the recession was viewed as a boon for some events caterers. Businesses which continued organising functions during this period were encouraged by cost-cutting measures and price differentials between caterers and traditional function venues (i.e. hotels) to hold their events onsite instead. They then engaged food caterers to provide food, refreshments and décor. By so doing, they were able to rein in spending while achieving their gathering purposes.

In other words, the bleak economy had provided an opportunity for companies to try out catering services and in the process, many realised the enhanced capabilities of catering services today. As a result, businesses were more inclined to opt for upscale catering – which costs less than a mid-range hotel – fanning growth rates from 9.3% in 2010 to 13.3% in 2011. This trend, together with the increasing number of businesses in Singapore, is expected to increase the consumer base for corporate catering thereby bolster strong growth for corporate catering in the forecast period.

High disposable income and changing consumer lifestyles drive social catering sales

Social catering is expected to register healthy growth over the forecast period as well. Singaporeans are holding more events and celebrations in the privacy and convenience of their homes, but at the same time view cooking for large groups as a hassle because of the equipment and expertise needed to cook for large groups of people. They are also developing an appetite for gourmet foods and luxurious settings. These, together with growing disposable income and an improvement in housing, present many opportunities for caterers.

Wedding functions are another key driver of the social catering industry. Whereas newlyweds were previously keeping with more conventional indoor wedding reception venues such as hotels and restaurants, young Singaporean couples these days are going for unique wedding experiences by holding their wedding receptions outdoors. The outdoor locations such as beaches, museums, gardens and parks call for a high level of customisation in terms of food selection, décor as well as flexibility to accommodate wet-weather programmes. This is where food catering service providers were able to come in and bridge service and needs gaps, compared to traditional venues which tend to be more restrictive.

NEA implements tighter regulations for caterers following food poisoning incidents

The catering industry is governed mainly by the National Environment Agency (“NEA”) and is becoming more regulated due to some large-scale food poisoning incidents over the last two years. NEA now requires caterers to timestamp their packed meals and buffet spreads, informing consumers the time by which the food should be consumed³.

³ http://www.straitstimes.com/BreakingNews/Singapore/Story/STIStory_762196.html

This regulation, which took effect on 15 February this year, was received with mixed reactions. Most leading caterers felt it was a beneficial measure for both consumer and caterer, as consumers would be able to avoid food that is not fresh, and caterers would be protected from unnecessary liability. However, some small players were put off by the extra costs they had to incur for labelling machines and other consumables.

Other emerging trends of the events catering industry

Marketing: Many caterers have undergone rebranding exercises over the last three years to keep up with their changing product offerings, increase brand equity and improve brand recall. Caterers realise the importance of marketing on top of providing top-notch food and service, as well as the changing consumer mix. They are starting to reach out to their consumers on various social platforms such as Facebook and Twitter. Many have also launched loyalty programmes and tried to stir interest and excitement by organising contests with impressive prizes to be won.

Diversification: Large players are also diversifying into different segments of catering, most notably targeting the premium market. These subsidiaries contribute to an increase in the number of catering establishments in Singapore from 304 last year to about 350 in the first quarter of 2012, replacing many small caterers which have since ceased business due to rising costs and intense competition in the industry.

Consolidation: The market at the moment is considerably fragmented, but slow consolidation seems to be an emerging trend. The events catering industry has seen a significant amount of trade sales and acquisitions over the last three years and trade sources indicate more to come. The barriers to entering the industry (Section 2.2.3) collectively pose as a significant deterrent for new players, leaving it open for the bigger players to consolidate.

Home-based catering: Finally, home-based food catering may become legal with Minister of State for Community Development, Youth and Sports Halimah Yacob championing the cause⁴. This stems from the government enforcing its prohibition of home kitchens, which has prevented home-bound women from working and disrupted their source of income. While they understand the rationale for cooking at central kitchens, many cannot afford to rent the space or leave home due to caregiving responsibilities. Should home-based catering become legal, the industry would be further fragmented.

2.2.2 Demand for the industry

Demand for event catering services will continue to be strong over the forecast period, mainly due to social factors and changing consumer lifestyles.

Social catering: Customers demand quality and convenience – and are willing to pay for it

Rising affluence is a key driver as more Singaporeans are willing to spend more on smaller occasions – baby showers, birthday parties, anniversaries, gatherings over festive seasons, et cetera – by hosting events in their homes. At the same time, cooking for large groups of people is increasingly viewed as a hassle as it involves significant amount of planning and labour. These, coupled with the availability of inexpensive, safe and hygienic alternatives, push consumers towards catering solutions.

Previously seen as just the provision of food, catering has evolved over the last two decades and is now perceived as a fuss-free, one stop solution. Caterers today typically provide food, disposable cutlery, tables and chairs, equipment such as food warmers and drink dispensers, centrepieces and

⁴ <http://www.channelnewsasia.com/stories/singaporelocalnews/view/1186038/1/.html>

post-event clear up. Some caterers even offer peripheral services such as décor, live cooking stations, floral arrangements, entertainment, and door gifts.

The style, presentation and quality of food have also evolved to suit a wider range of consumer needs. Each event is able to have a personal touch as caterers now work with an unprecedented degree of flexibility in customisation of food and theme, among others, as mentioned above. As such, caterers are also receiving more wedding enquiries. Newlyweds are less restricted to hotel or restaurant premises – traditional banquet venues – and are more open to holding the occasion anywhere from museums to gardens.

Corporate catering: Catering seen as cost-effective substitute for hotels, restaurants

On the corporate front, demand for catering services will continue to grow as the number of businesses increases, together with corporate training programmes, business seminars and events held in Singapore. At the moment, catering remains the most convenient and cost-effective method of providing food and refreshments. As mentioned in Section 2.2.1, more companies became open to the idea of holding events on company premises with food catering during the recession as a cost-cutting measure. The options for corporate catering have since widened to cover different segments, especially upmarket, encouraging a rise in niche players. Parallel industries such as hotels and retail foodservice face increasing competition as caterers manage to fulfil client requirements at lower price.

Image-conscious Singaporeans have fuelled the premium events catering industry as these caterers not only are able to create restaurant-grade gourmet meals, but the ambience of affluence to match as well. Its growing popularity is thus linked to the prevalent Asian culture of “face”, which also applies in business. Corporations are increasingly “glamming up” their functions to signal prosperity to their stakeholders in the face of economic recovery.

2.2.3 Entry barriers to the industry

Starting an events catering company seems to be rather straightforward with regards to regulations imposed by the NEA, but many find in due course that it is extremely difficult to grow the business beyond the SGD 5 million mark. The only material requirement stipulated by the NEA is a minimum kitchen size of 172 sqft with industrial fitting. However, the catering business is exposed to many external business risk factors, making cost (i.e. manpower, raw material purchases) and demand unpredictable especially for the smaller players. The problems new players face include, but are not limited to:

Large initial working capital required due to rising costs

The capital required for setting up a catering business is much higher than a decade ago. Rising raw material (food) costs, manpower costs, rental rates and increasing of the Certificate of Entitlement costs for delivery vehicles have made it hard for a new player to enter the market and be profitable and sustainable in the long run.

Tighter foreign work quotas; Singaporeans uninterested in catering work

With the Singaporean government tightening the rules for immigrants to obtain work in Singapore, getting skilled manpower at affordable rates is also a big challenge for the new entrants in the industry. For example, the Ministry of Manpower (“MOM”) has reduced the Dependency Ratio Ceiling (“DRC”) for the Services sector from 50% to 45% with effect from 1 July 2012. At 45% DRC, companies will only be allowed to hire 8 foreign workers for every 10 Singaporean citizen or permanent resident employees; 2 less than the previous 10.

Additionally, the challenges of finding skilled manpower in Singapore are further compounded by the disinclination of native Singaporeans to enter the industry due to the long working hours and a physically taxing job nature.

Expensive technology needed to facilitate complex operations

To grow their business and to be able to compete with some of the bigger players in the market, IT systems are a critical factor in ensuring smooth operational transitions from sales, kitchen, delivery and after-sales customer care. These systems, however, are typically very expensive to install and maintain. This is another reason that the smaller players in the industry are unable to grow their businesses and eventually drop out of the industry.

Existing competition from well-established players

One big aspect of the barriers for new entrants in the market is the presence of a few big players who have already established a stronghold on the industry. Due to their established brand loyalty, economies of scale to facilitate price changes, funds for marketing their brands and research and development to satisfy customer needs for customization and finally, adequate capacity to handle very large orders in a short period of time, the bigger players in the market are very difficult for the normally much smaller entrants to challenge in any way.

Increasingly stringent NEA regulations to ensure food safety for consumers

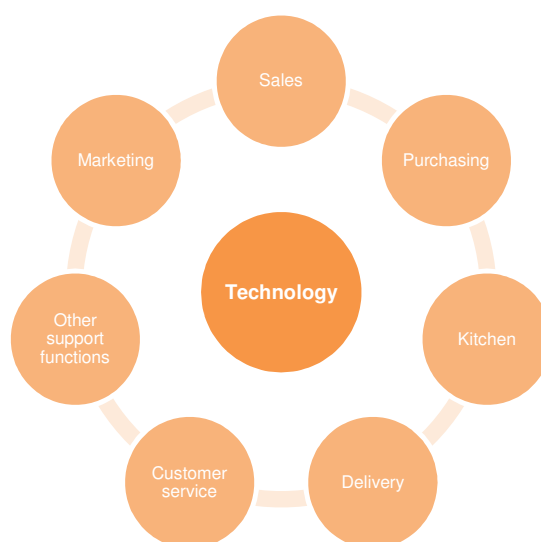
NEA's timestamping regulations took effect 15 February 2012, and according to this regulation, all food caterers are to label their cooked food before placing it on the table, indicating the time before which the food should be consumed to avoid contamination that could cause adverse health effects. The deterrent with regards to this regulation comes for the small entrants and players in the market who have to buy expensive time-stamping machines in order to fulfil this requirement.

As a result of the recent mass food poisoning incidents in recent years, the NEA also plans to introduce additional controls over the industry, which could be even more detrimental to new entrants to the catering industry.

Delicate balancing act comes with experience

In a nutshell, new entrants need to maintain the fragile balance between marketing and sales efforts, kitchen and delivery operations, customer care and other miscellaneous support functions. The initial and fixed costs for catering are high, so sales volumes have to be sufficient in order to sustain the business. Purchasing and inventory management is tricky given the perishability of raw materials.

On the flipside, overzealous marketing could result in too many sales, which kitchen and delivery are unable to handle due to lack of resources. Worse, quality, safety and hygiene could be compromised, resulting in bad publicity or legal issues.



According to trade sources, it is also difficult to motivate employees and maintain a high level of job satisfaction, since many functions are repetitive and mundane. Without technology to facilitate automatic communication between all business units, caterers could find themselves with a frustrated and apathetic staff. Digitising work flow is a key success factor of industry leaders – it reduces manpower required to coordinate orders and eliminates human error, which could otherwise create public relation disasters. It is also able to help businesses identify consumer trends and popular items, and assist with inventory management. Unfortunately, the more sophisticated and customised the system, the pricier. Technology is also important in the kitchen, where having the right equipment can save businesses time and hence, money.

Lastly, during a sudden economic downturn, small players may be inevitably find their business unsustainable, leading to many exits as exemplified by the market situation over 2009-2011. As such, while the industry is expected to enjoy double-digit growth over the forecast period, the threat of new entrants remains low due to extensive entry barriers.

2.3 COMPETITIVE LANDSCAPE: EVENTS CATERING IN SINGAPORE

2.3.1 Overview

As of the first quarter of 2012, there were about 350 catering establishments inclusive of both institutional and events caterers. This is an increase from 304 at the end of 2010, and is fuelled mostly by existing players creating new catering arms to target different consumer segments. Premium players diversified by setting up subsidiaries to target mass market catering; upscale niche caterer Purple Sage launched mid-range catering arm Simply Buffet in March this year. Likewise, players who were leaders in the social catering arena set up corporate catering divisions – Select Group launched Stylze in July last year. At the same time, many small players were unable to weather the recession and exited the industry, some lasting as short as six months before presenting going concern issues.

These, together with the abovementioned entry barriers, signal market movement towards consolidation in this previously fragmented market. As it is, the top five events caterers (Sections 2.3.2 and 2.4) only make up 21.6% of the market. There has also been some trade sale and acquisition activity over the last three years, with some major players indicating they are interested to explore growth via these avenues.

2.3.2 Estimated market shares of top five companies

The top five leading events caterers in Singapore ranked in order of leading sales values are:

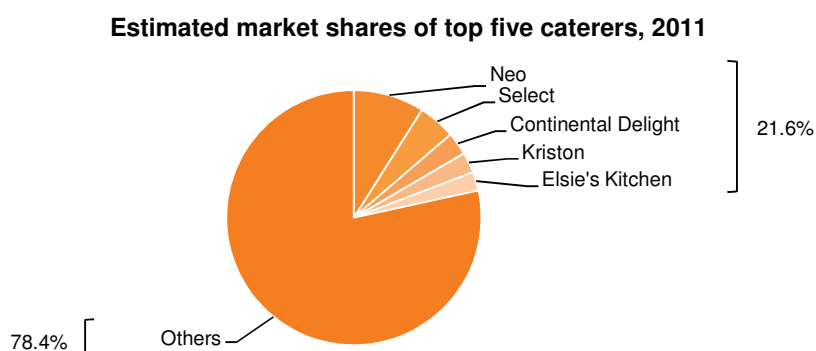
1. Neo Group of Companies (“Neo”)
2. Select Group Limited (“Select”)
3. Continental Delight Pte. Ltd. (“Continental Delight”)
4. Kriston Food & Beverage Pte Ltd (“Kriston”)
5. Elsie’s Kitchen (“Elsie’s Kitchen”)

Their estimated 2011 sales and market shares are listed below in Table 14 and illustrated in Chart 13.

Table 14 Estimated market shares – Events catering, 2011

Company	Percentage share (%)	Value Shares (SGD'million)
Neo Group of Companies	9.0%	27.5
Select Group Limited	4.7%	14.4
Continental Delight Catering Services Pte. Ltd.	2.9%	9.0
Kriston Food & Beverage Pte Ltd	2.6%	8.0
Elsie's Kitchen	2.4%	7.5
Others	78.4%	240.2
Total	100.0%	306.6

Sources: ACRA, annual reports, trade interviews

Chart 13 Estimated market shares – events catering, 2011

Sources: ACRA, annual reports, trade interviews

The top five players have strengths in different areas of events catering, evident in their business mix. The leading player in events catering, Neo, has its main business in social catering while the other four have corporate catering as a major revenue driver. Continental Delight and Elsie's Kitchen have formed good ties with government agencies over the years and cater for many government events, both large- and small-scale. Kriston, while focused on local catering, also has experience in overseas catering. Select is the only caterer who is listed on the Singapore stock exchange. Neo, Select and Kriston also run retail foodservice businesses.

All five caterers have been in operation for over 20 years and have since amassed a large base of loyal customers. Neo, Continental Delight and Kriston underwent rebranding/brand refresh exercises in recent years to strengthen their brand equity and improve brand recall. Neo, Select and Continental Delight run multiple catering brands to reach different consumer segments. Neo has in place a privilege programme to encourage repeat orders, and Continental Delight recently launched their loyalty card as well.

2.4 LEADING INDUSTRY PLAYERS

2.4.1 Neo Group of Companies

Company profile

Table 15 Neo, Estimated social vs. corporate catering split, 2011

Neo	Social catering (%)	Corporate catering (%)
Social vs. corporate catering, 2011	55%	45%

Sources: Company website, trade interviews

Key customer segments targeted

Neo was established in 1992 with a focus on home catering. Over the next two decades the company expanded rapidly and today, Neo has three catering arms targeting different consumer segments.

1. Neo Garden: mass catering
2. Orange Clove: corporate/premium catering
3. Deli Hub: halal catering

While Neo started out with a focus on social catering, it has since evolved to target the lucrative corporate catering segment with Orange Clove, alongside its main social catering arm, Neo Garden. Today, it has a balanced mix of social catering (55%) and corporate catering (45%) customers. This puts Neo in a healthy position as it is over reliant on neither segment. Neo aims to beef up its corporate catering business in the coming years.

Overall success factors

Neo has managed to establish a large customer base through direct mailers and internet presence. At the moment, online orders account for about 15% of total sales. Their Neo Privilege Card programme, which entitles customers to discounts at all their catering companies, encourages repeat orders. Other marketing efforts include limited time offers and contests to promote interaction between themselves and a "Neo community".

Another key success factor is maintaining consistency in the quality and presentation of food, prompt and affable service and timely, reliable delivery. Neo also possesses full autonomy as all business functions are in-house, including IT and marketing, which gives it an edge over competitors dependent on external providers of these facilities.

These have led Neo to the number one position in events catering.

2.4.2 Select Group Limited

Company profile

Table 16 Select, Estimated social vs. corporate catering split, 2011

Select	Social catering (%)	Corporate catering (%)
Social vs. corporate catering, 2011	40%	60%

Sources: Company website, trade interviews

Key customer segments targeted

Select was established in 1991 with a focus on daily meals. Today, Select boasts three distinct brands, one of which – Stylze – was launched in July last year.

1. Select: mass catering
2. Stamford: home/corporate catering (halal certified)
3. Stylze: premium catering

Select too started out with a keen focus on social catering and managed to capture a sizable corporate catering share. Select was listed on the SGX-SESDAQ in 2004. At the moment, its plans are to focus on retail foodservice developments.

Overall success factors

Select's strategy to grow its business focuses on having a wide product offering to capture as much market share in various customer segments as possible. The inter-brand referrals that resulted were salient in helping Select ride out the recession. Balancing the different business units is a process that Select has managed to hone through experience.

This year, they celebrate their 20th anniversary and will be giving away a car and SGD 10,000 cash as part of a lucky draw. This is expected to drive sales in the first half of 2012.

2.4.3 Continental Delight Catering Services Pte. Ltd.

Company profile

Table 17 Continental Delight, Estimated social vs. corporate catering split, 2011

Continental Delight	Social catering (%)	Corporate catering (%)
Social vs. corporate catering, 2011	20%	80%

Sources: Company website, trade interviews

Key customer segments targeted

Continental Delight was established in 1986 as a restaurant/caterer. It was acquired by ISS Facility Services in 2005 as their foray into the catering industry. Continental Delight subsequently changed hands again in 2011 after a food poisoning incident involving ISS took place. Its main clientele are government agencies and local businesses, with a small customer base from social catering.

1. Continental Delight: mid-range home catering
2. Java Link: premium/corporate catering
3. Alazz Delight: mass catering (halal)

Overall success factors

Continental Delight has traditionally identified up-and-coming consumer groups which are likely to be big users of catering services. They started out with government agencies, then businesses. The next consumer group they will be targeting is the current generation of new home owners. Their high disposable income and preference for convenience make them the perfect catering consumer.

2.4.4 Kriston Food & Beverage Pte Ltd

Company profile

Table 18 Kriston, Estimated social vs. corporate catering split, 2011

Kriston	Social catering (%)	Corporate catering (%)
Social vs. corporate catering, 2011	30%	70%

Sources: Company website, trade interviews

Key customer segments targeted

Kriston started off in 1968 as a street hawker, and officially began catering in 1983. They were initially focused on institutional catering, owing to their experience operating staff canteens in the 70s. However, their focus shifted to weddings and premium catering in the 90s.

Today, Kriston targets mainly the corporate catering business and has actively participated in overseas catering projects. Most notably, they were the official food and merchandise kiosk for the Singapore Pavilion at the World Expo in Shanghai in 2010.

Overall success factors

Over the years Kriston has managed to identify business opportunities in the market and successfully strike the fastest growing segment, while keeping an eye on the next potential trend. In the 90s, they shifted focus from institutional and home catering to the wedding segment, which cemented their position in the market. They have since moved on to up and coming premium catering segment, and devoted a good part of resources in that direction as evident from their current product offering. They have also been innovative in their marketing and product development (for example: the 'G-Series' gourmet style cuisine) to attract the attention of the affluent consumer looking for something unique for their events.

2.4.5 Elsie's Kitchen

Company profile

Table 19 Elsie's Kitchen, Estimated social vs. corporate catering split, 2011

Elsie's Kitchen	Social catering (%)	Corporate catering (%)
Social vs. corporate catering, 2011	15%	85%

Sources: Company website, trade interviews

Key customer segments targeted

Elsie's Kitchen was established in 1986 as a family business. Headed by Daniel Ang, it has since grown to service many government agencies. Elsie's Kitchen is primarily focused on mid-upper range catering which is affordable to most Singaporeans, and has no plans for major changes in target market.

Overall success factors

Having been in the industry for a quarter century, Elsie's Kitchen has established sizable brand equity and loyalty. Elsie's Kitchen's success can also be attributed to excellent relationship management. Elsie's Kitchen has consistently built rapport with their clients over the last two decades and hence generated a large following of loyal customers. The company also believes that word of mouth is the best form of marketing and does not rely on much else. With regards to the client base, Elsie's Kitchen focuses on the Government sector which is not the prime focus for most of their competitors.

3. APPENDIX

3.1 COMPANY PROFILES

3.1.1 Neo Group of Companies

Table 20 Neo Group of Companies, Profile, 2011

Neo	
Address	6A Wan Lee Road Singapore 627938
Company Director / CEO	Mr. Neo Kah Kiat, MD
Catering brands	Neo Garden, Orange Clove, Deli Hub
No. of employees, 2011	280

Sources: Neo website, trade interviews

3.1.2 Select Group Limited

Table 21 Select Group Limited, Profile, 2011

Select	
Address	36 Senoko Crescent Singapore 758282
Company Director / CEO	Mr. Vincent Tan, MD
Catering brands	Stamford, Select, Stylze
No. of employees, 2011	600

Sources: Select website, trade interviews

3.1.3 Continental Delight Catering Services Pte. Ltd.

Table 22 Continental Delight Catering Services Pte. Ltd., Profile, 2011

Continental Delight	
Address	21 Second Chin Bee Road Singapore 618780
Company Director / CEO	Mr. Tan Hwee Tong, Director
Catering brands	Continental Delight, JavaLink, Alazz Delight
No. of employees, 2011	90

Sources: Continental Delight website, trade interviews

3.1.4 Kriston Food & Beverage Pte Ltd

Table 23 Kriston Food & Beverage Pte Ltd, Profile, 2011

Kriston	
Address	171 Kampong Ampat #01-02/03 Singapore 368330
Company Director / CEO	Ms. Jacquie Tan, CEO
Catering brands	Kriston
No. of employees, 2011	75

Sources: Kriston website, trade interviews

3.1.5 Elsie's Kitchen

Table 24 Elsie's Kitchen, Profile, 2011

Elsie's Kitchen	
Address	7 Lichfield Road Singapore 556827
Company Director / CEO	Mr. Daniel Ang, Director
Catering brands	Elsie's Kitchen
No. of employees, 2011	55

Sources: Elsie's Kitchen website, trade interviews

DESCRIPTION OF ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and the Articles of our Company. These statements summarise the material provisions of the Articles but are qualified in entirety by reference to the Articles.

Ordinary Shares

There are no founders, management, deferred or unissued shares reserved for issue for any purpose. We have only one class of shares, namely, our ordinary shares which have identical rights in all respects and rank equally with one another. All of the ordinary shares are in registered form. Our Company may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase its Shares. However, it may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of its own Shares.

New Shares

New Shares may only be issued with the prior approval in a general meeting of our Shareholders. The aggregate number of Shares to be issued pursuant to such approval may not exceed 100% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to our Shareholders shall not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being (the percentage of issued share capital being based on our issued Shares at the time such authority is given after adjusting for new Shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or sub-division of Shares). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier but any approval may be previously revoked or varied by our Company in general meeting. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in the register of Shareholders of our Company and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as our Shareholders. Our Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. Our Company may close the register of Shareholders for any time or times if it provides the SGX-ST at least 10 clear market days' notice. However, the register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. Our Company typically closes the register of Shareholders to determine Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Listing Manual or the rules or by-laws of any stock exchange on which our Company is listed. Our Board may decline to register any transfer of Shares which are not fully paid Shares, or Shares on which our Company has a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed.

Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as it may require. Our Company will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that our Board may require.

General Meetings of Shareholders

Our Company is required to hold an annual general meeting every year. Our Board may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more Shareholders holding not less than 10% of the issued share capital of our Company (excluding treasury shares) may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and our Articles, a change of the corporate name and a reduction in the share capital. Our Company must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every Shareholder who has supplied our Company with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder or Shareholders present in person or by proxy and representing not less than 10% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by not less than two Shareholders present in person or by proxy and entitled to vote. In the case of an equality of vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

Our Company may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by our Board. Our Company must pay all dividends out of its profits. Our Board may also declare an interim dividend without the approval of our Shareholders. All dividends are paid pro-rata among our Shareholders in proportion to the amount paid up on each Share, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

Our Board may, with approval by our Shareholders at a general meeting, capitalise any reserves or profits and distribute the same as bonus Shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which our Company is listed.

Take-overs

Under the Singapore Code on Take-overs and Mergers (“Singapore Take-over Code”), issued by the Authority pursuant to section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting rights acquires additional voting shares representing more than 1% of the voting shares in any six month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
 - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
 - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10% or more of the customer’s equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

- (g) partners; and
- (h) the following persons and entities:
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i);
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
 - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six months.

Liquidation or Other Return of Capital

If our Company is liquidated or in the event of any other return of capital, holders of Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by our Company against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. Our Company may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to our Company.

Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Take-overs” above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote in respect of our Shares.

Minority Rights

The rights of minority Shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any Shareholder of our Company, as they think fit to remedy any of the following situations:

- (a) our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder's shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (e) provide that our Memorandum of Association or our Articles be amended; or
- (f) provide that we be wound up.

SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

The discussion below provides information about certain provisions of our Articles of Association. This description is only a summary and is qualified by reference to our Articles of Association, a copy of which will be displayed at our registered office at 6A Wan Lee Road, Singapore 627938. The following are extracts of the provisions in our Articles relating to:

(a) **A director's power to vote on a proposal, arrangement or contract in which he is interested**

Article 90(1) – Powers of Directors to contract with Company

No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director shall observe the provisions of Section 156 of the Companies Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director and any transactions to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange. No Director shall vote in respect of any contract, arrangement or transaction in which he has directly or indirectly a personal material interest as aforesaid or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted.

Article 90(2) – Relaxation of restriction on voting

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company, or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to these Articles or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

Article 91(3) – Exercise of voting power

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

- (b) **A director's power to vote on remuneration (including pension or other benefits) for himself or for any other director and whether the quorum at a meeting of the board of directors to vote on directors' remuneration may include the director whose remuneration is the subject of the vote**

Article 86(1) – Fees

The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

Article 86(2) – Extra remuneration

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of the Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Article.

Article 86(3) – Remuneration of director

The fees (including any remuneration under Article 86(2) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

Article 87 – Expenses

The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Article 88 – Pensions to directors and dependents

Subject to the Companies Act, the Directors on behalf of the Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections or to any persons in respect of and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Article 89 – Benefits for employees

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

Article 94 – Remuneration of Chief Executive Officer/Managing Director

The remuneration of a Chief Executive Officer/Managing Director (or any Director holding an equivalent appointment) shall from time to time be fixed by the Directors and may subject to these Articles be by way of salary or commission or participating in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Article 103(1) – Alternate Directors

Any Director of the Company may at any time appoint any person who is not a Director or alternate Director and who is approved by a majority of his co-Directors to be his alternate Director for such period as he thinks fit and may at any time remove any such alternate Director from office. An alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

(c) **The borrowing powers exercisable by the directors and how such borrowing powers may be varied**

Article 118 – Directors' borrowing powers

The Directors may at their discretion exercise all the powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any property or business of the Company including any uncalled or called but unpaid capital and to issue debentures or give any other security for any debt or obligation of the Company or of any third party.

(d) **The retirement or non-retirement of a director under an age limit requirement**

Article 93 – Chief Executive Officer/Managing Director to be subject to retirement by rotation

Any Director who is appointed as a Chief Executive Officer/Managing Director (or an equivalent appointment) shall be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors of the Company. The appointment of any Director to the office of Chief Executive Officer/Managing Director (or any Director holding an equivalent appointment) shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

Article 96(1)(viii) – Vacation of office of director

Subject as herein otherwise provided or to the terms of any subsisting agreement, the office of a Director shall be vacated subject to the provisions of the Companies Act, at the conclusion of the Annual General Meeting commencing next after he attains the age of seventy (70) years.

Article 98 – Retirement of directors by rotation

Subject to these Articles and to the Companies Act, at each Annual General Meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Provided that all Directors shall retire from office at least once every three (3) years.

Article 99 – Selection of directors to retire

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. However as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

Article 100 – Deemed re-elected

The Company at the meeting at which a Director retires under any provision of these Articles may by ordinary resolution fill up the vacated office by electing a person thereto. In default the retiring Director shall be deemed to have been re-elected, unless:

- (i) at such meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or
 - (ii) such Director is disqualified under the Companies Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected;
 - (iii) such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or
 - (iv) such Director has attained any retiring age applicable to him as a Director.
- (e) **The number of shares, if any, required for the qualification of a director**

Article 85 – Qualifications

A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at general meetings but subject to the provisions of the Companies Act he shall not be of or over the age of seventy (70) years at the date of his appointment.

- (f) **The rights, preferences and restrictions attaching to each class of shares**

Article 4 – Issue of new shares

Subject to the Companies Act and these Articles, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting but subject thereto and to Article 47, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors.

Article 5(1) – Rights attached to certain shares

Preference shares may be issued subject to such limitations thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in the Memorandum of Association or these Articles. The total number of issued preference shares shall not exceed the total number of issued ordinary shares at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

Article 5(2)

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

Article 7(2) – Rights of preference shareholders

The repayment of preference capital other than redeemable preference or any other alteration of preference shareholder rights, may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

Article 16(1) – Entitlement to certificate

Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) market days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may determine. Where the member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

Article 21(1) – Directors' power to decline to register

Subject to these Articles, there shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, bye-laws or listing rules of the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Companies Act and the listing rules of the Exchange.

Article 47 – Rights and privileges of new shares

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

Article 71(1) – Voting rights of Members

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 6, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

Article 71(3)

Notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than forty-eight (48) hours before the time of the relevant general meeting (the **cut-off time**) as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

Article 72 – Voting rights of joint holders

Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Article 73 – Voting rights of members of unsound mind

If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight (48) hours before the time appointed for holding the meeting.

Article 74 – Right to vote

Subject to the provisions of these Articles, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum.

(g) Any change in capital

Article 50(1) – Power to consolidate, cancel and subdivide shares

The Company may by ordinary resolution alter its share capital in the manner permitted under the Companies Act including without limitation:

- (i) consolidate and divide all or any of its shares;
- (ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Companies Act;

- (iii) subdivide its shares or any of them (subject to the provisions of the Companies Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- (iv) subject to the provisions of these Articles and the Companies Act, convert any class of shares into any other class of shares.

Article 50(2) – Repurchase of Company's shares

The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Companies Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Companies Act.

Article 51 – Power to reduce capital

The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Companies Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

- (h) **Any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law**

Article 7(1) – Variation of rights

If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Companies Act shall, with such adaptations as are necessary, apply. To every such separate general meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting.

Article 8 – Creation or issue of further shares with special rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

- (i) **Any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement operates**

Article 130(1) – Unclaimed dividends

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

- (j) **Any limitation on the right to own shares including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the shares**

Article 11 – No trust recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

Article 20 – Person under disability

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on the company any liability in respect of the registration of such transfer if the company has no actual knowledge of the same.

Article 48(1) – Issue of new shares to Members

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall before issue be offered to the Members in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

Article 48(2)

Notwithstanding Article 48(1) above but subject to the Companies Act and the byelaws and listing rules of the Exchange, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:

- (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

- (ii) make or grant Instruments; and/or
- (iii) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;

provided that:

- (a) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits prescribed by the Exchange;
- (b) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and the Articles; and
- (c) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Companies Act (whichever is the earliest).

Article 48(3)

Notwithstanding Article 48(1) above but subject to the Companies Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but may sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

TAXATION

The following is a discussion of certain tax matters relating to Singapore income tax, capital gains tax, stamp duty, estate duty and Goods and Service Tax (GST) consequences in relation to the purchase, ownership and disposal of our Shares. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase our Shares. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

You, as a prospective subscriber of our Shares should consult your tax advisers concerning the tax consequences of owning and disposing our Shares. Neither our Company, our Directors nor any other persons involved in this Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

INCOME TAX

General

Singapore resident taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and on foreign income received or deemed received in Singapore. However, foreign income in the form of branch profits, dividends and service income ("specified foreign income") received or deemed received in Singapore on or after 1 June 2003 by a resident taxpayer are exempted from tax in Singapore provided the following conditions are met:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15%; and
- (iii) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign income.

As a concession, the "subject to tax condition" in (i) above would, with effect from 30 July 2004, be considered met for specified foreign income which are exempt from tax in the foreign jurisdiction from which the specified foreign income is received if the exemption is due to a tax incentive granted by the foreign jurisdiction for carrying out substantive business activities in that jurisdiction. Generally, substantive business activities refer to business activities that are carried out through staff with certain expertise and actual expenditure is incurred to carry out the activities. In addition, all foreign-sourced personal income received or deemed received in Singapore by a Singapore tax resident individual (except where such income is received through a partnership in Singapore) on or after 1 January 2004 will be exempt from tax in Singapore if the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the individual. Certain investment income derived from Singapore sources by individuals on or after 1 January 2004 will also be exempt from tax.

Non-Singapore tax-resident corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign income received or deemed received in Singapore, subject to certain exemptions. Non-Singapore tax-resident individual taxpayers, subject to certain exemptions, are subject to Singapore income tax only on income accruing in or derived from Singapore. A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Rates of Tax

The corporate tax rate in Singapore is 17% with effect from year of assessment 2010 (i.e. financial year ended 2009). In addition, 75% of up to the first S\$10,000 of a company's normal chargeable income, and 50% of up to the next S\$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. In addition, for newly incorporated companies, subject to meeting certain conditions, the first S\$100,000 and one-half of up to the next S\$200,000 of their normal chargeable income will be eligible for tax exemption.

Singapore tax-resident individuals are subject to tax based on progressive rates, currently ranging from 0% to 20%.

Non-Singapore resident individuals are generally subject to tax at 20% except that Singapore employment income is tax at a flat rate of 15% or at resident rate, whichever yield a higher tax.

Dividend Distributions

One Tier Corporate Taxation System ("One-Tier System")

The previous Imputation System was replaced by a One Tier Corporate Taxation System (One-Tier System") on 1 January 2003. Under the One-Tier System, the tax paid by a company is a final tax and the after-tax profits of the company can be distributed to shareholders as Tax Exempt (One-Tier) dividends.

Withholding Taxes

There is no withholding tax on non-Singapore tax resident Shareholders. The Company is on the one-tier corporate tax system and can only declare tax exempt (one-tier) dividends to our Shareholders in Singapore. Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

CAPITAL GAINS TAX

There is no tax on capital gains in Singapore.

Thus any gains derived from the disposal of our Shares acquired for long-term investment will not be taxable in Singapore.

On the other hand, where the taxpayer is deemed by the IRAS to be carrying on a trade or business of dealing in shares in Singapore, gains from disposal of shares are of an income nature (rather than capital gains) and thus subject to Singapore income tax.

However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and subject to tax especially if they arise from activities which the IRAS regards as the carrying on of a trade in Singapore.

Any profits from the disposal of our Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case, the disposal profit would be taxable.

STAMP DUTY

No stamp duty is payable on the subscription and issuance of our Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of S\$2.00 for every S\$1,000 or any part thereof of the consideration for, or market value of the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore. Stamp duty is also not applicable to electronic transfers of Shares through the central depository system.

ESTATE DUTY

Singapore estate duty has been abolished with effect from 15 February 2008.

GOODS AND SERVICES TAX (“GST”)

General

The issue, sale or transfer of ownership of shares is considered a supply of exempt services for Singapore GST purposes. Hence, investors would not incur any GST on the subscription price of our shares. Expenses incurred in the course of subscribing to our shares may be subject to GST if the provider of the service is GST registered, e.g. legal fees, brokerage charges, etc. Where investors are GST registered, these expenses are generally not recoverable as input tax credit from the IRAS except under certain conditions.

Investors should seek advice of their tax consultants if they are making an input tax claim.

The subsequent disposal of our shares by investors belonging in Singapore is also exempt from GST. However, the GST on expenses incurred in the process of disposal is generally not claimable as input tax credit from IRAS. These expenses may be zero-rated if the services are provided to investors belonging outside Singapore.

RULES OF THE NEO GROUP PERFORMANCE SHARE PLAN

1. NAME OF THE PSP

The PSP shall be called the “Neo Group Performance Share Plan”.

2. DEFINITIONS

2.1 In this PSP, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Adoption Date”	: The date on which the PSP is adopted by the Company in general meeting
“Auditors”	: The auditors for the time being of the Company
“Award”	: An award of Shares granted under the PSP
“Board”	: The board of Directors of the Company for the time being
“CDP”	: The Central Depository (Pte) Limited
“Commencement Date”	: The date for the commencement of the PSP
“Committee”	: The remuneration committee of the Company, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer this PSP
“Companies Act”	: The Companies Act, Chapter 50 of Singapore
“Company”	: Neo Group Limited
“Controlling Shareholder”	: A Shareholder who, in relation to the Company, has control, as further defined in Rule 2.2
“Director”	: A director of the Company for the time being
“ESOS”	: The Neo Group Employee Share Option Scheme, as modified or supplemented from time to time
“Group”	: The Company and its subsidiaries
“Group Employee”	: Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the PSP in accordance with the provisions thereof
“Group Executive Director”	: A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Listing Manual”	: Section B of the Listing Manual: Rules of Catalist, as amended, modified or supplemented from time to time
“Market Day”	: A day on which the SGX-ST is open for trading in securities

“New Shares”	: The new Shares which may be issued from time to time pursuant to the vesting of Awards granted under the PSP
“Neo Group Performance Share Plan” or “PSP”	: The Neo Group Performance Share Plan, as modified or supplemented from time to time
“Non-Executive Director”	: A director of the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director
“Option”	: The right to subscribe for Shares granted or to be granted pursuant to the ESOS
“Participant”	: A person who is selected by the Committee to participate in the PSP in accordance with the provisions of the PSP
“Performance Targets”	: The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the PSP
“Rules”	: The rules of the PSP, as the same may be amended or supplemented from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
“Shares”	: Ordinary shares in the capital of the Company
“treasury shares”	: Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company
“Vesting Date”	: In relation to Shares which are the subject of an Award which has been released in accordance with Rule 10, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares will vest pursuant to Rule 10
“\$” and “cents”	: Singapore dollars and cents respectively
“%” or “per cent.”	: Percentage or per centum

2.2 For the purposes of the PSP:

- (a) in relation to a Shareholder (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (b) unless rebutted, a person who holds directly or indirectly, a shareholding of 15% or more of the Company’s total number of issued shares excluding treasury shares shall be presumed to be a Controlling Shareholder; and
- (c) in relation to a Controlling Shareholder, his “associate” shall have the meaning ascribed to it by the Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of Catalist (as modified, supplemented or amended from time to time).

- 2.3 The terms “Depositor” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.
- 2.4 Any reference in the PSP or the Rules to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the PSP and the Rules shall have the meaning assigned to it under the Companies Act.
- 2.5 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.
- 2.6 Any reference to a time of day shall be a reference to Singapore time.

3. OBJECTIVES

- 3.1 The main objectives of the PSP are as follows:
- (a) to attract potential employees with relevant skills to contribute to the Company and to create value for Shareholders;
 - (b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of the Company;
 - (c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Company;
 - (d) to give recognition to the contributions made by the Participants to the success of the Company; and
 - (e) to retain key employees of the Company whose contributions are essential to the long-term prosperity of the Company.

4. ELIGIBILITY

- 4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the PSP at the absolute discretion of the Committee:
- (a) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and
 - (b) Non-Executive Directors (including independent Directors) who have attained the age of 21 years on or before the date of grant of the Award.
- 4.2 Controlling Shareholders shall not be eligible to participate in the PSP. However, the Associates of the Controlling Shareholders who meet the eligibility criteria in Rule 4.1 shall be eligible to participate in the PSP provided that (a) the participation of, and (b) the terms of each grant and the actual number of Awards granted under the PSP, to a Participant who is an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person.
- 4.3 Participants who are also Shareholders and are eligible to participate in this Plan must abstain from voting on any resolution relating to the participation of, or grant of Awards to the Participants.
- 4.4 Controlling Shareholder and his Associate shall abstain from voting on the resolution in relation to his participation in this Plan and grant of Awards to him.

- 4.5 For the purposes of determining eligibility to participate in the PSP, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.6 There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.
- 4.7 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the PSP may be amended from time to time at the absolute discretion of the Committee.

5. LIMITATIONS UNDER THE PSP

- 5.1 The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (a) all Awards granted under the PSP; (b) all Options granted under the ESOS; and (c) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.
- 5.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the PSP.
- 5.3 The aggregate number of Shares available to the Associates of the Controlling Shareholders (including adjustments made in accordance with Rule 11) shall not exceed 25% of the Shares available under the PSP.
- 5.4 The number of Shares available to each associate of the Controlling Shareholder (including adjustments made in accordance with Rule 11) shall also not exceed 10% of the Shares available under the PSP.

6. DATE OF GRANT

The Committee may grant Awards at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

7. AWARDS

- 7.1 The selection of the Participants and number of Shares which are the subject of each Award to be granted to a Participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.
- 7.2 In the case of a performance-related Award, the Performance Targets will be set by the Committee depending on each individual Participant's job scope and responsibilities. The Performance Targets to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with the Group, achievement of past Performance Targets, value-add to the Group's performance and development and overall enhancement to shareholder value, amongst others, will be taken into account.

- 7.3 As soon as reasonably practicable after an Award is finalised by the Committee, the Committee shall send an Award letter to the Participant confirming the said Award. The said Award letter shall specify, *inter alia*, the following:
- (a) in relation to a performance-related Award, the Performance Targets for the Participant and the period during which the Performance Targets shall be met;
 - (b) the number of Shares to be vested on the Participant; and
 - (c) the date by which the Award shall be vested.
- 7.4 The Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the predetermined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Targets. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the PSP will comply with the relevant rules of the Listing Manual.
- 7.5 Awards are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.

8. VESTING OF THE AWARDS

- 8.1 Notwithstanding that a Participant may have met his Performance Targets, no Awards shall be vested:
- (a) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;
 - (b) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion;
 - (c) subject to Rule 8.2, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
 - (d) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the PSP (as set out in Rule 3) have not been met.
- 8.2 A Participant shall be entitled to an Award so long as he has met the Performance Targets notwithstanding that he may have ceased to be employed by the Group after the fulfilment of such Performance Targets. For the purpose of this Rule 8.2, the Participant may cease to be so employed in any of the following events, namely:
- (a) through ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (b) redundancy;
 - (c) death;
 - (d) retirement at or after the legal retirement age;

- (e) retirement before the legal retirement age with the consent of the Committee; or
- (f) any other event approved by the Committee.

9. TAKE-OVER AND WINDING UP OF THE COMPANY

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall (notwithstanding that the vesting period for the Award has not expired) be entitled to the Shares under the Awards if he has met the Performance Targets which fall within the period commencing on the date on which such offer for a take-over of the Company is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of 6 months thereafter, unless prior to the expiry of such 6-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the last date on which the Performance Targets are to be met); or
- (b) the date of expiry of the period for which the Performance Targets are to be met,

provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Participant shall be obliged to fulfill such Performance Targets until the expiry of such specified date or the expiry date of the Performance Targets relating thereto, whichever is earlier, before an Award can be vested.

9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, notwithstanding the provisions herein and the fact that the vesting period for such Award has not expired but subject to Rule 9.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

9.3 If an order or an effective resolution is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that they may have been so vested shall be deemed or become null and void.

9.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Awards shall so vest in the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Targets prior to the date that the members' voluntary winding-up shall be deemed to have been commenced or effective in law.

9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.

10. RELEASE OF AWARDS

- 10.1 As soon as reasonably practicable after the end of each performance period, the Committee shall review the Performance Targets specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released.
- 10.2 The Committee shall have the discretion to determine whether Performance Targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to the Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Targets if the Committee decides that a changed Performance Targets would be a fairer measure of performance.
- 10.3 Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied that the Participant has achieved the Performance Targets.
- 10.4 Subject to the prevailing legislation and the provisions of the Listing Manual, the Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as treasury shares to the Participants.
- 10.5 In determining whether to issue New Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or purchasing existing Shares.
- 10.6 The Committee will procure, upon approval of the Board, the allotment or transfer to each Participant of the number of Shares which are to be released to that Participant pursuant to an Award under Rule 7. Any proposed issue of New Shares will be subject to there being in force at the relevant time the requisite Shareholders approval under the Companies for the issue of Shares. Any allotment of New Shares pursuant to an Award will take into account the rounding of odd lots.
- 10.7 Where New Shares are to be allotted or any Shares are to be transferred to a Participant pursuant to the release of any Award, the Vesting Date will be a trading day falling as soon as practicable after the review of the Committee referred to in Rule 10.1. On the Vesting Date, the Committee will procure the allotment or transfer of each Participant of the number of Shares so determined.
- 10.8 Where New Shares are to be allotted upon the vesting of any Award, the Company shall, as soon as practicable after allotment, where necessary, apply to the SGX-ST for the permission to deal in and for quotation of such Shares on Catalist of the SGX-ST.
- 10.9 Shares which are allotted or transferred on the release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of either:
- (a) the securities account of that Participant maintained with CDP;
 - (b) the securities sub-account of that Participant maintained with a Depository Agent; or
 - (c) the CPF investment account maintained with a CPF agent bank,

in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.

10.10 New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award, shall be subject to all the provisions of the Memorandum and Articles of Association of the Company and the Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the date of issue of the New Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

10.11 Shares which are allotted, and/or treasury shares which are transferred, on the vesting of an Award to a Participant, may be subject to such moratorium as may be imposed by the Committee.

11. VARIATION OF CAPITAL

11.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or

(b) the class and/or number of Shares over which future Awards may be granted under the PSP,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

11.2 Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

(a) the issue of securities as consideration for an acquisition or a private placement of securities;

(b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on Catalist of the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;

(c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to share option scheme or share plan approved by Shareholders in general meeting, including the PSP; and

(d) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

11.3 Notwithstanding the provisions of Rule 11.1:

(a) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and

(b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

11.4 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.

12. ADMINISTRATION OF THE PSP

- 12.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 12.2 The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the PSP) for the implementation and administration of the PSP as they think fit including, but not limited to:
- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
 - (b) amending Performance Targets if by so doing, it would be a fairer measure of performance for a Participant or for the PSP as a whole.
- 12.3 Any decision of the Committee made pursuant to any provision of the PSP (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested) or to disputes as to the interpretation of the PSP or any rule, regulation, procedure thereunder or as to any rights under the PSP.

13. NOTICES AND ANNUAL REPORT

- 13.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 13.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 13.3 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the PSP continues in operation:
- (a) the names of the members of the Committee administering the PSP;
 - (b) in respect of the following Participants:
 - (i) Directors of the Company; and
 - (ii) Participants (other than those in paragraph (b)(i) above) who have received Shares pursuant to the vesting of the Awards granted under the PSP which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the PSP, the following information:
 - (aa) the name of the Participant;
 - (bb) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;
 - (cc) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the PSP to the end of the financial year under review;
 - (dd) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the PSP since the commencement of the PSP to the end of the financial year under review;

(ee) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and

(c) such other information as may be required by the Listing Manual or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included.

14. MODIFICATIONS TO THE PSP

14.1 Any or all the provisions of the PSP may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:

- (a) any modification or alteration which would be to the advantage of Participants under the PSP shall be subject to the prior approval of Shareholders in a general meeting; and
- (b) no modification or alteration shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.

14.2 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Participants.

15. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant (who is a Group Employee) shall not be affected by his participation in the PSP, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

16. DURATION OF THE PSP

16.1 The PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the PSP may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

16.2 The PSP may be terminated at any time at the discretion of the Committee or by an ordinary resolution of the Company in general meeting subject to all other relevant approvals which may be required and if the PSP is so terminated, no further Awards shall be offered by the Company thereunder.

16.3 Notwithstanding the expiry or termination of the PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

17. TAXES

All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the PSP shall be borne by that Participant.

18. COSTS AND EXPENSES

18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the PSP to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the PSP including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or transferring the Shares or applying for or procuring the listing of the Shares on Catalist of the SGX-ST.

20. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

21. CONDITION OF AWARDS

Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

22. GOVERNING LAW

The PSP shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the PSP, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

RULES OF THE NEO GROUP EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THE ESOS

The ESOS shall be called the “Neo Group Employee Share Option Scheme”.

2. DEFINITIONS

- 2.1 In the ESOS, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<i>“Act”</i>	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time.
<i>“Associate”</i>	Has the meaning assigned to it by the Listing Manual, as amended, modified or supplemented from time to time.
<i>“Auditors”</i>	The auditors of the Company for the time being.
<i>“Awards”</i>	An award of Shares granted under the PSP.
<i>“Board”</i>	The board of directors of the Company.
<i>“CDP”</i>	The Central Depository (Pte) Limited.
<i>“CPF”</i>	Central Provident Fund.
<i>“Committee”</i>	The remuneration committee of the Company, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer this ESOS.
<i>“Company”</i>	Neo Group Limited.
<i>“control”</i>	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of the Company.
<i>“Controlling Shareholder”</i>	A shareholder exercising control over the Company and unless rebutted, a person who controls directly or indirectly 15% or more of the Company’s issued share capital shall be presumed to be a Controlling Shareholder of the Company.
<i>“Date of Grant”</i>	In relation to an Option, the date on which the Option is granted to a Participant pursuant to Rule 7.
<i>“Director”</i>	A person holding office as a director for the time being of the Company and/or its Subsidiaries, as the case may be.
<i>“ESOS”</i>	The Neo Group Employee Share Option Scheme, as the same may be modified or altered from time to time.
<i>“Executive Director”</i>	A director of the Company and/or its Subsidiaries, as the case may be, who performs an executive function within the Company or the relevant Subsidiary, as the case may be.

<i>“Exercise Price”</i>	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 9, as adjusted in accordance with Rule 10.
<i>“Grantee”</i>	A person to whom an offer of an Option is made.
<i>“Group”</i>	The Company and its Subsidiaries.
<i>“Group Employee”</i>	Any confirmed employee of the Group (including any Executive Director) selected by the Committee to participate in the ESOS in accordance with Rule 4.
<i>“Listing Manual”</i>	Section B of the Listing Manual: Rules of Catalist, as amended, modified or supplemented from time to time.
<i>“Market Day”</i>	A day on which the SGX-ST is open for trading in securities.
<i>“Market Price”</i>	A price equal to the average of the last dealt prices for the Shares on Catalist over the five consecutive Trading Days immediately preceding the Date of Grant of that Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices.
<i>“Non-Executive Director”</i>	A director of the Company and/or its Subsidiaries, as the case may be, other than an Executive Director but including the independent Directors of the Company.
<i>“Offer Date”</i>	The date on which an offer to grant an Option is made pursuant to the ESOS.
<i>“Option”</i>	The right to subscribe for Shares granted or to be granted to a Group Employee pursuant to the ESOS and for the time being subsisting.
<i>“Participant”</i>	The holder of an Option.
<i>“PSP”</i>	The Neo Group Performance Share Plan, as the same may be modified or altered from time to time.
<i>“Record Date”</i>	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.
<i>“Rules”</i>	Rules of the Neo Group Employee Share Option Scheme.
<i>“securities account”</i>	The securities account maintained by a Depositor with CDP.
<i>“SGX-ST”</i>	Singapore Exchange Securities Trading Limited.
<i>“Shareholders”</i>	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose securities accounts are credited with Shares.

<i>“Shares”</i>	Ordinary shares in the capital of the Company.
<i>“Sponsor”</i>	CIMB Bank Berhad, Singapore Branch (or such other sponsor as may be appointed by the Company from time to time).
<i>“Subsidiaries”</i>	Companies which are for the time being subsidiaries of the Company as defined by Section 5 of the Act; and “Subsidiary” means each of them.
<i>“Trading Day”</i>	A day on which the Shares are traded on the Official List of Catalist.
<i>“per cent.”</i>	Percentage or per centum.
<i>“S\$” or “\$” and “cents”</i>	Singapore dollars and cents respectively.

- 2.2 The term “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to it by Section 130A of the Act and the term “associate” shall have the meaning ascribed to it by the Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of Catalist (as modified, supplemented or amended from time to time).
- 2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference to a time of a day in the ESOS is a reference to Singapore time.
- 2.5 Any reference in the ESOS to any enactment is a reference to that enactment as for the time being amended or re-enacted. Unless otherwise defined, any word defined under the Act or any statutory modification thereof and used in the ESOS shall have the meaning assigned to it under the Act.

3. OBJECTIVES OF THE ESOS

- 3.1 The ESOS will provide an opportunity for Group Employees who have contributed significantly to the growth and performance of the Group (including Executive Directors) and Non-Executive Directors (including Independent Directors) and who satisfy the eligibility criteria as set out in Rule 4 of the ESOS, to participate in the equity of the Company.
- 3.2 The ESOS is primarily a share incentive scheme. It recognises the fact that the services of such Group Employees are important to the success and continued well-being of the Group. Implementation of the ESOS will enable the Company to give recognition to the contributions made by such Group Employees. At the same time, it will give such Group Employees an opportunity to have a direct interest in the Company and will also help to achieve the following positive objectives:
- (a) to motivate each Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
 - (b) to retain key employees and Directors whose contributions are essential to the long-term growth and profitability of the Group;
 - (c) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of, the Company;
 - (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
 - (e) to align the interests of the Participants with the interests of the Shareholders.

4. ELIGIBILITY

- 4.1 Confirmed Group Employees (including Executive Director) and Non-Executive Directors (including Independent Director) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors, shall be eligible to participate in the ESOS at the absolute discretion of the Committee.
- 4.2 Controlling Shareholders shall not be eligible to participate in the ESOS. However, their Associates who have contributed to the development and success of the Group shall be eligible to participate in the ESOS, provided that (a) the participation of, and (b) the terms of any Options to be granted and the actual number of Options to be granted under the ESOS, to a Participant who is an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person. The Company will at such time provide the rationale and justification for any proposal to grant the Associates of the Controlling Shareholders any options (including the rationale for any discount to the market price, if so proposed).
- Such Controlling Shareholder and his Associate shall abstain from voting on the resolution in relation to his participation in this ESOS and the grant of Options to him.
- 4.3 For the purposes of determining eligibility to participate in the ESOS, the secondment of a confirmed Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.4 There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other companies within the Group.
- 4.5 Subject to the Act and any requirement of the SGX-ST, the terms of eligibility for participation in the ESOS may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

5. MAXIMUM ENTITLEMENT

- 5.1 Subject to Rule 4, Rule 5.1, Rule 5.2 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the ESOS shall be determined the discretion of the Committee, who shall take into account criteria such as rank, past performance, years of service and potential development of the Participant.
- 5.2 The aggregate number of Shares issued and issuable in respect of all Options granted under the ESOS available to the Associates of the Controlling Shareholders shall not exceed 25% of the total number of Shares available under the ESOS.
- 5.3 The number of Shares issued and issuable in respect of all Options granted under the ESOS available to each Associate of a Controlling Shareholder under the ESOS shall not exceed 10% of the total number of Shares available under the ESOS.

6. LIMITATION ON SIZE OF THE ESOS

The total number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of (a) all Options granted under the ESOS; (b) all Awards granted under the PSP; and (c) all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15% of the number of issued Shares (including treasury shares, as defined in the Companies Act) on the day immediately preceding the Offer Date of the Option.

7. OFFER DATE

The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the ESOS is in force, except that no Option shall be granted during the period of thirty (30) days immediately preceding the date of announcement of the Company's interim and/or final results (as the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day on which such announcement is released.

An offer to grant the Option to a Grantee shall be made by way of a letter (the "Letter of Offer") in the form or substantially in the form set out in Schedule A, subject to such amendments as the Committee may determine from time to time.

8. ACCEPTANCE OF OFFER

An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the thirtieth (30th) day from such Offer Date (a) by completing, signing and returning to the Company the acceptance form ("Acceptance Form") in or substantially in the form set out in Schedule B, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the ESOS in accordance with these Rules.

If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8.1, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.

The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or exercise notice ("Exercise Notice") in or substantially in the form set out in Schedule C given pursuant to Rule 12 which does not strictly comply with the terms of the ESOS.

Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 11.6 in the event of the death of such Grantee.

The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 1,000 Shares.

In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Participant shall have no claim whatsoever against the Company.

Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:

- (a) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period; or
- (b) the Grantee dies prior to his acceptance of the Option; or
- (c) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or

- (d) the Grantee being a Group Employee ceases to be in the employment of the Group or (being a Director) ceases to be a Director of the Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or
- (e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

9. EXERCISE PRICE

Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be determined by the Committee and permitted by the SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:

- (a) the performance of the Company and/or its Subsidiaries, as the case may be;
- (b) the years of service and individual performance of the eligible Group Employee or Director;
- (c) the contribution of the eligible Group Employee or Director to the success and development of the Company and/or the Group; and
- (d) the prevailing market conditions.

In the event that the Company is no longer listed on Catalist or any other relevant stock exchange or trading in the Shares on Catalist or such stock exchange is suspended for any reason for fourteen (14) days or more, the Exercise Price for each Share in respect of which an Option is exercisable shall be the fair market value of each such Share as determined by the Committee in good faith.

10. ALTERATION OF CAPITAL

- 10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (a) the Exercise Price for the Shares, class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made:

- (a) if as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (b) unless the Committee, after considering all relevant circumstances, considers it equitable to do so.

10.3 The issue of securities as consideration for an acquisition of any assets by the Company, or the cancellation of issued Shares purchased or acquired by the Company by way of market purchase of such Shares undertaken by the Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10, unless the Committee considers an adjustment to be appropriate, having due regard to the interests of Shareholders and Participants.

10.4 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 10.

10.5 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

11. OPTION PERIOD

11.1 Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by a Participant after the first anniversary of the Offer Date of that Option, provided always that the Options shall be exercised before the tenth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

11.2 Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by a Participant after the second anniversary from the Offer Date of that Option, provided always that the Options shall be exercised before the tenth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:

- (a) subject to Rules 11.4, 11.5 and 11.6, upon the Participant ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever; or
- (b) upon the bankruptcy of the Participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or
- (c) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

For the purpose of Rule 11.3(a), a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

11.4 If a Participant ceases to be employed by the Group by reason of his:

- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (b) redundancy;
- (c) retirement at or after a normal retirement age; or
- (d) retirement before that age with the consent of the Committee,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Participant ceases to be employed by a Subsidiary:

- (a) by reason of the Subsidiary, by which he is principally employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within the Group; or
- (b) for any other reason, provided the Committee gives its consent in writing, he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 If a Participant, who is also an Executive Director, ceases to be a Director for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in Schedule C (the "Exercise Notice"), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier's order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the abovementioned Notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

12.2 Subject to:

- (a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary; and

- (b) compliance with the Rules, the Act and the Memorandum of Association of the Company, the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within ten (10) Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares in respect of which such Option has been exercised by the Participant and within five (5) Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.
- 12.3 The Company shall, if necessary, as soon as practicable after the exercise of an Option, apply for the listing and quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.
- 12.4 Shares which are allotted on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in the name of CDP to the credit of the securities account of the Participant maintained with CDP or the Participant's securities sub-account with a CDP Depository Agent.
- 12.5 Shares allotted and issued upon the exercise of an Option shall be subject to all provisions of the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.
- 12.6 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

13. MODIFICATIONS TO THE ESOS

- 13.1 Any or all the provisions of the ESOS may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
 - (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) of the total number of Shares which would fall to be allotted upon exercise in full of all outstanding Options;
 - (b) any modification or alteration which would be to the advantage of Participants under the ESOS shall be subject to the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of the Sponsor or (if required) any other stock exchange on which the Shares are quoted and listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the Sponsor) amend or alter the ESOS in any way to the extent necessary to cause the ESOS to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body.
- 13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Participants.

14. DURATION OF THE ESOS

- 14.1 The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which the ESOS is adopted by the Company in general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the ESOS may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The ESOS may be terminated at any time by the Committee or by ordinary resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the ESOS is so terminated, no further Options shall be offered by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the ESOS shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

15. TAKE-OVER AND WINDING UP OF THE COMPANY

- 15.1 In the event of a take-over offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rules 11.1 and 11.2) holding Options as yet unexercised shall, notwithstanding Rules 11 and 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part during the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:
 - (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and the Sponsor, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or
 - (b) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void.

Provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11.3, remain exercisable until the expiry of the Option Period.

- 15.2 If, under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another corporation or corporations, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and 11.2) shall notwithstanding Rules 11 and 12 but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, Provided always that the date of exercise of any Option shall be before the expiry of the relevant Option Period.

- 15.3 If an order or an effective resolution is passed for the winding up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 15.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 15.4) and thereupon, each Participant (or his personal representative) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the shares in respect of which the notice is given whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.
- 15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.
- 15.6 If the events stipulated in this Rule 15 should occur, to the extent that an Option is not exercised within the respective periods referred to herein in this Rule 15, it shall lapse and become null and void.

16. ADMINISTRATION OF THE ESOS

- 16.1 The ESOS shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred upon it by the Board.
- 16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the ESOS) as it may consider necessary, desirable or expedient for it to administer and give effect to the ESOS.
- 16.3 Any decision of the Committee, made pursuant to any Rule of the ESOS (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Rules of the ESOS or any rule, regulation or procedure thereunder or as to any rights under the ESOS).
- 16.4 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him.

17. NOTICES

- 17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.
- 17.2 Any notice or documents given by the Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

18. TERMS OF EMPLOYMENT UNAFFECTED

- 18.1 The ESOS or any Option shall not form part of any contract of employment between the Company or any Subsidiary (as the case may be) and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the ESOS or any right which he may have to participate in it or any Option which he may hold and the ESOS or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 18.2 The ESOS shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company or any Subsidiary.

19. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the ESOS shall be borne by that Participant.

20. COSTS AND EXPENSES OF THE ESOS

- 20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 19 which shall be payable by the relevant Participant.
- 20.2 Save for such costs and expenses expressly provided in the Rules to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the ESOS including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

21. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

22. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the ESOS, including but not limited to the Company's delay in allotting and issuing the Shares or in applying for or procuring the listing of the Shares on Catalist (or any other relevant stock exchange).

23. DISCLOSURE IN ANNUAL REPORT

The Company shall make the following disclosure in its annual report:

- (a) The names of the members of the Committee;
- (b) The information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Options in any particular financial year):
 - (i) participants who are Directors of the Company; and

- (ii) participants who are controlling shareholders of the Company and their associates; and
- (iii) participants, other than those in (i) and (ii) above, who receive 5% or more of the total number of options available under the scheme;

Name of Participant	Options granted during financial year under review (including terms)	Aggregate Options granted since commencement of the ESOS to end of financial year under review	Aggregate Options exercised since commencement of the ESOS to end of financial year under review	Aggregate Options outstanding as at end of financial year under review
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- (c) In respect of options granted to directors and employees of the parent company and its subsidiaries:
 - (i) the names of and number and terms of options granted to each director or employee of the parent company and its subsidiaries who receives 5% or more of the total number of options available to all directors and employees of the parent company and its subsidiaries under the scheme, during the financial year under review; and
 - (ii) the aggregate number of options granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of the scheme to the end of the financial year under review.
- (d) The number and proportion of Options granted at the following discounts to average market value of the Shares in the financial year under review:
 - (i) Options granted at up to 10% discount; and
 - (ii) Options granted at between 10% but not more than 20% discount.

Provided that if any of the above requirements is not applicable, an appropriate negative statement must be included.

24. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the ESOS shall abstain from voting on any Shareholders' resolution relating to the ESOS.

25. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

26. GOVERNING LAW

The ESOS shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the ESOS, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

Schedule A

NEO GROUP EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: _____

Date: _____

To: [Name]
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam,

1. We have the pleasure of informing you that, pursuant to the Neo Group Employee Share Option Scheme (the "ESOS"), you have been nominated to participate in the ESOS by the Committee (the "Committee") appointed by the Board of Directors of Neo Group Limited (the "Company") to administer the ESOS. Terms as defined in the Rules of the ESOS shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option (the "Option"), to subscribe for and be allotted _____ Shares at the price of S\$_____ per Share.
3. The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Committee.
4. The Option shall be subject to the terms of the ESOS, a copy of which is available for inspection at the business address of the Company.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on _____, failing which this offer will lapse.

Yours faithfully,

For and on behalf of

Neo Group Limited

Name:

Designation:

Schedule B

NEO GROUP EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No: _____

Date: _____

To: The Committee,
Neo Group Employee Share Option Scheme
Neo Group Limited
6A Wan Lee Road,
Singapore 627938

Closing Date for Acceptance of Offer	:	_____
Number of Shares Offered	:	_____
Exercise Price for each Share	:	S\$ _____
Total Amount Payable	:	S\$ _____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and ESOS referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares at S\$_____ per Share. I enclose cash for S\$1.00 in payment for the purchase of the Option/I authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I further acknowledge and confirm that you have not made any representation to induce me to accept the offer in respect of the said Option and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

Please print in block letters

Name in full	:	_____
Designation	:	_____
Address	:	_____
Nationality	:	_____
*NRIC/Passport No.	:	_____
Signature	:	_____
Date	:	_____

Note:

* Delete where inapplicable

Schedule C

NEO GROUP EMPLOYEE SHARE OPTION SCHEME

EXERCISE NOTICE

Total number of ordinary shares (the "Shares") offered at S\$_____ per Share (the "Exercise Price") under the ESOS on _____ (Date of Grant)	_____
Number of Shares previously allotted thereunder	_____
Outstanding balance of Shares to be allotted thereunder	_____
Number of Shares now to be subscribed	_____

To: The Committee,

Neo Group Limited
6A Wan Lee Road
Singapore 627938

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares in Neo Group Limited (the "Company") at S\$_____ per Share.
2. I enclose a *cheque/cashiers order/banker's draft/postal order no. _____ for S\$_____ by way of subscription for the total number of the said Shares.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Neo Group Employee Share Option Scheme and the Memorandum and Articles of Association of the Company.
4. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.
5. I request the Company to allot and issue the Shares in the name of The Central Depository (Pte) Limited ("CDP") for credit of my *securities account with CDP/Sub-Account with the Depository Agent/CPF investment account with my Agent Bank specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP in respect thereof.

Please print in block letters

Name in full	:	
Designation	:	
Address	:	
Nationality	:	
* NRIC/Passport No	:	
* Direct Securities Account No.:	:	
OR		
* Sub Account No.	:	
Name of Depository Agent	:	
OR		
* CPF Investment Account No.	:	
Name of Agent Bank	:	
Signature	:	
Date	:	

Note:

* Delete where inapplicable

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the New Shares at the Issue Price for each New Share subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for Offer Shares may be made by way of the printed **WHITE** Offer Shares Application Forms or by way of Electronic Applications through ATMs belonging to the Participating Banks ("**ATM Electronic Applications**") or through Internet Banking ("**IB**") websites of the relevant Participating Banks ("**Internet Electronic Applications**", which together with ATM Electronic Applications, shall be referred to as "**Electronic Applications**").

Your application for the Placement Shares may only be made by way of printed Placement Shares Application Forms or such other forms of application as the Sponsor deem appropriate.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE NEW SHARES.

3. **You (not being an approved nominee company) are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares. If you submit an application for Offer Shares by way of an Offer Shares Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor, the Underwriter and the Placement Agent.**

If you submit an application for Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor, the Underwriter and the Placement Agent.

If you, being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of an Offer Shares Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor, the Underwriter and the Placement Agent.

If you have made an application for Placement Shares, you should not make any application for Offer Shares either by way of an Application Form or by way of an Offer Shares Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor, the Underwriter and the Placement Agent.

Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of an Offer Shares Application Form, you may not make any application for Placement Shares. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor and the Underwriter and the Placement Agent.

Joint and multiple applications for the New Shares may be rejected at the discretion of our Company, the Sponsor and the Underwriter and Placement Agent. If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares or both Offer Shares and Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company, the Sponsor and the Underwriter and Placement Agent.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the case of an Electronic Application, contained in records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**
9. **Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

10. Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company with regards hereto will be entertained. This right applies to applications made by way of Application Forms or such other forms of application as the Sponsor may deem appropriate and by way of Electronic Applications. In deciding the basis of allotment, which shall be at our discretion, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
11. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted to you. This authorisation applies to applications made by way of Application Forms or such other forms of application as the Sponsor may deem appropriate and by way of Electronic Applications.

You hereby consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residency status, CDP Securities Account number, CPF Investment Account number (if applicable) and shares application amount from your account with the relevant Participating Bank to the Share Registrar, SCCS, SGX-ST, CDP, CPF, our Company, the Sponsor, the Underwriter and the Placement Agent.

12. In the event of an under-subscription for Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for the Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

In the event of an under-subscription for Placement Shares as at the close of the Application List, that number of Placement Shares under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

In the event of an over-subscription for Offer Shares as at the close of the Application List and Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Directors after consultation with the Sponsor and the Underwriter and the Placement Agent.

In all the above instances, the basis of allotment of the New Shares as may be decided by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public as soon as practicable via an announcement through the SGX-ST and through an advertisement in a local newspaper.

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted to you pursuant to your application, to us, the Sponsor, the Underwriter and the Placement Agent and any other parties so authorised by the foregoing persons.
14. Any reference to **“you”** or the **“applicant”** in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application and a person applying for the Placement Shares through the Placement Agent.

15. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the “Enter” or “OK” or “**Confirm**” or “**Yes**” or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking “**Submit**” or “**Continue**” or “**Yes**” or “**Confirm**” or any other relevant button on the IB website screen of the relevant Participating Banks (as the case may be) in accordance with the provisions of this Offer Document, you:
- (a) irrevocably offer, agree and undertake to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price for each New Share and agree that you will accept such New Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Memorandum and Articles of Association of our Company for application;
 - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and those set out in the IB websites or ATMs of the relevant Participating Banks, the terms and conditions set out in this Offer Document shall prevail;
 - (c) agree that the aggregate Issue Price for the New Shares applied for is due and payable to our Company forthwith;
 - (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any New Shares to you; and
 - (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Sponsor, the Underwriter and the Placement Agent will infringe any such laws as a result of the acceptance of your application.
16. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares and the New Shares on a “when-issued” basis on Catalist;
 - (b) the Management Agreement and the Underwriting and Placement Agreement referred to in the section entitled “General and Statutory Information - Management, Underwriting and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
 - (c) the SGX-ST, acting as an agent on behalf of the Authority, has not served a stop order (“**Stop Order**”) which directs that no or no further shares to which this Offer Document relates be allotted or issued.
17. In the event that a Stop Order in respect of the New Shares is served by the SGX-ST, acting as an agent on behalf of the Authority or other Competent authority, and
- (a) in the case where the New Shares have not been issued, all applications shall be deemed to have been withdrawn and cancelled and our Company shall refund (at your own risk) all monies paid on account of your application of the New Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

- (b) in the case where the New Shares have already been issued but trading has not commenced, the issue of the New Shares shall be deemed to be void, and:
 - (i) if documents purporting to evidence title had been issued to you, our Company shall inform you to return such documents to our Company within 14 days from that date; and
 - (ii) we will refund (at your own risk) all monies paid on account of your application for the New Shares (without interest or any Share of revenue or other benefit arising therefrom).

This shall not apply where only an interim Stop Order has been served.

- 18. In the event that an interim Stop Order in respect of the New Shares is served by the SGX-ST, acting as an agent on behalf of the Authority, or other competent authority, no New Shares shall be issued to you during the time when the interim Stop Order is in force.
- 19. The SGX-ST, acting as an agent on behalf of the Authority, is not able to serve a Stop Order in respect of the New Shares if the New Shares have been issued, listed for quotation on a securities exchange and trading in the New Shares has commenced.
- 20. We will not hold any application in reserve.
- 21. We will not allot Shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST.
- 22. Additional terms and conditions for applications by way of Application Forms are set out on pages I-5 to I-8 of this Offer Document.
- 23. Additional terms and conditions for applications by way of Electronic Applications are set out on pages I-9 to I-13 of this Offer Document.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out under the section entitled “Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document, as well as the Memorandum and Articles of Association of our Company.

- 1. Your application for the Offer Shares must be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B” for Offer Shares, the **BLUE** Placement Shares Application Forms and **BLUE** official envelopes for Placement Shares, accompanying and forming part of this Offer Document.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance.**

- 2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
- 3. All spaces in the Application Forms except those under the heading “**FOR OFFICIAL USE ONLY**” must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as it appears in your identity cards (if you have such an identification document) or in your passports and, in the case of a corporation, in your full name as registered with a competent authority. If you are a non-individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company's Share Registrar and Share Transfer Office. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporation.

6. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**NEO GROUP LIMITED SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", and with your name and address written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.** We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement or receipt will be issued by our Company, or the Sponsor for applications and application monies received.
7. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Invitation is cancelled by us following the termination of the Management Agreement and/or the Underwriting and Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within five Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a Stop Order by the SGX-ST, acting as an agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.

8. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
9. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Sponsor and/or any other party involved in the Invitation, and if, in any such event, our Company and/or the Sponsor does not receive your Application Form, you shall have no claim whatsoever against our Company, the Sponsor, the Underwriter and the Placement Agent and/or any other party involved in the Invitation for the New Shares applied for or for any compensation, loss or damage.
10. By completing and delivering the Application Form, you agree that:
 - (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 9 July 2012** or such other time or date as our Company may, in consultation with the Sponsor, decide:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (b) neither our Company, the Sponsor, the Underwriter, the Placement Agent nor any other party involved in the Invitation shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;
 - (c) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (d) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
 - (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
 - (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor, the Underwriter, the Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;
 - (g) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Sponsor, the Underwriter, the Placement Agent or other authorised operators; and
 - (h) you irrevocably agree and undertake to subscribe for the number of New Shares applied for as stated in the Application Form or any smaller number of such New Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot and/or allocate a smaller number of New Shares or not to allot and/or allocate any New Shares to you, you agree to accept such decision as final.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes "A" and "B". **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. You must:
 - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Offer Document in the **WHITE** official envelope "A" provided;
 - (b) in the appropriate spaces on **WHITE** official envelope "A":
 - (i) write your name and address;
 - (ii) state the number of Offer Shares applied for;
 - (iii) tick the relevant box to indicate the form of payment; and
 - (iv) affix adequate Singapore postage;
 - (c) Seal the **WHITE** official envelope "A";
 - (d) write, in the special box provided on the larger **WHITE** official envelope "B" addressed to **Boardroom Corporate & Advisory Services Pte. Ltd.**, the number of Offer Shares for which the application is made; and
 - (e) insert **WHITE** official envelope "A" into **WHITE** official envelope "B", seal **WHITE** official envelope "B", affix adequate Singapore postage on **WHITE** official envelope "B" (if despatched by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND**, the documents at your own risk to **Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623**, to arrive by **12.00 noon on 9 July 2012 or such other time as our Company may, in consultation with the Sponsor, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Placement Shares

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623**, to arrive by **12.00 noon on 9 July 2012 or such other time as our Company may, in consultation with the Sponsor, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. For illustration purposes, the procedures for Electronic Applications through the ATMs and the IB website of the UOB Group are set out respectively in the **“Steps for an ATM Electronic Application through ATMs of the UOB Group”** and the **“Steps for an Internet Electronic Application through the IB website of the UOB Group”** (collectively, the **“Steps”**) appearing on pages I-14 to I-17 of this Offer Document.

The Steps set out the actions that you must take at an ATM or the IB website of the UOB Group to complete an Electronic Application. Please read carefully the terms of this Offer Document, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to **“you”** or the **“applicant”** in this section **“Additional Terms and Conditions for Electronic Applications”** and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with an IB User Identification (**“User ID”**) and a Personal Identification Number/Password (**“PIN”**) given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of the UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (**“Transaction Record”**), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application, there will be an on-screen confirmation (**“Confirmation Screen”**) of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that

- (a) you are currently in Singapore at the time of making such application;
- (b) your mailing address for IB with the relevant Participating Bank is in Singapore;
- (c) you are not a US person⁽¹⁾ (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended from time to time);

and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected.

Note:

- (1) For details, please refer to the definition of “US person” on the IB websites.

You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below and those set out under the section entitled “Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:
 - (a) **that you have received a copy of this Offer Document (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;**
 - (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, share application amount, CPF Investment Account number (if applicable) and CDP Securities Account number and application details (the “Relevant Particulars”) with the relevant Participating Bank to the CDP, CPF, SCCS, SGX-ST, Share Registrar, our Company, the Sponsor, the Underwriter and the Placement Agent or other authorised operators (the “Relevant Parties”); and**
 - (c) **that this is your only application for Offer Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES, WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATM or the IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of the relevant Participating Bank for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and/or to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.
5. **We will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

In the event that the Invitation is cancelled by us following the termination of the Management Agreement and/or the Underwriting and Placement Agreement pursuant to the Management Agreement and the Underwriting and Placement Agreement, on and subject to the terms and conditions of this Offer Document, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by being automatically credited to you in Singapore currency within 14 days of the termination of the Invitation. In the event that the Invitation is cancelled following the issuance of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, or by any other competent authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to you in Singapore currency within 14 days from the date of the Stop Order.

Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on Catalist. You may also call CDP Phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment via an announcement through the SGX-ST and by advertisement in a generally circulating daily press). To sign up for the service, you may contact CDP customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, the Sponsor, the Underwriter nor the Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks.

If you make Electronic Applications through the ATMs or the IB websites of the following Participating Banks, you may check the provisional results of your Electronic Applications as follows:

Bank	Telephone	Available at ATM/Internet	Operating Hours	Service Expected From
UOB Group	1 800 222 2121	ATM ⁽¹⁾ (Other Transactions – “IPO Results Enquiry”) http://www.uobgroup.com ⁽¹⁾	ATM/Phone Banking 24 hours a day Internet Banking 24 hours a day	Evening of the balloting day
DBS Bank	1 800 339 6666 (for POSB account holders) 1 800 111 1111 (for DBS account holders)	Internet Banking http://www.dbs.com ⁽²⁾	24 hours a day	Evening of the balloting day
OCBC	1 800 363 3333	ATM / Phone Banking / Internet Banking http://www.ocbc.com	24 hours a day	Evening of the balloting day

Notes:

- (1) If you have made your Electronic Application through the ATMs or IB website of the UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking Services.
- (2) If you have made your Electronic Application through the ATMs or IB website of DBS Bank, you may check the results of your application through the channel listed above.

7. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Sponsor and the Underwriter and Placement Agent and if, in any such event, our Company, the Sponsor and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, our Directors, the Sponsor and the Underwriter and the Placement Agent and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage. CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to the electronic application.
8. Electronic Applications shall close at **12.00 noon on 9 July 2012** or such other time as our Company may, in consultation with the Sponsor, decide. Subject to the paragraph above, an Internet Electronic Application is deemed to be received when it enters the designated information system of the relevant Participating Bank.
9. You are deemed to have irrevocably requested and authorised our Company to:
- register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;
 - send the relevant Share certificate(s) to CDP;

- (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) of the application monies in Singapore currency, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting of applications. PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated shares issue account; and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore currency, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated shares issue account.
10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.
 11. All your particulars in the records of your relevant Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.
 12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.
 13. By making and completing an Electronic Application, you are deemed to have agreed that:
 - (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks as the agents of our Company, at the ATMs and IB websites (if any):
 - (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (b) neither our Company, the Sponsor, the Underwriter, the Placement Agent, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 above or to any cause beyond our respective controls;
 - (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;
 - (d) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and
 - (e) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor, the Underwriter, the Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained.

Steps for Electronic Applications through the ATMs and the IB website of the UOB Group

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through ATMs or through the IB website of the UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than the UOB Group) may differ from that represented below.

Steps for an ATM Electronic Application through ATMs of the UOB Group

Owing to space constraints on the UOB Group's ATM screens, the following terms will appear in abbreviated form:

"&"	:	and
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	THE CENTRAL PROVIDENT FUND
"NRIC" or "IC"	:	National Registration Identity Card
"PIN"	:	PERSONAL IDENTIFICATION NUMBER
"PR"	:	Permanent Resident
"SCCS"	:	SECURITIES CLEARING AND COMPUTER SERVICES (PTE) LIMITED

Step 1 : Insert your personal Unicaard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.

2 : Select **"CASHCARD/OTHER TRANSACTIONS"**.

3 : Select **"SECURITIES APPLICATION"**.

4 : Select the share counter which you wish to apply for.

5 : Read and understand the following statements which will appear on the screen:

- **THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES), WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT OR SUPPLEMENTARY DOCUMENTS. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT OR SUPPLEMENTARY DOCUMENTS.**

(Press **"ENTER"** to continue)

- **PLEASE CALL 1800 222 2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT OR SUPPLEMENTARY DOCUMENT.**
- **WHERE APPLICABLE, A COPY OF THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND / OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT OR SUPPLEMENTARY DOCUMENT.**

(Press **"ENTER"** key to continue)

6 : Read and understand the following terms which will appear on the screen:

- **YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT / SUPPLEMENTARY DOCUMENT AND THIS ELECTRONIC APPLICATION.**

(Press **"ENTER"** to continue)

- **YOU CONSENT TO DISCLOSE YOUR NAME, IC/PASSPORT, NATIONALITY, ADDRESS, APPLICATION AMOUNT, CPF INVESTMENT ACCOUNT NUMBER AND CDP ACCOUNT NUMBER FROM YOUR ACCOUNTS TO CDP, CPF, SCCS, SHARE REGISTRARS, SGX-ST AND ISSUER/VENDOR(S).**
- **THIS IS YOUR ONLY FIXED PRICE APPLICATION AND IS IN YOUR NAME AND AT YOUR RISK.**

(Press **"ENTER"** to continue)

7 : Screen will display:

NRIC/Passport No. XXXXXXXXXXXX

IF YOUR NRIC / PASSPORT NUMBER IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.

(Press **"CANCEL"** or **"CONFIRM"**)

8 : Select mode of payment i.e. **"CASH ONLY"**. You will be prompted to select Cash Account type to debit (i.e., **"CURRENT ACCOUNT / I-ACCOUNT"**, **"CAMPUS ACCOUNT"** OR **"SAVINGS ACCOUNT / TX-ACCOUNT"**). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.

9 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of the UOB Group). If this is the first time you are using the UOB Group's ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of the UOB Group, and the following screen will be displayed for your input of your CDP Securities Account number.

10 : Read and understand the following terms which will appear on the screen:

1. **YOU ARE REQUIRED TO ENTER YOUR CDP ACCOUNT NUMBER FOR YOUR FIRST IPO / SECURITIES APPLICATION. THIS ACCOUNT NUMBER WOULD BE DISPLAYED FOR FUTURE APPLICATIONS.**
2. **DO NOT APPLY FOR YOUR JOINT ACCOUNT HOLDER OR THIRD PARTIES.**
3. **PLEASE ENTER YOUR OWN CDP ACCOUNT NUMBER (12 DIGITS) & PRESS ENTER.**

If you wish to terminate the transaction, please press **"CANCEL"**.

11 : Key in your CDP Securities Account number (12 digits) and select **"CONFIRM - YES"**.

12 : Select your nationality status.

- 13 : Key in the number of Shares you wish to apply for and press the **“ENTER”** key.
- 14 : Check the details of your Electronic Application on the screen and press **“ENTER”** key to confirm your Electronic Application.
- 15 : Select **“NO”** if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

Steps for an Internet Electronic Application through the IB website of the UOB Group

Owing to space constraints on the UOB Group’s IB website screens, the following terms will appear in abbreviated form:

“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	The Central Provident Fund
“NRIC” or “I/C”	:	National Registration Identity Card
“PR”	:	Permanent Resident
“SGD”	:	Singapore Dollars
“SCCS”	:	Securities Clearing and Computer Services (Pte) Limited
“SGX”	:	Singapore Exchange Securities Trading Limited

- Step 1 : Connect to the UOB Group website at <http://www.uobgroup.com>.
- 2 : Locate the “UOB Online Service Login” icon on the top right hand side of the Home Page.
 - 3 : Point on “UOB Online Service Login” icon and at drop list select **“UOB Personal Internet Banking”**.
 - 4 : Enter your Username and Password and click **“Submit”**.
 - 5 : Click on **“Proceed”** under the Full Access Mode.
 - 6 : You will receive a SMS One-Time Password. Enter the SMS One-Time password and click **“Proceed”**.
 - 7 : Click on EPS/Securities/CPFIS, followed by **“Securities”**, followed by **“Securities Application”**.
 - 8 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions.
 - 9 : Click **“Continue”**.
 - 10 : Select your country of residence (you must be residing in Singapore to apply), and click **“Continue”**.
 - 11 : Select the IPO counter from the drop list (if there are concurrent IPOs) and click **“Submit”**.
 - 12 : Check the share counter, select the mode of payment and account number to debit and click on **“Submit”**.

13 : Read the important instructions and click on **“Continue”** to confirm that:

1. **You have read, understood and agreed to all the terms of this application and the Prospectus/Document or Supplementary Document.**
2. **You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable) and application details to the Securities registrars, SGX, SCCS, CDP, CPF Board and issuer/vendor(s).**
3. **This application is made in your own name, for your own account and at your own risk.**
4. **For FIXED/MAX price Securities application, this is your only application. For TENDER price Securities application, this is your only application at the selected tender price.**
5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in SGD, based on the Bank’s exchange profit or loss, or application monies may be debited and refunds credited in SGD at the same exchange rate.**
6. **For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**

14 : Check your personal details, details of the share counter you wish to apply for and account to debit.

Select (a) Nationality;

Enter (b) your CDP securities account number; and

(c) the number of shares applied for.

Click **“Submit”**

15 : Check your personal particulars (name, NRIC/Passport number and nationality), details of the share counter you wish to apply for, CDP securities account number, account to debit and number of securities applied for.

16 : Click **“Confirm”**, **“Edit”** or **“Home”**.

17 : Print the Confirmation Screen (optional) for your own reference and retention only.

Year 2010 Award



Year 2011 Awards



AN ASME-LIANHE ZAOBAO AWARD

新加坡金字品牌奖

Singapore
Prestige
Brand Award 11

Winner, SPBA - Established Brands



AN ASME-LIANHE ZAOBAO AWARD

新加坡金字品牌奖

Singapore
Prestige
Brand Award 11

SPBA - Most Popular Established Brand



NEO GROUP 梁苑集团

Neo Group Limited

(Company Registration No.: 201207080G)
(Incorporated in the Republic of Singapore on 22 March 2012)

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