the NEO formula

NEO GROUP

Annual Report 2020

WHAT DRIVES US?

WHAT INSPIRES US TO REACH HIGHER?

WHAT GUIDES OUR GROWTH STRATEGY?

WHAT DEFINES US?

NURTURING DIVERSITY
EXCEPTIONAL SYNERGY
ON STRONG FOOTING

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This document has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST"), Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document. The document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Yee Chia Hsing, Head, Catalist. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: (65) 6337 5115.

CORPORATE PROFILE

Neo Group Limited ("Neo Group", or together with its subsidiaries, the "Group") is Singapore's integrated food solutions provider backed by a strong track record accumulated over 28 years. Listed on SGX since July 2012, Neo Group provides customers with end-to-end food and catering solutions through a comprehensive suite of capabilities and service offerings under four main business segments – Catering, Manufacturing, Retail, and Supplies and Trading. Its unique value proposition and strong commitment to constantly innovate and remain at the forefront of cutting-edge technologies and automation has enabled Neo Group to solidify its position as Singapore's Number One Events Caterer[1].

Neo Group caters to the entire spectrum of the catering market through its wide offering of quality food and buffets under its strong portfolio of brands including market leading brands such as "Neo Garden", "Deli Hub", "Orange Clove", "Lavish Dine", "Gourmetz", "Kim Paradise", "TS Group", "Joo Chiat Kim Choo" and "umisushi". The Group now owns a food retail network spanning more than 20 outlets islandwide.

Through its subsidiaries, the Group's trading network spans over 30 countries worldwide, while its operations in Singapore are supported by its central kitchens, manufacturing facilities, warehouses and over 1,400 dedicated employees.

[1] Euromonitor International Report, 'Overview of Events Catering Services in Singapore', dated May 2020.

WHAT DRIVES US?

NURTURING DIVERSITY

CULTIVATED THROUGH A HIGHLY SYNERGISTIC BUSINESS AND MULTI-BRAND PLATFORM FOR A BOUNTIFUL HARVEST, YEAR AFTER YEAR

CHAIRMAN'S STATEMENT

REVENUE REACHED
A NEW RECORD OF
S$185.9
MILLION

Dear Valued Shareholders,

On behalf of the Board of Directors, I would like to thank you for your belief in us through these years.

It is my pleasure to report another year of resilient performance despite the global pandemic and industry headwinds. Notably, our second pillar of growth, Manufacturing, has performed well and will continue to drive higher profitability as our operations become lean with the aid of machineries and automation enhancements.

Additionally, our years of nurturing diversity and recurring income through our highly synergistic business segments have continued to deliver a good harvest and will help us through the volatile and challenging times.

FINANCIAL REVIEW

In FY2020, net profit increased 21.2% to S$6.3 million, from S$5.2 million in FY2019.

One of the key drivers of increased profitability was higher revenue contributed by Catering, underpinned by the success of a multi-brand strategy and an improved recurring income. Revenue reached a new record of S$185.9 million, a 2.7% increase as compared to S$181.0 million over the previous corresponding period.

Profitability was also driven by economies of scale and higher production efficiencies that resulted from frequent workflow reviews and automation enhancements.

Due to the improvement in FY2020 results, the Group's earnings per share increased to 4.30 cents from 3.68 cents a year ago. Total shareholders' fund as at 31 March 2020 was S$41.6 million, representing a net asset value per share of 28.23 cents.

BUSINESS REVIEW

Catering

Our core Catering business achieved a revenue of S$92.5 million in FY2020, contributing to 49.8% of the Group's revenue. We are pleased with the strong 39.6% growth in Profit Before Tax ("**PBT**") to approximately S$10.0 million in FY2020.

Pride as Singapore's Number One Events Caterer[1] for 9 consecutive years since 2011, with a 20.5% market share in 2019, an increase of 3.7% from 16.8% in 2018, we lead the market with 16 catering brands that serves a wide variety of cuisines to satisfy dynamic consumer tastes from all market segments. We will expand our market share increasingly, by remaining firmly focused on growing our number of brands while building upon our strong market recognition and branding.

Our five central kitchens serve the whole of Singapore. Our kitchens are **ISO 22000** accredited, adhering to international food management system standards, and equipped with technologies such as specialised cooking equipment designed to improve productivity, and maintain the highest product quality.

[1] Euromonitor International Report, 'Overview of Events Catering Services in Singapore', dated May 2020.

Our capabilities to embrace digital transformation has positioned us at the forefront of the industry. Powered by a focus on customer-centric thinking, our consumer experience is seamless as order and feedback can be made through various touchpoints, from traditional to online platforms. Our initiatives in moving towards Industry 4.0 has seen the digitalisation of workflows, integration of e-payment options and paperless transactions. We are reaping the benefits of early adoption of technology as human errors are minimised and we can focus on value creation for our stakeholders. Progressively, we are excited to utilise Artificial Intelligence across sales and marketing functions to better analyse and predict consumer behavior.

To better support our longer-term expansion plan, our upcoming state-of-the-art headquarters at 30B Quality Road will house a majority of our catering brands, thereby consolidating operations under one roof. This new home will boast a well-designed '8th Generation' central kitchen, consequently accelerating the Group's growth strategy. Moving forward, we will leverage on technology and improved workflow efficiencies, to maximise the potential and returns.

CHAIRMAN'S STATEMENT

WE ARE EXCEPTIONALLY PROUD TO BE THE FIRST SINGAPORE MANUFACTURER OF SURIMI-BASED PROCESSED SEAFOOD TO OBTAIN THE HIGHEST-GRADE AA IN THE BRC GLOBAL STANDARD FOR FOOD SAFETY.

Manufacturing

Our second largest revenue driver, generated sales of S$48.6 million in FY2020, contributing 26.1% of the Group's revenue. This division also achieved greater profitability, increasing 543.6% to S$1.5 million PBT in FY2020, backed by higher production efficiencies and automation enhancements.

We are exceptionally proud to be the first Singapore manufacturer of Surimi-Based Processed Seafood to obtain the highest-grade AA in the BRC Global Standard for Food Safety. This award acknowledges the highest standard of food safety and best practices. We have committed years of hard work to achieve current standards.

As Singapore's No. 1 Surimi manufacturer, this segment continues to be a significant 'backbone' of our Group. With a capacious 160,000 sq ft factory at 22 Senoko Way, complemented by another 80,000 sq ft factory in Malaysia, and a global distribution network to over 25 countries, Manufacturing has consistently performed strongly. Through strategic partnerships with both our local and overseas distributors, we have managed to achieve considerable growth.

Looking ahead, we will transform to a total food solutions provider. This will be done through a two-pronged approach - increasing product variety through Research & Development ("**R&D**"), as well as working with overseas partners to bring in quality products. Continuous development of our global footprint is essential and we will achieve this by focusing on overseas expansion, including the vast China market, and building up on our foundations in Europe and North America.

The transformation to Industry 4.0 is ever-evolving. To reduce reliance on manpower and control costs, we will engage consultants to streamline and expedite the automation and digitalisation processes. Internally, the team is also focused on training and recruitment to ensure that our staff is prepared for change.

Sustaining a diversified range of products is key to success in this industry. Hence, our in-house R&D team is dedicating significant time into the perfection of premium products.

Supplies and Trading

Our Supplies and Trading business reported revenue of S$28.8 million in FY2020, making up 15.5% of the Group's revenue.

As an important element of our vertical integration strategy, this provides us with an upstream supply chain that continues to complement and support our existing businesses.

In FY2020, we acquired a 49% stake in **ER Group**, a wholesaler and food processing company, with its 60,000 sq ft premise and 3,000 pallets of cold room space. We are now transforming this division to equip it with both Supply and Processing capabilities. This restructuring process that we have undertaken includes the consolidation of ER Group, ERS and CTVeg Group.

In-house cold room facilities were co-shared while sales functions were combined to cross-sell, and logistics services were also pooled. Through these shared facilities, manpower resources and processes streamlining, we have succeeded in reducing overhead expenses, manpower headcount and

number of vehicles, thereby unlocking both economies of scale and synergistic value. Furthermore, we added a recurring income stream from the external rental of our cold room facilities.

Upon the completion of consolidation and under a new and highly experienced Management team, we will be able to witness the profitability of this segment through a lean structure, with shared resources that maximise usage. The mergers in this segment will significantly bring down the cost of goods for the Catering business unit, without compromising the quality of raw ingredients, and eventually enhancing profitability for the entire group.

Retail

Retail generated revenue of S$14.9 million in FY2020, contributing 8.0% of the Group's revenue.

Retail is now lean and we will continue to review the performance of our outlets to maximise returns. Moving forward, we see more opportunities to grow this segment, backed by 13 years of established experience. I believe there lies a great potential of growth.

The team is on the lookout to grow more retail concepts and expand our presence, with the creation of new and innovative offerings to appeal to different market segments. Solidifying our presence in the food delivery scene is also integral to success, given the strong demand amidst the pandemic. Having started delivery service from 10 years ago, we are definitely well endowed to thrive with quality offerings. We have been ahead of competition by embracing digitalisation early on and diversifying onto different platforms. These have put us in a good stead amidst the unpredictable situation.

MOVING AHEAD

Over these years, our strategy in acquisitions and establishment of companies have turned positive. With our wide global network as an anchor, we will be focused on growing our presence and setting up regional offices. Merger and acquisitions will continue to be Neo Group's 'oxygen', an area which we will nurture and look out for companies with the makings to create further positive synergies. We are confident that with our solid foundations, wide experience, and astute foresight, the Group is primed to soar.

APPRECIATION

I would like to extend my heartfelt appreciation to my fellow Board members for their guidance and acknowledge the hard work and dedication of Management and Staff of the Group. Last but not least, I would like to express my sincere thanks to our loyal shareholders, as well as our bankers, business partners, associates, customers and suppliers for your unwavering support over the years.

NEO KAH KIAT, PBM
FOUNDER, CHAIRMAN AND CEO

BOARD OF DIRECTORS

NEO KAH KIAT, PBM
Founder, Chairman & CEO

Date of first appointment as a Director: 22 March 2012

Date of last re-election as Director: 26 July 2018

Length of service as a Director (as at 31 March 2020): 8 years

Board committees served on: Nil

Present directorships in other listed companies: Nil

Mr Neo Kah Kiat is the Founder of Neo Group and an industry veteran with three decades of experience in the F&B industry. He was appointed as the Group's Chairman and Chief Executive Officer in 2012.

With his visionary leadership and keen business acumen, Mr Neo has successfully positioned Neo Group as an integrated F&B company, establishing and acquiring more than thirty brands and companies, spanning catering, manufacturing, supplies and trading and retail segments.

In recognition of Mr Neo's entrepreneurial drive and business leadership, he has been conferred a number of accolades, noteworthily - SOE-Nexia TS Entrepreneur of the Year Award in 2016; EY Entrepreneur of the Year Award (Food and Beverage) in 2015; Asia Pacific Entrepreneurship Award (Outstanding Category) in 2015; Entrepreneur of The Year Award in both the Top Entrepreneurs and Enterprise categories in 2012; Successful Entrepreneur Award (Platinum Category) by GRC Press Holdings in 2011.

An active figure in community and strong advocate for philanthropy, he is proactively involved in several organisations. This includes Chairman of Workforce Advancement Federation, Vice Chairman of Ren Ci Hospital, Deputy President of Singapore Lam Ann Association, Vice Chairman (Property Committee) of Singapore Hokkien Huay Kuan and Patron of Jurong Spring Community Club. In recognition of his extensive community and public service contributions, Mr Neo was awarded the Public Service Medal (Pingat Bakti Masyarakat) on 9 August 2014.

LIEW OI PENG

Executive Director

Date of first appointment as a Director: 22 March 2012

Date of last re-election as Director: 25 July 2019

Length of service as a Director (as at 31 March 2020): 8 years

Board committees served on: Nil

Present directorships in other listed companies: Nil

Ms Liew Oi Peng is the Executive Director of the Food Catering segment. With more than 26 years of experience in the catering industry, Ms Liew oversees and manages the Group's core functions including Sales & Marketing, Information Technology and Human Resources. Ms Liew has been a key contributor to the development, growth and success of the Group.

Ms Liew joined Neo Garden as a General Manager in 1993 and was appointed an Executive Director of Neo Group in 2012, when the company was listed on the SGX-Catalist.

Over the years, Ms Liew has successfully executed numerous marketing campaigns, which have been an essential component of the Group's growth. Ms Liew also led the Group's digital transformation and the development of its online sales and marketing channels.

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

YEO KOK TONG

Lead Independent Director

Date of first appointment as a Director: 1 October 2014

Date of last re-election as Director: 26 July 2018

Length of service as a Director (as at 31 March 2020): 5 years, 6 months

Board committees served on: Nominating (Chairman), Audit and Risk, Remuneration

Present directorships in other listed companies: Nil

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

He has served as Director and Chairman of IM Technologies Ltd. He is also an Independent Director and Audit Committee Chairman of NR. Instant Produce Co., Ltd.

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

BOARD OF DIRECTORS

TAN LYE HUAT
Independent Director

Date of first appointment as a Director: 11 June 2012

Date of last re-election as Director: 25 July 2019

Length of service as a Director (as at 31 March 2020): 7 years, 9 months

Board committees served on: Audit and Risk (Chairman), Nominating, Remuneration

Present directorships in other listed companies: SP Corporation Limited, Japan Foods Holdings Ltd.

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

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

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

NG HOW HWAN, KEVIN
Independent Director

Date of first appointment as a Director: 11 June 2012

Date of last re-election as Director: 26 July 2018

Length of service as a Director (as at 31 March 2020): 7 years, 9 months

Board committees served on: Remuneration (Chairman), Nominating, Audit and Risk

Present directorships in other listed companies: Singapore Kitchen Equipment Limited

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

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

Mr Ng has over 27 years of experience in the F&B industry. He began his career with Asia Pacific Breweries Limited (APB) and served in senior commercial and general management positions throughout the Asia Pacific region until 2013.

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

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

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

KEY MANAGEMENT PERSONNEL

LIEW CHOH KHING
Executive Director (Retail)

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

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

He launched the Group's first Niwa Sushi food retail outlet in 2007, which was subsequently rebranded to "umisushi" in 2010. Under his leadership, the Food Retail business of the Group now has over 20 retail outlets amongst various brands.

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

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

In May 2020, Mr Liew was appointed to oversee the procurement and supply chain arm, NKK Import & Export Trading, primarily responsible for sourcing and merchandising activities spanning across food products, ingredients and product packaging. His key role is to ensure sustainable and transparent practices for the global and domestic sourcing processes as well as adhering to the highest food safety and quality standards.

LIEW OI YEN
Director of Operations

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

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

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

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

TEO HWEE AI
Chief Operating Officer

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

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

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

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

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

LIM HUEY JIAN
Group Financial Controller

Mr Lim Huey Jian joined the Group in April 2016 and held various managerial positions before his appointment as Group Financial Controller in March 2020. He heads the finance team and is responsible for the overall financial, accounting, reporting, tax, internal controls, legal, compliance and risk management functions across the Group's businesses. He also supports the senior management team on investment, merger and acquisition transactions for the Group.

Mr Lim has more than 12 years of experience in the accounting and finance profession. He began his career at BDO LLP in 2008, where he gained a comprehensive experience in audit, accounting and finance. He was responsible for a portfolio of companies from a wide range of industries, including public listed companies in SGX. He was also involved in a number of audit engagements for Initial Public Offering (IPO) transactions in SGX, before leaving as Audit Manager in 2016.

Mr Lim holds a Bachelor of Accounting (Hons) degree from Multimedia University, Malaysia. He is also a Chartered Accountant of Singapore (CA Singapore) as well as a Certified Practising Accountant (CPA Australia).

GLOBAL NETWORK

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

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

NORTH AMERICA
Canada
United States of America

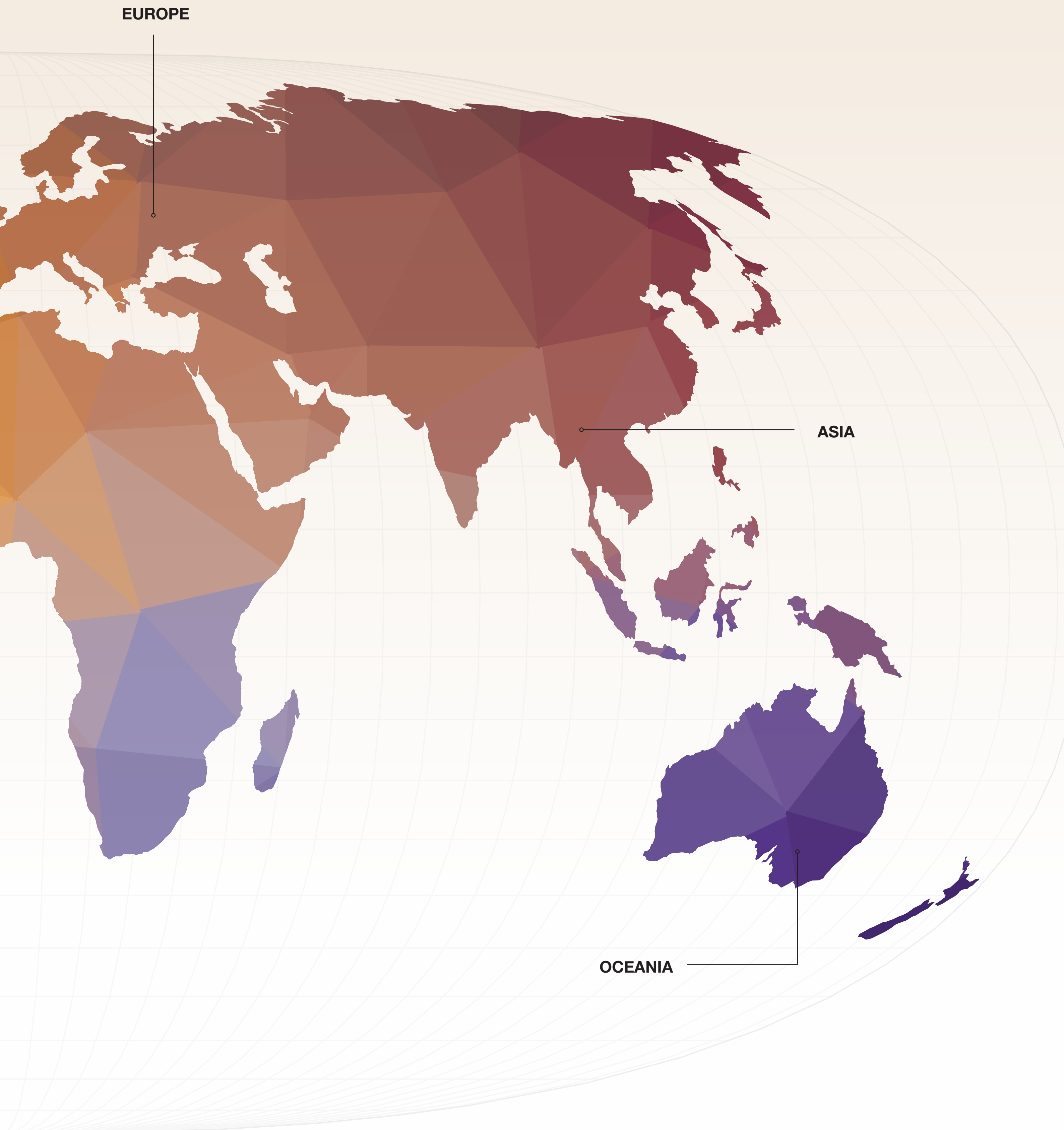
SOUTH AMERICA
Argentina
Brazil

EUROPE
Austria
Belgium
Denmark
Finland
France
Germany
Hungary
Netherlands
Spain
Sweden
United Kingdom

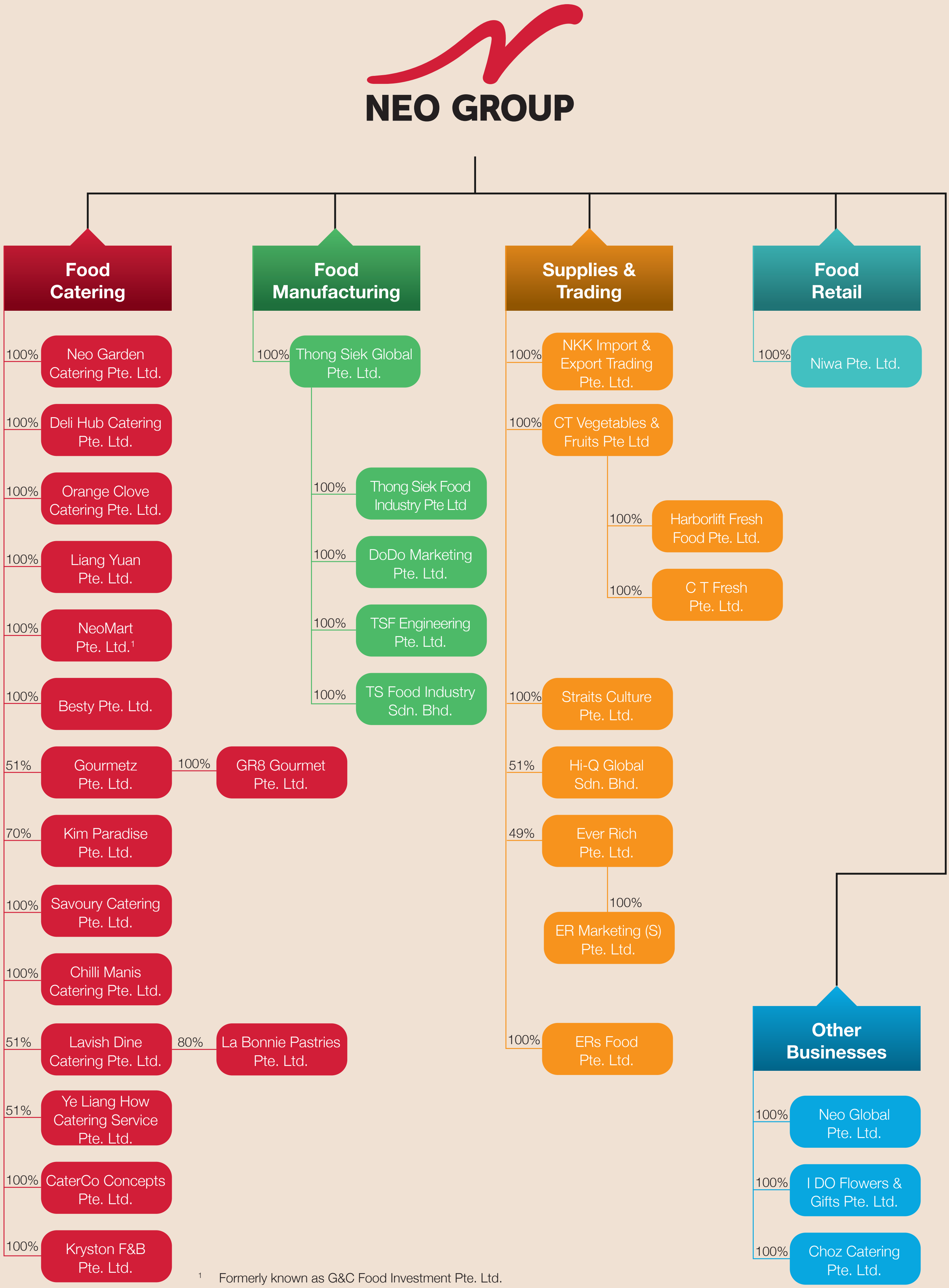
MIDDLE EAST
Saudi Arabia
United Arab Emirates

ASIA
Brunei
China
East Timor
Hong Kong
India
Indonesia
Malaysia
Mauritius
Myanmar
Philippines
Singapore
Thailand
Vietnam

OCEANIA
Australia
New Zealand


EUROPE
ASIA
OCEANIA

GROUP STRUCTURE

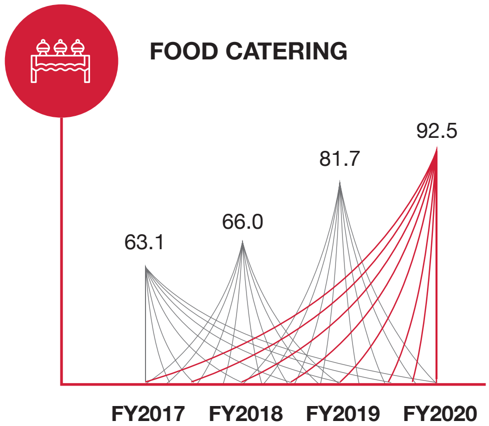


[1] Formerly known as G&C Food Investment Pte. Ltd.

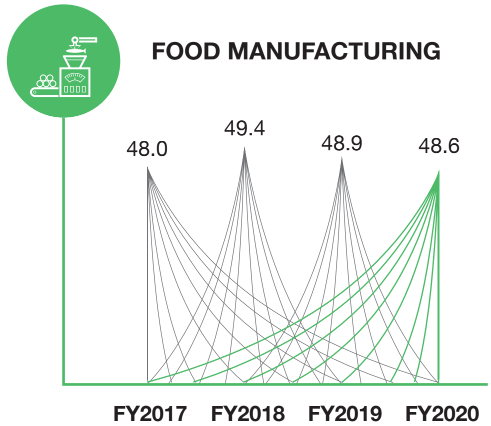
FINANCIAL HIGHLIGHTS

REVENUE
(S$'M)

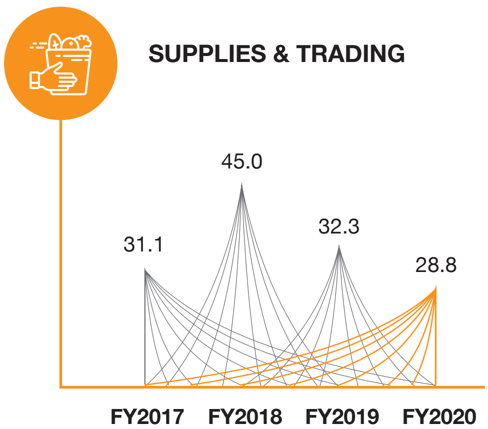
FOOD CATERING



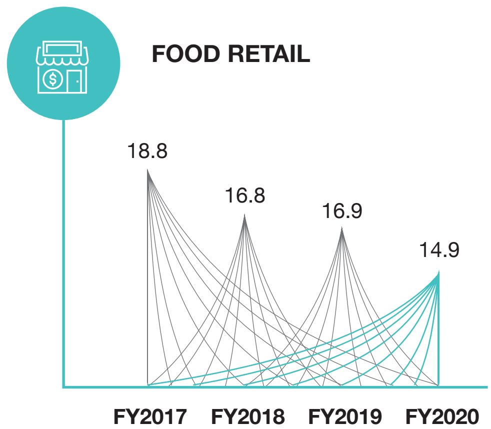
FOOD MANUFACTURING



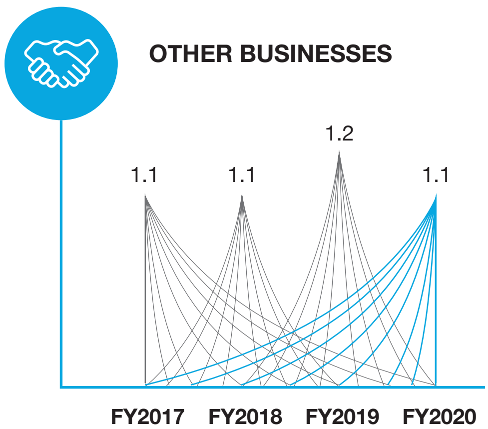
SUPPLIES & TRADING



FOOD RETAIL



OTHER BUSINESSES



	FY2020	FY2019	FY2018	FY2017
FINANCIAL PERFORMANCE (S$'M)				
Revenue	185.9	181.0	178.2	162.0
Earnings before interest, tax, depreciation and amortisation (EBITDA)	27.2	18.1	14.4	9.6
Earnings before interest and tax (EBIT)	12.0	8.8	5.6	0.9
Profit/(Loss) before income tax	7.4	6.2	3.3	(1.1)
Profit after income tax	6.3	5.2	3.0	1.3
Net profit attributable to owners of the parent (PATMI)	6.3	5.4	3.6	3.3

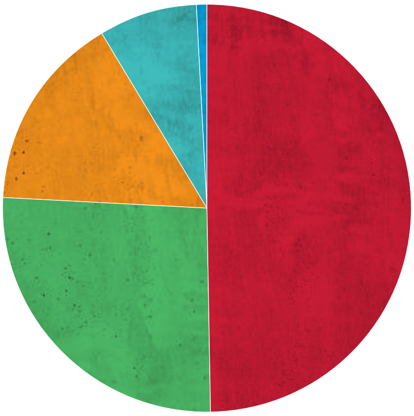
FINANCIAL HIGHLIGHTS

	FY2020	FY2019	FY2018	FY2017
FINANCIAL POSITION (S$'M)				
Total shareholders' equity	41.6	38.5	35.3	33.2
Non-controlling interests	4.0	3.3	4.1	4.3
Total Equity	**45.6**	**41.8**	**39.4**	**37.5**
Property, plant and equipment	90.0	81.2	81.5	75.2
Investment properties	0.5	1.1	1.2	1.2
Other non-current assets	58.0	24.3	18.0	17.2
Cash and bank balances	18.1	19.0	13.7	10.5
Other current assets	37.1	37.5	32.9	35.0
Total Assets	**203.7**	**163.1**	**147.3**	**139.1**
Non-current liabilities	79.2	53.8	48.9	40.0
Current liabilities	78.9	67.5	59.0	61.6
Total Liabilities	**158.1**	**121.3**	**107.9**	**101.6**
Net Assets	**45.6**	**41.8**	**39.4**	**37.5**
FINANCIAL RATIOS				
Revenue growth (%)	2.7	1.6	10.0	29.2
Net profit growth/(decline) (%)	21.2	71.6	132.4	(46.2)
Net margin (%)	3.4	2.9	1.7	0.8
Return on shareholders' equity (%)	15.2	14.0	10.3	9.8
Return on total assets (%)	3.1	3.3	2.5	2.3
Net gearing (times)[1]	1.67	1.65	1.81	1.91
PER SHARE INFORMATION (CENTS)				
Earnings per share	4.30[2]	3.68[3]	2.49[4]	2.24[4]
Net asset value per share	28.23	26.12	24.22	22.73
DIVIDEND				
Final dividend per share (cents)	0.5	0.5	1.0	1.0
Dividend cover (times)[5]	8.6	7.4	2.5	2.2
Dividend payout (%)[6]	11.6	13.6	40.2	44.6
CASH FLOWS (S$'M)				
Net cash from operating activities	27.8	18.2	17.6	6.7
Free cash flow[7]	5.7	13.8	3.2	(17.1)
Capital expenditure	(22.1)	(4.4)	(14.4)	(23.8)

1 Net Gearing is computed by dividing net debt by equity attributable to owners of the parent.
2 Based on 147,350,959 actual number of ordinary shares.
3 Based on 146,659,654 weighted average number of ordinary shares.
4 Based on 145,907,100 actual number of ordinary shares.
5 Dividend cover is derived by dividing profit attributable to owners of the parent by total dividend.
6 Dividend payout ratio is derived by dividing total dividend by profit attributable to owners of the parent.
7 Free cash flow comprises net cash from operating activities less cash purchases of capital expenditure.

BUSINESS REVIEW

FY2020 Revenue



Food Catering	**49.8%**
Food Manufacturing	**26.1%**
Supplies & Trading	**15.5%**
Food Retail	**8.0%**
Other Businesses	**0.6%**

Neo Group's focus on a lean structure through technology and automation enhancements and frequent workflow reviews, has yielded resilient results. Proft After Tax ('PAT') rose 21.2% to S$6.3 million on the back of a 2.7% improvement in revenue to S$185.9 million in FY2020.

FY2020 revenue is a new record for the Group and the higher topline was mainly driven by a strong growth in revenue contribution from the Food Catering business as the Group continues to grow recurring income and add income streams from different catering brands. Supplies and Trading business on the other hand saw a decrease in revenue due to a reduction in low margin trading transactions. Food Retail's revenue also declined, with the closure of non-performing outlets and a significant drop in physical footfall in retail outlets and malls during the circuit breaker.

The Group's PAT growth on the other hand was mainly due to economies of scale, and higher production efficiencies, supported by a sturdy improvement in its Food Catering business.

In line with the Group's expansion of its brand portfolio, the Group saw a 16.3% increase in delivery expenses. Neo Group is well-positioned to extend its reach across all customer demographics, thereby increasing its market share.

As at 31 March 2020, the Group's cash and bank balances stood at S$18.1 million. FY2020 earnings per share grew to 4.30 Singapore cents from 3.68 Singapore cents in FY2019 while net asset value per share increased to 28.23 Singapore cents per share from 26.12 Singapore cents across the same comparative periods.

FOOD CATERING

Revenue
(S$'m)

Profit Before Income Tax
(S$'m)

Food Catering is the Group's largest revenue contributor by business segment, making up close to 50% of total revenue for FY2020. The segment contributed revenue of S$92.5 million for FY2020, representing a strong 13.1% increase from S$81.7 million in FY2019.

The higher revenue was underpinned by the Group's strengthened recurring income base from the childcare and eldercare market segments, organic growth in the Group's "tingkat" business, and revenue contributed by the Group's acquired subsidiaries. This was partially offset by the implementation of safe distancing measures as a result of the pandemic.

The Food Catering business recorded a significant 39.6% increase in PBT to S$10.0 million in FY2020, from S$7.2 million in FY2019 mainly due to additional income streams from different catering brands and economies of scale.

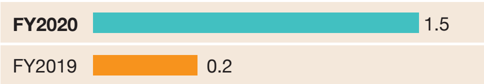
Neo Group continues to lead with its strong market share of 20.5% in 2019, increased by 3.7% from 16.8% in 2018. In line with the Group's strategy to build on its multi-brand strategy, Neo Group will be adding new brands to its expanded portfolio. Furthermore, the Group will continue to strengthen its recurring income stream and widen its catering and take-away meal options, amidst the trend of dining-in and eating healthy.

BUSINESS REVIEW

FOOD MANUFACTURING

Revenue
(S$'m)

Profit Before Income Tax
(S$'m)



The Group's Food Manufacturing business also achieved profitability, with PBT increasing 543.6% to S$1.5 million in FY2020, from S$0.2 million in FY2019, resulting from higher production efficiencies and automation enhancements. As the Group's second largest top-line contributor, revenue from this division made up 26.1% of sales, and held steady at S$48.6million in FY2020.

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

SUPPLIES & TRADING

Revenue
(S$'m)

The Group's Supplies and Trading business, which made up approximately 15.5% of revenue, recorded a 11.0% decrease in revenue to S$28.8 million for FY2020, as the Group continues to execute its strategy to reduce low margin trading transactions amidst an ongoing business transformation. This division reported a loss before income tax of S$1.7 million in FY2020 from a PBT of S$0.02 million in FY2019 mainly due to an impairment review on goodwill, trade receivables and inventories.

FOOD RETAIL

Revenue
(S$'m)

The Group's Food Retail business recorded revenue of S$14.9 million in FY2020, representing an 11.4% decrease from FY2019, in line with ongoing effort to streamline this segment. The Group continues to close non-performing outlets as part of its strategic business review. In addition, precautionary safe distancing measures implemented during this period resulted in a significant decrease in physical footfall in retail outlets and malls, impacting the Group's outlet sales. Food Retail reported a loss before income tax of S$1.1 million in FY2020 mainly due to the impairment review with the impact of ongoing safe distancing measures.

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

OTHER BUSINESSES

Revenue
(S$'m)

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

The segment contributed revenue of S$1.1 million for FY2020, a 10.8% decrease from FY2019. Other businesses recorded a loss before income tax of $0.06 million in FY2020 as compared to a profit before income tax of $0.07 million in FY2019.

WHAT INSPIRES US TO REACH HIGHER?

EXCEPTIONAL SYNERGY

OUR BUSINESS TRANSFORMATION JOURNEY HAS CREATED FOR US AN EXCEPTIONAL SYNERGY, DELIVERING GREATER QUALITY AND VALUE TO OUR CUSTOMERS

OUR BRANDS

FOOD CATERING

NEO GARDEN 梁苑

No.1 Household Brand

Delihub catering

ORANGE CLOVE

No.1 Corporate Catering

Kim PARADISE

No. 1 Tingkat Brand

SAVOURY CATERING

CHILLI MANIS

CaterCo

KRYSTON 1991

Madam Kim

#1 EVENTS CATERER IN SINGAPORE*

梁苑 经典
LIANG YUAN

Best CATERING®

Gourmetz
Catering with Passion
No. 1 Elderly & Childcare Catering

LAVISH
CATERING REDEFINED

La' Bonnie
PATISSERIE

HOW'S Catering

HOTPOT MASTER 火锅达人

Read more about each of our brands and understand their distinctive offerings

OUR BRANDS

FOOD MANUFACTURING

TSG
No.1 Surimi Manufacturer

DoDo
- SINCE 1976 -

SUPPLIES & TRADING

NK
Import & Export Trading

CT
vegetables & fruits

hq

ER
永達

FOOD RETAIL

No.1 Japanese Quick-Service Brand

No.1 Traditional Rice Dumpling Brand

OTHER BUSINESSES

WHAT GUIDES OUR GROWTH STRATEGY?

ON STRONG FOOTING

WITH OUR UNIQUE VALUE PROPOSITION AND STRONG COMMITMENT TO CONSTANTLY INNOVATE SUSTAINABLY, WE ARE ON A STRONG FOOTING FOR GROWTH

SUSTAINABILITY **REPORT**

1. BOARD STATEMENT

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

In our journey to build a strong and sustainable business, we are committed to strike a balance between growth, profit, governance, environment, development of our people and well-being of our communities to secure the long-term future of our Group. In line with our commitment, the Board having considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

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

The global economic environment is expected to be challenging in the next 12 months due to the outbreak of Coronavirus disease 2019 ("**COVID-19**" or "**Pandemic**") which has dampened consumers' demand in the markets that we serve. COVID-19 will have a profound impact on us as we move on with our journey to sustainability that is driven by our core values to stay Formidable, Outstanding, Commitment, Unique and Service ("**FOCUS**"). We will constantly challenge ourselves to turn risks into opportunities, strive to emerge from this unfortunate event stronger and closer to where we envision ourselves to be.

Given the volatile nature of COVID-19 and the uncertain outlook, we will continue to engage our stakeholders by providing timely updates on business developments through announcements on the platform of Singapore Exchange Limited ("**SGX**"). In addition, we will provide more details on our sustainability strategy in relation to COVID-19 in our next sustainability report when there is more clarity.

A summary of our sustainability performance in FY2020 is as follows:

S/N	MATERIAL FACTOR	SUSTAINABILITY PERFORMANCE IN FY2020
General disclosure		
1	Total customer satisfaction	Negative customer review rate of less than 1%
Social		
2	Commitment to consistent quality and food safety	Market standards and best practices have been adopted in our operations
3	Employee retention	37% of all employees and 68% of our managers have more than 3 years of service with our Group
4	Spirit of giving	Launched and maintained various campaigns to help the communities
5	Equality and diversity in the workplace	• 49% of all employees and 63% of managers are females • 39% of all employees are at least 40 years old • 21% of all employees are tertiary educated and 79% are non-tertiary educated
6	Employee safety and well-being	• Zero incident of workplace fatality • 20 non-fatal workplace injuries and resulting in 139 man-days lost

S/N	MATERIAL FACTOR	SUSTAINABILITY PERFORMANCE IN FY2020
Environmental		
7	Energy and water conservation	• Electricity consumption rate[1] is 101.6 • Liquefied petroleum gas ("**LPG**") consumption rate[1] is 5.2 • Diesel consumption rate[1] is 11.1 • Water consumption rate[1] is 1.6
8	Responsible waste management	Implemented various waste reducing initiatives and developed action plans to improve the management of waste generated in our operations
Economic		
9	Sustainable business performance	Achieved both bottom line and revenue growth
10	Proactive anti-corruption practices	No serious offences complaints are reported
Governance		
11	Robust corporate governance framework	Singapore Governance and Transparency Index ("**SGTI**") score assessed by National University of Singapore Business School is 82

2. VISION, MISSION AND CORE VALUES

JOURNEY TO SUSTAINABILITY

RISK → OPPORTUNITY →

CORE VALUES

- Formidable
- Outstanding
- Commitment
- Unique
- Service

MISSION

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

VISION

To grow beyond a one billion dollar company

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

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

[1] Consumption rate is calculated by dividing the absolute consumption by the total revenue (SGD'000) from entities covered

3. REPORTING FRAMEWORK AND MARKET BENCHMARKING

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

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 ("**UN Sustainability Agenda**"). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals ("**SDGs**"), which form an urgent call for action by all countries - developed and developing - in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

4. REPORTING PERIOD AND COVERAGE

This Report is applicable for the Group's financial year ended 31 March 2020 ("**reporting period**" or "**FY2020**"). A Report will be published annually in accordance with our SR Policy.

This Report covers the key operating entities within the Group which contributed to approximately 79% (FY2019: 77%)[2] of the Group's total revenue for the reporting period. We target to cover operating entities with an aggregate revenue contribution of not less than 90% by financial year ending 31 March 2022.

The following entities are excluded from this Report as their individual revenue contribution is less than 5% of the aggregate Group's revenue:

S/N	ENTITY
1	Besty Pte. Ltd.
2	Savoury Catering Pte. Ltd.
3	Chilli Manis Catering Pte. Ltd.
4	NeoMart Pte. Ltd.
5	CaterCo Concepts Pte. Ltd.
6	Gourmetz Pte. Ltd.
7	GR8 Gourmet Pte. Ltd.
8	Kim Paradise Pte. Ltd.
9	Lavish Dine Catering Pte. Ltd
10	La Bonnie Pastries Pte. Ltd.
11	Straits Culture Pte. Ltd. ("**Straits Culture**")[3]
12	Hi-Q Global Sdn. Bhd.
13	Neo Global Pte. Ltd.
14	I DO Flowers & Gifts Pte. Ltd.
15	Choz Catering Pte. Ltd.
16	Thong Siek Global Pte. Ltd.
17	TS Food Industry Sdn. Bhd.
18	TSF Engineering Pte. Ltd.
19	C T Fresh Pte. Ltd.
20	Harborlift Fresh Food Pte. Ltd.

[2] For comparative purpose, FY2019 data points are revised based on the entities covered in this Report.
[3] Straits Culture contributed more than 5% of the Group's aggregate revenue. However, it has been excluded from this Report as an internal restructuring involving the entity is on-going.

5. FEEDBACK

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

6. STAKEHOLDER ENGAGEMENT

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

We actively engage our key stakeholders through the following channels:

S/N	KEY STAKEHOLDER	ENGAGEMENT CHANNEL	FREQUENCY OF ENGAGEMENT	KEY CONCERN RAISED BY STAKEHOLDER
1	**Communities**	Community campaigns	Ongoing	• Social inclusion • Environmental initiatives
2	**Customers**	• Social media • Face-to-face meetings • Calls • Emails	Ongoing	• Customer service standards • Food safety
3	**Employees**	Staff evaluation	Annually	• Equal employment opportunity • Career development and training opportunities • Job security • Remuneration
		• Emails • Staff meetings	Daily	
		Networking sessions	As and when required	
4	**Regulators**	Consultations and briefings organised by key regulatory bodies such as Singapore Stock Exchange	As and when required	Corporate governance
5	**Suppliers**	Annual review and feedback sessions	Annually	Order volatility
		• Face-to-face meetings • Calls • Emails	Ongoing	
6	**Shareholders**	• Annual general meeting • Annual report	Annually	• Sustainable business performance • Market valuation • Dividend payment • Corporate governance
		Corporate announcements	Quarterly	
		Dedicated email account for investor relations	Ongoing	

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

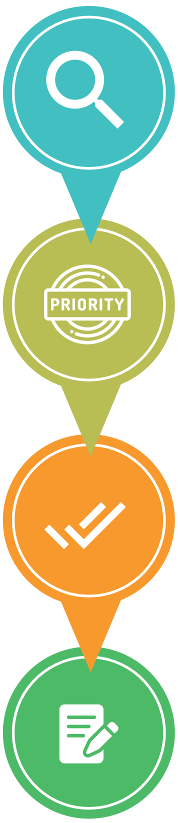
7. POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 Reporting structure

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

7.2 Sustainability reporting processes

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



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

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

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

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

7.3 Materiality assessment

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

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

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

7.4 Performance tracking and reporting

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

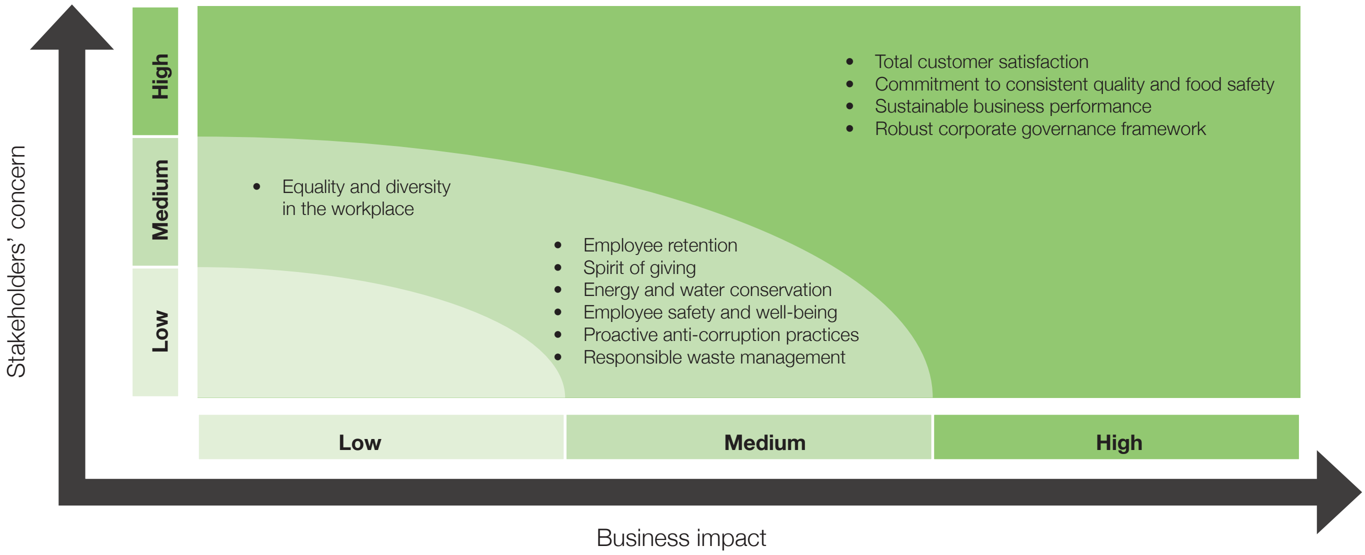
8. MATERIAL FACTORS

Our materiality assessment performed for FY2020 involved the Group's Senior Management in identifying sustainability factors deemed material to our businesses and stakeholders so as to allow us to channel our resources judiciously to create sustainability value for our stakeholders.

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

S/N	MATERIAL FACTOR	MISSION OR VISION	SDG	KEY STAKEHOLDER	REPORTING PRIORITY
General Disclosure					
1	**Total customer satisfaction**	Deliver the best to our customers	Decent work and economic growth	Customers	I
Social					
2	**Commitment to consistent quality and food safety**	Deliver the best to our customers	Decent work and economic growth	• Customers • Suppliers	I
3	**Employee retention**	Inspire and nurture our people	Reduced inequalities	Employees	II
4	**Spirit of giving**	Giving back to the community	-	Communities	II
5	**Equality and diversity in the workplace**	Inspire and nurture our people	Reduced inequalities	Employees	II
6	**Employee safety and well-being**	Inspire and nurture our people	Good health and well-being	Employees	II
Environmental					
7	**Energy and water conservation**	Giving back to the community	Climate actions	• Shareholders • Communities	II
8	**Responsible waste management**	Giving back to the community	Responsible consumption and production	• Shareholders • Communities	II
Economic					
9	**Sustainable business performance**	To grow beyond a one billion dollar company	Decent work and economic growth	Shareholders	I
10	**Proactive anti-corruption practices**	To grow beyond a one billion dollar company	Peace justice and strong institutions	• Shareholders • Regulators	II
Governance					
11	**Robust corporate governance framework**	To grow beyond a one billion dollar company	Peace justice and strong institutions	• Shareholders • Regulators	I

Material factor matrix



We will update the material factors on an annual basis as and when necessary to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each material sustainability factor identified for FY2020 are presented as follows:

8.1 Total customer satisfaction

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

Adopt multi-brand strategy and offer one-stop differentiated services

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

Refer to pages 20-23 of this Annual Report for more details on our brand portfolio.

Provide quality and safe products

We are constantly innovating to create new products whilst retaining the market-proven ones. An extensive and stringent 5-stage[4] process covering the key stages of product development is adopted. Relevant stakeholders including employees, customers, suppliers and partners are actively involved early in each step of the process so as to develop products that will gain customer's acceptance.

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

[4] The 5-stage process covers the stages of (i) research and development, (ii) testing, (iii) pre-launch, (iv) launch and (v) post-launch.

Render good customer service

We believe that a good service recovery program could turn frustrated customers into loyal customers. We have adopted the following measures on service recovery for our food catering segment:

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

Proactively gather customer feedback for improvements and to develop strategies

Customer satisfaction of the respective segments and brands are measured through customer surveys, trend results of compliment to complaint ratio, new customer sales growth, repeat customer growth and service standard indicators. Under the strategy of continuous improvement to meet customer needs, we have successfully maintained a negative customer review rate of less than 1% (FY2019: less than 1%) for food catering segment during the reporting period.

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

Improving customer satisfaction through technology

Technology is widely adopted by us to stay agile in adapting to changing environment. Proprietary systems are developed to support the catering business as follows:

- A catering management system that supports our central kitchens calculates proportion of ingredients to minimise cooking time, schedules kitchen time, tracks the time spent on food preparation and enhances product traceability. This system serves to improve operational efficiency and minimise delays which will affect customer satisfaction adversely.
- A logistics planning and driver management system is maintained to manage driver assignment, optimise the delivery capacity and minimise delays.
- A customer feedback system that gathers and reports on customer satisfaction feedback received from various touchpoints is implemented.
- A secured e-payment service to facilitate payments from our customers is in place.

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

TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Improve or maintain customer review rate	Target met as follows: We successfully maintained a negative customer review rate of less than 1%	Improve or maintain customer review rate
RISK AND OPPORTUNITY ANALYSIS		
Risk	Risk identified: • Improper food handling resulting in food poisoning cases Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To expand our market share and further entrench our brands with customers	

8.2 Commitment to consistent quality and food safety

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

Adoption of market standards

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

BUSINESS SEGMENT	STANDARDS ADOPTED OR CERTIFICATION ACHIEVED
Food catering	ISO22000:2018
	Halal certificate
	Singapore Food Agency ("SFA") grade "A" and "B"
Food retail	NEA food shop license
Food manufacturing	BRC certification grade "AA"[5]
	Hazard analysis and critical control point system
	Halal certificate
	SFA grade "A" (Gold award)[6]
Food trading	ISO22000:2018

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

[5] BRC is a set of Global Food Safety Standards for safety and quality for food producers and suppliers developed by food industry experts comprising retailers, manufacturers and food service organisations.

[6] Thong Siek, an entity of our good manufacturing business segment, achieved grade 'A' for 15 consecutive years under the SFA's Food Factory Grading System and was awarded SFA grade "A" (Gold award).

Commitment to consistent quality and food safety

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

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

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

There are no[7] major food safety incidents[8] during the reporting period (FY2019: zero incident).

TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Adhere to the market standards and best practices in operations	Target met as follows: Market standards and best practices have been adopted in our operations	• Adhere to the market standards and best practices in operations • Achieve zero food safety incident
RISK AND OPPORTUNITY ANALYSIS		
Risk	Risk identified: • Improper food handling resulting in food poisoning cases Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To build customer confidence in our products and services	

[7] The number of major food incidents excluded an incident which occurred at Kim Paradise Pte. Ltd. which is not a key operating entity covered under this Report. The incident relates to an event in which customers developed gastroenteritis symptoms after consuming food prepared by the entity. We have stepped up food hygiene measures such as having stringent food handling procedures to prevent food contamination.

[8] A Major Food Safety Incident is defined as an incident whereby at least 5 unrelated customers (at the same venue or event) are affected from consuming food items produced by the central kitchen.

8.3 Employee retention

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

Build a strong corporate culture

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

- Senior management leads by example in business and operations.
- Employees are encouraged to make decisions at work that are in line with the core values.
- Team building activities such as sports days and blood donation drives are organised for management and staff regularly to interact and disseminate core values.
- From time to time, we launch internal campaigns to inculcate good work habits for our employees. For instance, our employees wore a pin that says "Follow Up!" to remind them of the importance to follow up on matters committed.

Create an environment for excellence

We initiated an organisational-wide Zero Error Transformation Project to nurture the employees towards excellence and accountability. In line with this initiative, a Zero Error Committee is in place to review job performance and to actively shape employee behaviour by emphasising the importance of better work ethics and excellence at work.

Maintain a quality team and recognise competency

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

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

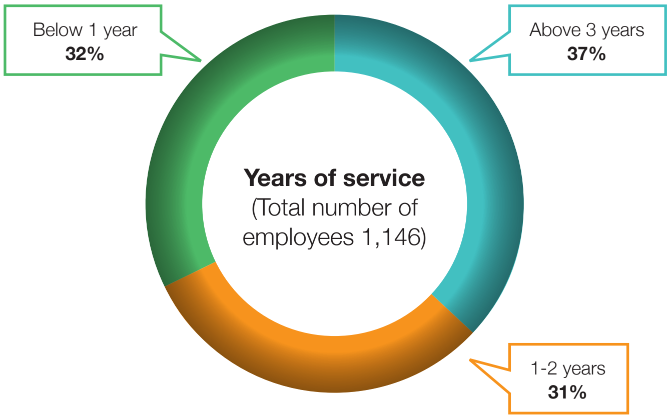
Establish an effective training program

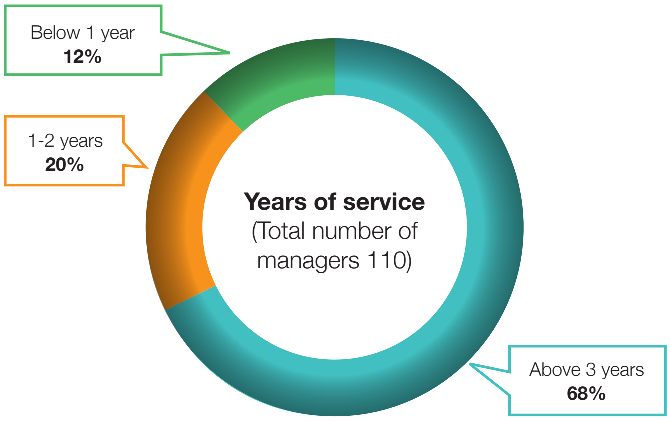
We have a training and development program which provides distinct training and development programmes on core and soft skill trainings, mandatory courses, supervisory and leadership courses and talent management. In addition, a robust on-the-job training program is also in place, covering the key line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

Engage employees constantly

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

A low turnover improves the sustainability of operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 March 2020, approximately 37% (FY2019: 34%) of the employees and 68% (FY2019: 66%) of the managers have more than 3 years of service in the Group.





TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Improve or maintain employee retention rate	Target met as follows: No material changes in employee retention rate	Improve or maintain employee retention rate subject to business performance and market conditions
RISK AND OPPORTUNITY ANALYSIS		
Risk	Risk identified: • Loss of key managers Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To motivate our employees in propelling our Group to the next level	

8.4 Spirit of giving

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

Neo Seed Fund

Neo Seed Fund is an employee-driven fund established to demonstrate our strong belief in giving back to our society. Under this campaign, employees can contribute to the fund on a monthly basis and the Founder of the Group will match his contribution with up to $5,000 a month. Sums collected are managed by a Corporate & Social Responsibility Committee with members from various departments and subsidiaries of our Group. The fund supports 4 beneficiary groups comprising the elderly, youth, special needs and community. Beneficiaries include Ren Ci Hospital, Cheng Hong Welfare Service Society, Table Tennis Association for the Disabled (Singapore) and Movement for the Intellectually Disabled of Singapore, amongst others.

Begin with Love

At Neo Group, we believe in giving back to our community and a good year begins with doing good. Begin with Love is an initiative started on 1 Jan 2016 where all catering proceeds on the first day of the year are donated to charities. Through this initiative, we have reached out to various corporate and household customers to encourage them to hold events on 1 January to partner us in doing good. As our Group grows, more subsidiaries within our Group have joined in to support this initiative and till date, we have 10 catering brands on board this campaign. Over SGD 700,000 have been donated to selected non-profit organisations from inception till end of the reporting period.

Blood Donation Drive

Other than monetary means, we have also given back to our community through blood donation drives conducted at our premises. Employees, customers and partners across all subsidiaries and departments are invited to do good for the community by donating blood. Under this campaign, over 1,500 units of blood are collected from 3 locations over 6 donation drives during the reporting period.

Employee Volunteerism

We encourage our employees to volunteer in community works as such activities help in personal development. During the reporting period, approximately 2,000 volunteer hours are clocked amongst employees which helped over 1,500 beneficiaries. Such activities include:

- We rendered support to Cheng Hong Welfare Service Society's Chinese New Year event, where employees served food to the seniors and children from low income families.
- Our employees engaged residents at Thye Hua Kwan Home for Disabled @ Eunos with zumba, sing-a-long and DIY tote bag sessions.
- Our employees brought children from Willing Hearts to East Coast Park for a laser tag session.

Giving Week

We joined the National Volunteer & Philanthropy Centre's (NVPC) Giving Week initiative in December 2019 by setting up donation boxes for Ren Ci Hospital and Cheng Hong Welfare Service Society at all our outlets island wide. In addition, we assisted to raise awareness of this campaign by making related postings on our social media accounts leading up to the Giving Week.

SG United

To support the courageous frontline healthcare workers during the Pandemic, we provided bento lunch sets and tea snacks to them. We have also posted these efforts on our social media accounts to encourage members of public and other corporations to join us in supporting them during this crisis.

Engaging Social Enterprises

We entered into a long-term partnership with the Movement for Intellectually Disabled of Singapore ("**MINDS**") to engage people with intellectual disabilities in packing utensils to fulfil our daily bento set orders. Such a partnership creates job opportunities and allows them to earn with these skills.

TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Continue with existing community engagement campaigns	Target met as follows: Launched and maintained various campaigns to help the communities	Continue with existing community engagement campaigns

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

8.5 Equality and diversity in the workplace

To inspire and nurture our people, we aim to provide a work environment for employees that fosters fairness, equality and respect for social and cultural diversity, regardless of their gender and age. Therefore, we are committed to the goals of diversity and equal opportunity in employment. The total number of full-time employees in the Group as at 31 March 2020 is 1,146 (FY2019: 1,272). This decrease is mainly due to lesser manpower requirement arising from the automation of our production processes to improve operational efficiency.

On gender diversity, we view diversity in the Board level as an essential element in supporting sustainable development and have one (FY2019: one) female representation in the Board of Directors. The percentage of female to total full-time employees is 49% (FY2019: 47%) and about 63% (FY2019: 55%) of managers are females as at 31 March 2020.

On age diversity, matured workers are valued for their experience, knowledge and skills. As at 31 March 2020, 39% (FY2019: 37%) of the workforce is at least 40 years old.

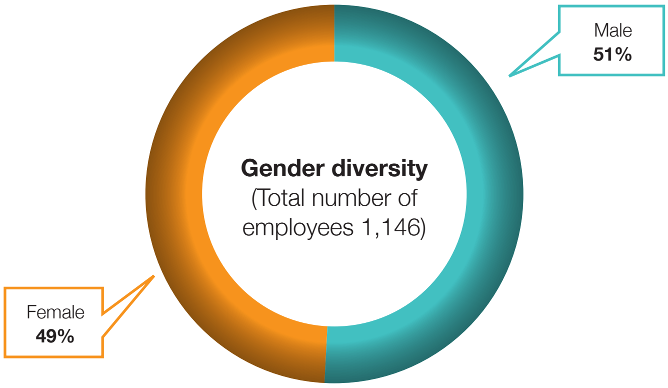
On diversity in educational background, we seek to create an inclusive environment for employees from different educational background. Due to the nature of our business, our workforce is predominantly non-tertiary educated and such employees contribute to approximately 79% (FY2019: 80%) of our total workforce as at 31 March 2020. We invest continuously in our employees through the conduct of in-house training courses to improve their skills.

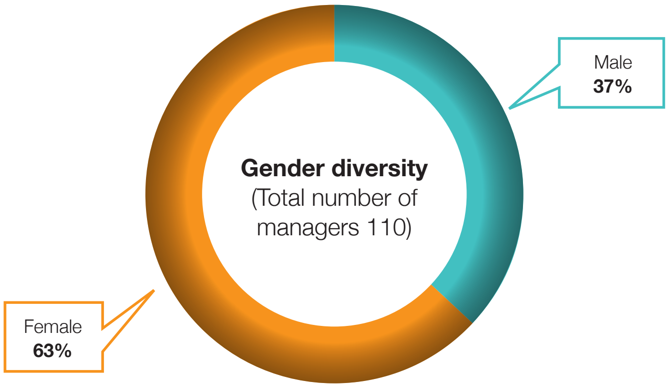
The distribution of staff by educational level is as follows:

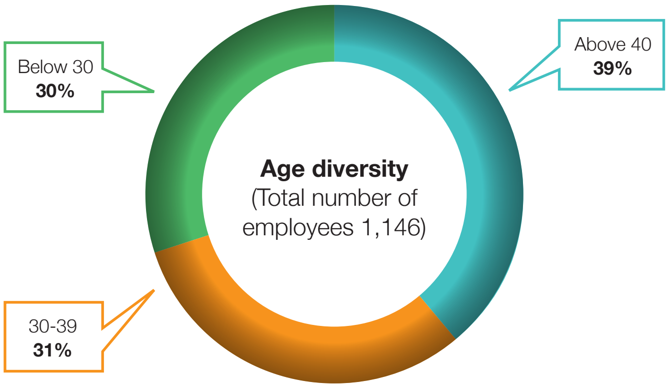
EDUCATION QUALIFICATION	FY2020	FY2019
Tertiary	21%	20%
Non-tertiary	79%	80%
Total	**100%**	**100%**

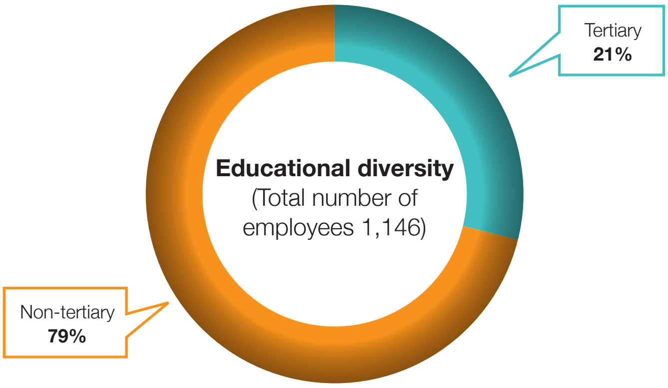
To promote equal opportunity, we have in place various human resources related processes as follows:

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









TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Move towards a more balanced gender, age and educational diversity ratios	Target met as follows: We recorded an increase in the percentage of female managers and no material changes in remaining diversity ratios	• Ratio of female against male employees and managers shall not exceed 70% or fall below 30% • Ratio of employees with age 40 and above shall not exceed 50% or fall below 25% • Ratio of employees with tertiary education shall not exceed 50% or fall below 15%
RISK AND OPPORTUNITY ANALYSIS		
Risk	Risk identified: • Loss of key managers Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To create a diverse and inclusive workplace that will bring new perspectives into our business and strengthen our ability to overcome new challenges and innovate	

8.6 Employee safety and well-being

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

The approaches adopted are as follows:

Promote safe working environment

We take workplace safety and health seriously, which is why we have dedicated a significant amount of effort to create a zero-accident workplace environment for employees. Key measures implemented are as follows:

- A set of safety rules and regulations is in place.
- A safety committee is set up, safety audits are performed by Safety Officers and reported to the safety committee regularly.
- New employees are briefed on safety procedures during orientation.
- Fire drills for all employees are conducted regularly.
- Fire-fighting equipment and measures are installed and implemented. Functionality checks are also performed regularly.
- Briefings and talks on occupational safety are organised periodically. For example, our work safety pledge is recited daily by all kitchen operations' employees as a constant reminder on the importance of occupational safety and health.
- Workplace accidents are tracked and monitored regularly.
- Employees are constantly being reminded on the adherence with workplace safety practices through channels such as email and electronic messaging platforms.

We recorded zero incident of workplace fatality (FY2019: zero incident) during the reporting period and 20 (FY2019: 20) non-fatal workplace injuries[9], resulting in 139 man-days (FY2019: 646 man-days) lost during the reporting period. We managed to reduce the severity through a reduction in man-days lost. The non-fatal workplace injuries mainly relate to work-related fractures and cut injuries. Nonetheless, we remain committed to maintain a safe working environment and lessons from the non-fatal workplace accidents are shared across business units to prevent recurrence. We will continue to work towards reducing both the occurrence and severity of workplace accidents.

Improve physical and mental health

Senior management advocates a culture of health awareness through initiatives such as mandatory daily safety pledge in the kitchen, monthly Sports & Recreation day, as well as monetary incentives for those who are able to successfully quit smoking. A functional staff recreation committee is also in place to organise staff-initiated monthly sports or recreational activities.

Our key operating entities are bizSAFE 3 or 4 certified by the Workplace Safety and Health Council. Such certifications recognise our continuous efforts to embed safety in our operations.

[9] A workplace injury is defined as one whereby an employee is injured in a work accident resulting in (i) hospitalisation of at least 24 hours and/or (ii) an issuance of a medical certificate of more than 3 days (need not be consecutive)

TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Reduce the number of workplace accidents	Target partially met as follows: • Zero incident of workplace fatality • 20 non-fatal workplace injuries resulting in 139 man-days lost, which is an improvement from the previous year as we managed to reduce the severity through a reduction in man-days lost by 507 days	Reduce the number of workplace accidents
RISK AND OPPORTUNITY ANALYSIS		
Risk	Risk identified: • Health and safety for workers Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To create a safe working environment that will lower injury or illness costs, reduce absenteeism and turnover, increase productivity and raise employee morale	

8.7 Energy and water conservation

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

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

RESOURCE	PURPOSE	UNIT	CONSUMPTION RATE (CONSUMPTION/SALES) FY2020 UNIT/SGD'000	FY2019 UNIT/SGD'000	INCREASE OR DECREASE BETWEEN FY2020 AND FY2019
Electricity	Used for refrigeration, lighting, office work and cooling	kWh	101.6	104.7	(3%)
LPG	Used to operate cooking equipment	SGD	5.2	4.8	8%
Diesel	Used for motor vehicles	Litre	11.1	12.6	(12%)
Water	• Used in central kitchens to thaw meat and washing • Used in outlets for dishwashing and cleaning purposes • Used as ingredients in our products	Litre	1.6	1.6	-

During the reporting period, diesel consumption rate decreased by 12% mainly due to a reduction in the number of boilers used in the food manufacturing processes. The LPG consumption rate increased by 8% mainly due to an increase in LPG price at the beginning of year 2020, which coincided with the peak period of our food catering business segment which is beyond our control.

Conservation initiatives adopted by us include the following:

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

TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Reduce or maintain the energy and water consumption rate	Target partially met as follows: During the reporting period, we maintained our water consumption rate and reduced our diesel and electricity consumption rates by 12% and 3% respectively. However, the LPG consumption rate increased by 8% during the reporting period mainly due to an increase in the unit cost of LPG which is a factor beyond our control. In line with our commitment to protect the environment, we will continuously work towards improving the energy and water consumption in the operations.	Reduce or maintain the energy and water consumption rate
RISK AND OPPORTUNITY ANALYSIS		
Risk	Risk identified: • Escalation of costs Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To improve our operational efficiency and achieve environmental sustainability	

8.8 Responsible waste management

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

Ingredient waste generated from our operations is deemed not to be material as the food products we serve are fast-moving and ingredients can be used interchangeably for different dishes. We target to provide servings that cater to the number of guests based on customer orders.

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

We have set up a Zero Waste committee to brainstorm on ways to further reduce waste by relooking at our existing operational practices. Some of the initiatives from the Zero Waste committee are as follows:

- Reusable lunch boxes are provided for staff meals to reduce usage of disposables.
- Wastage of disposable wares such as utensils, plates and bowls is minimised by providing the right amount of such wares, developed based on our cumulative knowledge and experience. Customers will have to purchase additional disposable wares to discourage wastage.
- Serviettes purchased and used for our customers' events are FSC-certified[10].
- Water generated from operations is segregated into recyclable and non-recyclable types to enable responsible and environmentally friendly disposal arrangements.

TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Continue with existing food waste reducing initiatives and develop action plans (where applicable) to improve the management of waste generated in our operations	Target met as follows: Initiated various waste reducing initiatives and developed action plans to improve the management of waste generated in our operations	Continue with existing food waste reducing initiatives and develop action plans (where applicable) to improve the management of waste generated in our operations
RISK AND OPPORTUNITY ANALYSIS		
Risk	Risk identified: • Escalation of costs Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To improve our operational efficiency and achieve environmental sustainability	

[10] FSC certified papers are papers that are certified to have been harvested in a responsible manner.

8.9 Sustainable business performance

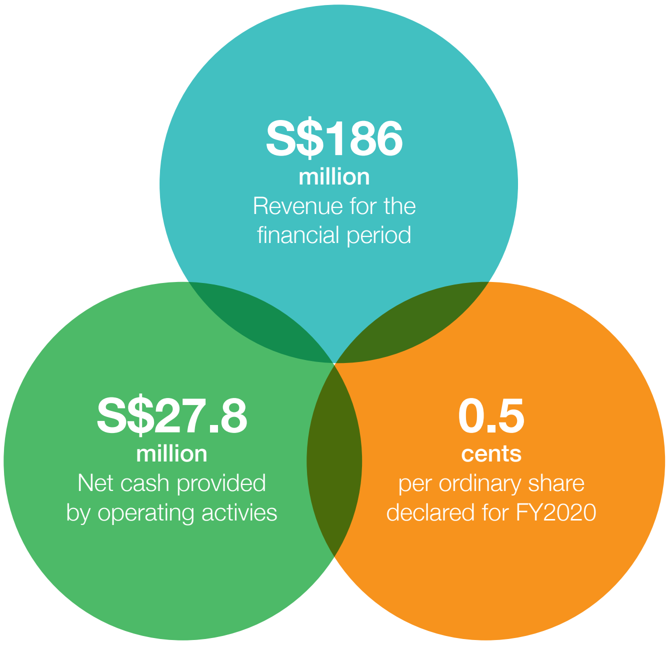
To achieve our vision of becoming a one billion dollar company, we strive to reward long-term economic value for shareholders by providing shareholders with consistent profits and dividend payments.

In FY2020, we recorded revenue of SGD 186 million (FY2019: SGD 181 million) and generated SGD 27.8 million (FY2019: SGD 18.2 million) of net cash provided by operating activities. A final tax-exempt dividend of 0.5 Singapore cent (FY2019: 0.5 Singapore cent) per ordinary share was declared for FY2020.

To address the impact from the COVID-19, we have taken measures to be more cost efficient in the conduct of our business as we continue to observe and assess the developments of COVID-19 and its impacts on our business.

The global economic environment is expected to be challenging in the next 12 months due to the outbreak of COVID-19 which has dampened consumers' demand in the markets we operate in. COVID-19 will have a profound impact on us as we move on with our journey to sustainability that is driven by our core values to stay FOCUS. We will constantly challenge ourselves to turn risks into opportunities, strive to emerge from this unfortunate event stronger and closer to where we envision ourselves to be.

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



TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Improve our financial performance	Target met as follows: We have achieved both bottom line and revenue growth	Improve our financial performance subject to market conditions
RISK AND OPPORTUNITY ANALYSIS		
Risk	Risks identified: • Escalation of costs • Adverse movements in market interest rate • Loss of sales arising from a lack of customer satisfaction • Pandemic outbreak leading to business disruptions • Shortage of funding and cash flow Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To create long-term economic value for our shareholders	

8.10 Proactive anti-corruption practices

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

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In addition, a code of conduct is in place to provide guidance on business culture and corporate behaviour. In FY2020, no serious offence complaints are reported[11] (FY2019: zero incident).

TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Achieve zero case of serious offence	Target met as follows: No serious offence complaints are reported	Achieve zero case of serious offence
RISK AND OPPORTUNITY ANALYSIS		
Risk	No material residual risk associated with this factor is identified	
Opportunity	To drive long-term sustainable growth and increase corporate values	

8.11 Robust corporate governance framework

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

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

The overall SGTI score assessed by National University of Singapore Business School is 82 for the year 2020 (Year 2019: 69).

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

TARGET FOR FY2020	PERFORMANCE IN FY2020	TARGET FOR FY2021
Improve or maintain our SGTI score	Target met as follows: SGTI score improved by 13 points to 82	Improve or maintain SGTI score
RISK AND OPPORTUNITY ANALYSIS		
Risk	No material residual risk associated with this factor is identified	
Opportunity	To drive long-term sustainable growth and increase corporate values	

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

9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

We have incorporated the SDGs under the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, where appropriate, as a supporting framework to shape and guide our sustainability strategy. The results shown below are how our sustainability factors relate to these SDGs:

SDG	OUR EFFORT (SR FACTOR)
3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages	We implement measures to ensure that the environment our employees work in is both safe and secure, as well as to maintain the physical and mental health of our employees (**Section 8.6 Employee safety and well-being**)
8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• We place heavy emphasis on customer satisfaction as we believe that customer satisfaction is essential in the continued success of our business. The success of our business in turn contributes to economic growth as well as the creation of new jobs (**Section 8.1 Total customer satisfaction**) • We adhere to market standards with regards to quality and food safety as this ensures that customer satisfaction is maintained. This is vital to the continued success of our business, which in turn helps to contribute to economic growth as well as the creation of new jobs (**Section 8.2 Commitment to consistent quality and food safety**) • We contribute to economic growth through creating long-term value for our stakeholders (**Section 8.9 Sustainable business performance**)
10 REDUCED INEQUALITIES Reduce inequality within and among countries	• We understand the importance of maintaining a labour force that is skilled, professional as well as experienced as we rely heavily on our employees for the continued success of our business. This in turn helps to contribute to economic productivity as well as the creation of new jobs (**Section 8.3 Employee retention**) • We ensure equal opportunity for all regardless of age, gender, race, as well as educational background (**Section 8.5 Equality and diversity in the workplace**)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns	We implement measures as well as technology to assist us in the prevention and reduction of food waste generation (**Section 8.8 Responsible waste management**)
13 CLIMATE ACTION Take urgent action to combat climate change and its impacts	We implement measures to reduce our energy and water consumption rate as not only does it help to save energy and water, it also helps us to save costs incurred to support our business operations (**Section 8.7 Energy and water conservation**)
16 PEACE, JUSTICE AND STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels	• We maintain zero tolerance towards any form of corruption including bribery through measures such as our whistle blowing policy (**Section 8.10 Proactive anti-corruption practices**) • We maintain a high standard of corporate governance to safeguard our shareholder's interest and maximise long-term shareholder value (**Section 8.11 Robust corporate governance framework)**

GRI CONTENT INDEX

GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
Organisational profile			
102-1	Name of the organisation	Corporate Profile	01
102-2	Activities, brands, products, and services	• Corporate Profile • Our Brands	01 20-23
102-3	Location of headquarters	• Corporate Information • Financial Statements > Notes to Financial Statements > General Corporate Information	- 100
102-4	Location of operations	• Financial Statements > Notes to Financial Statements > General Corporate Information • Financial Statements > Notes to Financial Statements > Investments in Subsidiaries	100 133-140
102-5	Ownership and legal form	• Group Structure • Financial Statements > Notes to Financial Statements > General Corporate Information • Financial Statements > Notes to Financial Statements > Investment in Subsidiaries • Statistics of Shareholdings	14 100 133-140 169
102-6	Markets served	• Corporate Profile • Global Network	01 12-13
102-7	Scale of the organisation	• Financial Highlights • Business Review • Our Brands • Sustainability Report > Material Factors > Employee Retention • Sustainability Report > Material Factors > Equality and Diversity in the Workplace • Sustainability Report > Material Factors > Sustainable Business Performance • Financial Statements > Statements of Financial Position • Financial Statements > Consolidated Statement of Comprehensive Income	15-16 17-18 20-23 35-36 39-40 43 93 94
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	39-40
102-9	Supply chain	Sustainability Report > Material Factors > Commitment to Consistent Quality and Food Safety	33-34
102-10	Significant changes to the organisation and its supply chain	There was no significant changes to the organisation and its supply chain during the reporting period	-
102-11	Precautionary Principle or approach	None	-
102-12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	45
102-13	Membership of associations	None	-

GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	25-26
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	• Sustainability Report > Vision, Mission and Core Values • Corporate Governance Report	26 49-81
Governance			
102-18	Governance structure	• Sustainability Report > Material Factors > Robust Corporate Governance Framework • Corporate Governance Report	44 49-81
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	28
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	-
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	28
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	28
102-44	Key topics and concerns raised	• Sustainability Report > Stakeholder Engagement • Sustainability Report > Material Factors > Total Customer Satisfaction	28 31-33
Reporting practice			
102-45	Entities included in the consolidated financial statements	• Group Structure • Financial Statements > Notes to the Financial Statements > Investment in Subsidiaries	14 133-140
102-46	Defining report content and topic Boundaries	Sustainability Report > Sustainability Reporting Processes	29
102-47	List of material topics	Sustainability Report > Material Factors	30-44
102-48	Restatements of information	None	-
102-49	Changes in reporting	There was no significant changes in reporting	-
102-50	Reporting period	Sustainability Report > Reporting Period and Coverage	27
102-51	Date of most recent report	Annual Report 2019 > Sustainability Report 2019	-
102-52	Reporting cycle	Sustainability Report > Reporting Period and Coverage	27
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	28
102-54	Claims of reporting in accordance with the GRI Standards	• Sustainability Report > Reporting Framework and Market Benchmarking • Sustainability Report > GRI Content Index	27 46-48
102-55	GRI content index	Sustainability Report > GRI Content Index	46-48
102-56	External assurance	We may seek external assurance in the future	-

GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	30-44
103-2	The management approach and its components	• Sustainability Report > Board Statement • Sustainability Report > Policy, Practice and Performance Reporting • Sustainability Report > Material Factors	25-26 29 30-44
103-3	Evaluation of management approach	Sustainability Report > Material Factors	30-44
Category: Economic			
201-1	Direct economic value generated and distributed	• Financial Highlights • Business Review • Sustainability Report > Material Factors > Sustainable Business Performance • Financial Statements > Statements of Financial Position • Financial Statements > Consolidated Statement of Comprehensive Income	15-16 17-18 43 93 94
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Category: Environmental			
302-3	Energy intensity	Sustainability Report > Material Factors > Energy and Water Conservation	41-42
303-1	Water withdrawal by source	Sustainability Report > Material Factors > Energy and Water Conservation	41-42
306-2	Waste by type and disposal method	Sustainability Report > Material Factors > Responsible Waste Management	42
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Retention	35-36
403-9	Work-related injuries	Sustainability Report > Material Factors > Employee Safety and Well-Being	40-41
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report > Material Factors > Employee Retention	35-36
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	39-40
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report > Material Factors > Spirit of Giving	37-38
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report > Material Factors > Commitment to Consistent Quality and Food Safety	33-34

CORPORATE GOVERNANCE REPORT

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

The Board is pleased to report the Company's corporate governance practices for the financial year ended 31 March 2020 with specific reference to the underlying principle and each provision of the Code of Corporate Governance 2018 (the "**Code**").

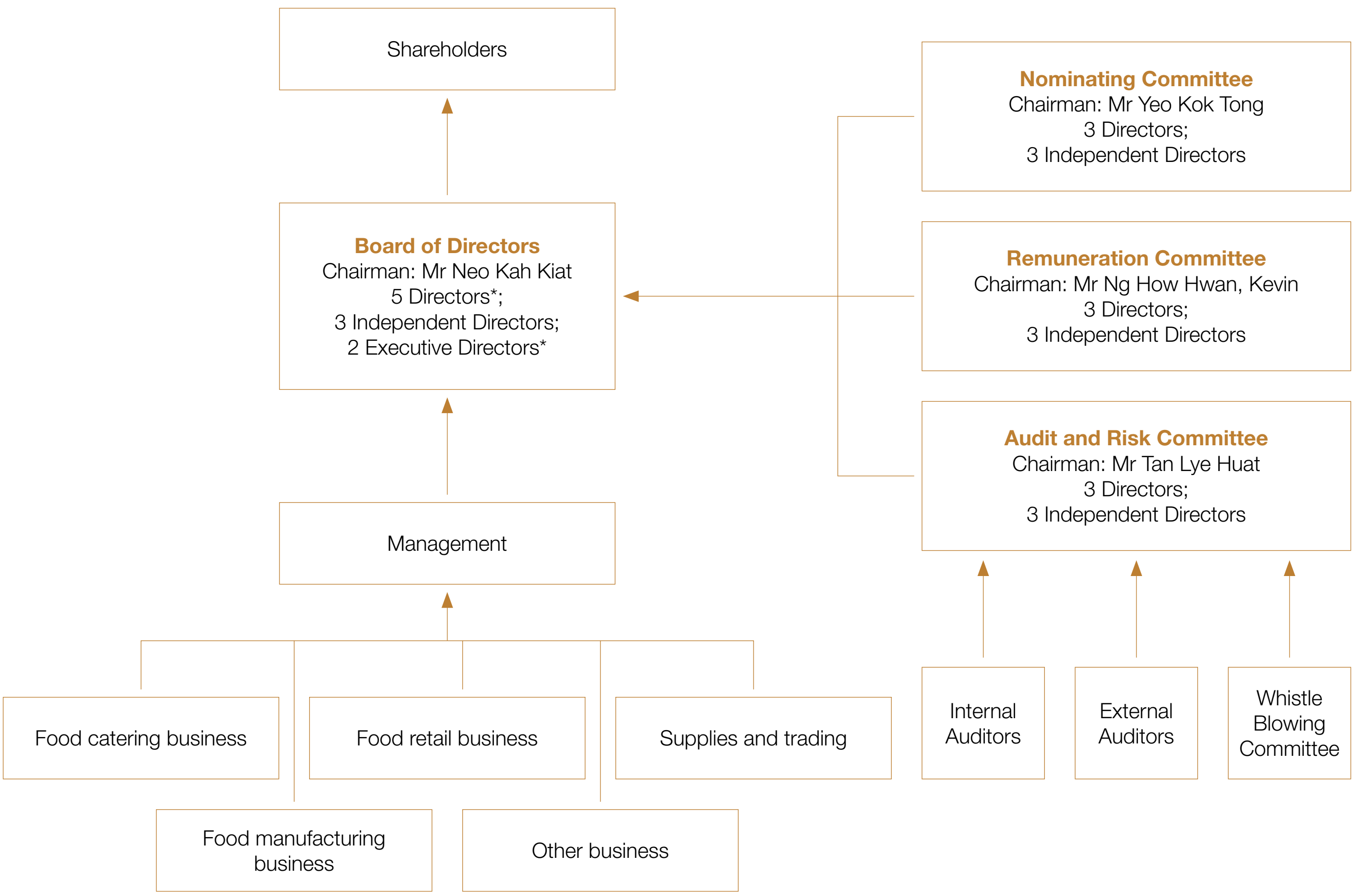
The Company is also guided by the voluntary Practice Guidance which was issued to complement the Code and which sets out best practice standards for companies.

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

(a) Provision 3.1 – Common role of Chairman and CEO;
(b) Provision 8.1 (a) – Remuneration of Directors and CEO;
(c) Provision 8.1 (b) – Remuneration of Key Management Personnel;
(d) Provision 9.1 – Board Risk Committee; and
(e) Provision 12.2 – Investor Relations Policy.

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

CORPORATE GOVERNANCE STRUCTURE



* Excluding one of the Executive Director, Liew Choh Khing resigned as Executive Director of the Company with effect from 1 May 2020.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for long-term success of the Company.

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

Roles of Board

Apart from its statutory duties, the Board also recognises that its principal functions include, *inter alia*, providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary resources are available to meet these objectives, constructively challenging Management and reviewing and monitoring Management's performance toward achieving organisational goals, establishing and maintaining a sound risk management framework to effectively monitor and manage the Group's risk, identifying key stakeholder groups and recognising their perceptions affecting the Company's reputation, overseeing succession planning for management, instilling an ethical corporate culture by setting corporate values and standards for the Group, setting appropriate tone-from-the-top and desired organisational culture, ensuring proper accountability within the Company, to ensure transparency and accountability to key stakeholder groups, to ensure that the obligations to shareholders and other stakeholders are understood and met, and to consider sustainability issues including environmental, social, governance and economic factors in the Group's strategic formulation.

Objective Decision Making

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and is obliged to act in good faith. It works with the Management to take objective decisions in the best interest of the Group.

Any Director who has conflict of interest which is likely to impact his or her independence or conflict with a subject under the discussion by the Board is required to immediately declare his or her interest to the Board, remove himself or herself from the information flow and recuse from participating in any further discussion or decisions involving issues of conflict of interest.

Continuous Training & Development of Directors

The Company offers Directors opportunities to update and refresh their knowledge on an on-going basis, to enable them to continue fulfilling their roles as Board members and Committee members effectively. During the year, the Management also kept the Directors up-to-date on pertinent developments in the business including changes in laws and regulations, code of corporate governance, financial reporting standards and industry-related matters. Such periodic updates were provided to Directors to facilitate the discharge of their duties. In addition, the external auditors regularly update the Audit and Risk Committee ("**ARC**") and the Board on the developments in the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management, including attending training in relation to the updates of SFRS(I). During the year, some Directors have attended third party-run programmes to enhance their knowledge to better serve the Group.

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

New Director with no prior experience as a director of a listed company on the SGX-ST must undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. There was no new Director appointed during the financial year ended 31 March 2020 ("**FY2020**").

Letter to Directors on Appointment

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

No new Director was appointed during FY2020.

Internal Guidelines on Matters Requiring Board Approval

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

(i) material acquisition and disposal of assets/investments
(ii) corporate/financial restructuring and corporate exercises
(iii) budgets/forecasts
(iv) policies & procedures, delegation of authority matrix, code of conduct & business ethics
(v) material financial/funding arrangements and capital expenditures

During FY2020, the Board reviewed and approved the Group's annual budget and business plans; and on a quarterly basis monitors the financial performance of the Group. The Board also deliberated on other key business activities and material transactions that exceeded the limits of authority delegated to the Management or Board Committees.

Compliance with Legislative and Regulatory Requirements

During FY2020, the Board reviewed quarterly financial performance analysis slides and explanation from the Management to ensure compliance with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements.

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

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

Delegation of Authority to Board Committees

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

Meetings of Board and Board Committees

The dates of Board and Board Committee meetings as well as the annual general meeting ("**AGM**") will be scheduled in advance each year. To assist directors in planning their attendance, the Company Secretary will first consult every director before fixing the dates of these meetings. During FY2020, the Board conducted 5 meetings.

Going forward, the Company will release announcements pertaining to the unaudited financial results of the Group on a half-yearly basis as required under the amendments made to the Catalist Rules, effective 7 February 2020. As such, the Board will meet at least two times a year and as warranted by particular circumstances. Ad hoc meetings will also be convened to deliberate on urgent substantive matters.

The Company's Constitution provides for the Board to convene meetings via telephone conferencing and electronic means in the event when Directors were unable to attend meetings in person. To enable members of the Board and its Board Committees to prepare for the meetings, agendas were circulated at least a week in advance and most materials dispatched a few days before the meetings.

The details of the number of meetings held for the Board and Board Committees during FY2020 and the attendance of each Director at those meetings are disclosed below:

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

* Liew Choh Khing resigned as Executive Director of the Company with effect from 1 May 2020.

Commitments of Directors Sitting on Multiple Boards

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

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

Board's Access to Information

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

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

Provision of Information to the Board

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

Management Accounts

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

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

Board's Access to the Company Secretary

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

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

Directors have separate and independent access to the Company Secretary through e-mail, telephone and face-to-face meetings. During FY2020, the Company Secretary attended all meetings of the Board and its Board Committees and the minutes of such meetings were promptly circulated to all Board and Board Committees as appropriate.

Appointment and Removal of Company Secretary

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

Board's Access to Independent Professional Advice

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

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Independent Element of the Board

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

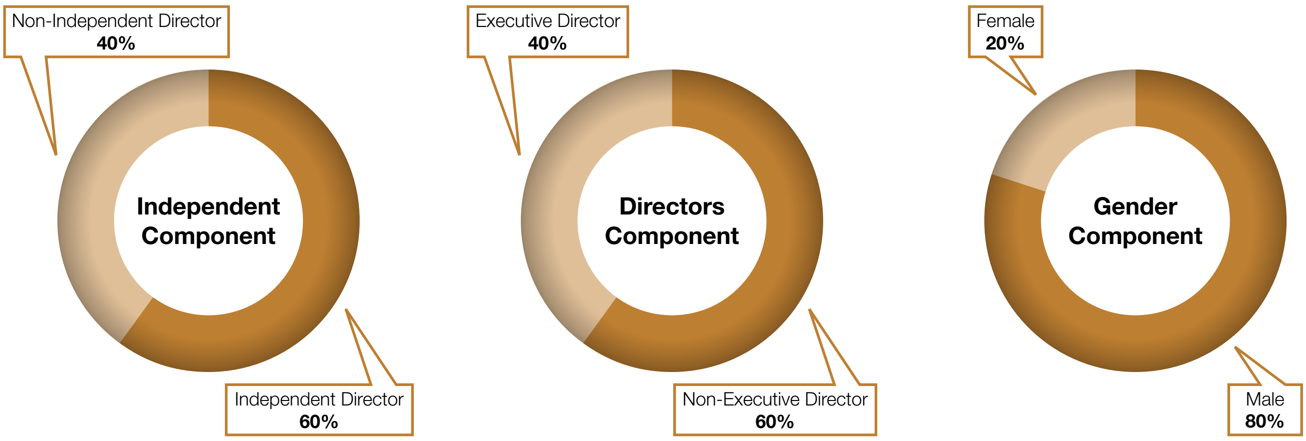
Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules also stipulate that a director will not be independent if he is employed or has been employed by the listed company or any of its related corporations in the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the listed company or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the listed company. In this regard, each of the Independent Directors has confirmed that they and their respective associates do not have any employment relationships with the Company.

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

As at the date of this report, the Board comprises five (5) Directors, three (3) of whom are Non-Executive and Independent Directors and the Chairman of the Board, Mr Neo Kah Kiat is not an independent Director. The NC conducted its annual review of the Directors' independence and was satisfied that the Company complies with the relevant provisions of the Code which require a majority of the Board is made up of Non-Executive and Independent Directors where the Chairman is not independent.

Composition of Independent Director on the Board

The Chairman of the Board, Mr Neo Kah Kiat, is not an Independent Director. The Board had adopted the recommendation of the NC and had increased the proportion of the independent directors in the composition of the Board. This has increased the independence element to be in line with the relevant provisions of the Code. Based on Provision 2.2 of the Code, Independent Directors make up a majority of the Board where, the Chairman on the Board is not an Independent Director. The board size of five members complies with the requirement of the Code, which provides that a majority of the Board is made up of Non-Executive and Independent Directors.



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

As at the date of this report, none of the Independent Directors have served on the Board beyond nine years from their respective date of appointment.

Composition and Size of the Board

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The Board's composition is reviewed annually by the NC to ensure that the Board has the appropriate balance and mix of skills, knowledge, expertise and experience and other aspects of diversity such as gender and age to avoid group think and foster constructive debate.

The NC is of the view that the current Board comprises persons whose diverse skills, knowledge, expertise, experience, gender, age and attributes provide for an effective Board. The Board members also collectively possess the necessary core competencies for the effective functioning of the Board and an informed decision making process.

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

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

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

During FY2020, the NC conducted its annual review of the Directors' independence and was satisfied that the Company has complied with the relevant provisions of the Code, including the provision that a majority of the Board is made up of Independent Directors where the Chairman is non-independent.

Competency of the Board

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

The NC, having reviewed the returns, is satisfied that members of the Board possess the relevant core competencies in areas such as accounting and finance, business and management experience, and strategic planning. In particular, the Executive Directors possess good industry knowledge while the Non-Executive Directors, who are mostly professionals in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgment during Board deliberations. Details of the Directors' qualifications, background and working experience, principal commitments and shareholdings in related corporations are set out on pages 8 to 10.

As the Group's activities continue to grow, the NC will continuously review the composition of the Board so that it will have the necessary competency to be effective. The NC will further consider other aspects of diversity, and assist the Board to put in place a board diversity policy and progress for implementation of such policy, so as to avoid groupthink and foster constructive debate.

Role of Non-Executive Directors

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

Regular Meetings of Non-Executive Directors

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

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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

Common Role of Chairman and CEO

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

Role and Responsibilities of Chairman

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

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

Appointment of Lead Independent Director

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

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

Lead Independent Director to lead the Independent Directors to meet periodically

The NC, RC and ARC consist of all Non-Executive and Independent Directors and are all chaired by Independent Directors.

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

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

NC Membership and Key Terms of Reference

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

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

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

- reviewing and recommending to the Board on all Board appointments, including the nomination or re-nomination of the Directors having regard to the Directors' contribution and performance;
- developing a process for selection, appointment and re-appointment of Directors (including alternate directors, if applicable) to the Board;
- reviewing orientation programs for new Directors and training and professional development programs for the continuing training of the Directors;
- determining on an annual basis whether or not a Director is independent bearing in mind the salient factors set out in the Code;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards;
- assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board;
- reviewing the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise and make recommendations to the Board with regard to any changes; and
- reviewing and approving any new employment of related persons and the proposed terms of their employment.

During FY2020, the NC held four scheduled meeting with full attendance.

Responsibilities of NC

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

Mr Neo Kah Kiat and Mr Ng How Hwan, Kevin are subject to retirement by rotation pursuant to Article 98 of the Constitution of the Company at the forthcoming Eighth AGM.

Mr Neo Kah Kiat had indicated his willingness for re-election. Taking into account the need for progressive refreshing of the Board and embrace recommended best practices, Mr Ng How Hwan, Kevin will be retiring at the forthcoming Eighth AGM of the Company under Article 98 of the Company's Constitution and will not be offering himself for re-election.

The Board is also cognisant of the need for progressive renewal of the Board. The retirement of its long serving directors have been paced to ensure orderly renewal of the Board as well as minimise the loss of relevant experience, skills and knowledge of the Group' businesses.

In this respect, the NC has recommended and the Board has agreed that Mr Neo Kah Kiat be nominated for re-election in the forthcoming Eighth AGM. In making the recommendations, the NC considers the overall contribution and performance of Mr Neo Kah Kiat. The NC member had abstained from deliberation in respect of his own nomination and assessment.

The NC reviewed the independence of the Directors as mentioned under Provision 2.1. The NC has affirmed that Mr Tan Lye Huat, Mr Ng How Hwan, Kevin and Mr Yeo Kok Tong are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence.

NC to Determine Directors' Independence

Each Director of the Company will annually confirm his independence (or otherwise) based on a checklist. The checklist is drawn up based on the provisions provided in the Code. The NC has reviewed the independence of the Directors as mentioned under Provision 2.1 above as well as Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules, based on, *inter alia*, their declarations as aforesaid. As and when circumstances require, the NC will also assess and determine a Director's independence.

Appointment of Alternate Director

Presently, the Company does not have any Alternate Director.

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

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

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

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

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

   (i) Director's Declaration on Independence;
   (ii) Internal Guidelines for Directors Serving on Multiple Boards; and
   (iii) Board of Directors Competency Matrix.

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

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

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

Key Information of Directors

Key information of each director's academic, professional qualifications and other principal commitments can be found in pages 8 to 10 of the "Board of Directors" section and Disclosure of information on director seeking re-election pursuant to Rule 720(5) of the Catalist Rules were found in this Annual Report on pages 79 to 81.

Directors' key information is set out below:

Name of Directors	Date of First Appointment	Date of Last Re-election	Present Directorships and Chairmanships in Other Listed Companies	Directorships and Chairmanships in Other Listed Companies over the preceding three years
Neo Kah Kiat	22 March 2012	26 July 2018	NIL	NIL
Liew Oi Peng	22 March 2012	25 July 2019	NIL	NIL
Tan Lye Huat	11 June 2012	25 July 2019	i. S P Corporation Limited ii. Japan Foods Holding Ltd	i. Nera Telecommunications Ltd (retired on 29 May 2020) ii. Dynamic Colours Limited (retired on 18 August 2020)
Ng How Hwan, Kevin	11 June 2012	26 July 2018	Singapore Kitchen Equipment Limited	NIL
Yeo Kok Tong	1 October 2014	26 July 2018	NIL	NIL

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Board Performance

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

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

Performance Criteria for Board Evaluation

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

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

Board performance criteria

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

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

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

Evaluation of Individual Director

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

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

REMUNERATION MATTERS

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

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this Report under Principles 6, 7 and 8; and in the Financial Statements of the Company and of the Group.

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Remuneration Committee ("RC") and Terms of Reference

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

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

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

- Offer an independent perspective in assisting the Board in the establishment of a formal and transparent procedure for developing policy on remuneration matters for the Directors and key management personnel of the Company;
- Establish appropriate framework of remuneration policies to motivate and retain Directors and executives, and ensure that the Company is able to attract appropriate talent from the market to maximise value for shareholders;
- Determine the specific remuneration packages for the Directors and key management personnel (or executive of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company;
- Review and administer the award of shares to Directors and employees under any employee performance share plan and employee share option scheme adopted by the Company;
- Review and determine the contents of any service contracts for any Directors or key management personnel; and
- Review the appropriateness and transparency of remuneration matters for disclosure to shareholders.

The RC will meet at least once a year. During FY2020, the RC held two scheduled meeting with full attendance. In addition, the RC also conducted informal working sessions with Management in respect of the remuneration matters whenever necessary.

Remuneration Framework

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

During FY2020, the executive compensation framework comprises of basic pay and variable short-term incentive for Executive Directors (subject to the achievements of key performance indicators ("**KPI**") which is partly based on financial outcomes and partly based on development objectives). This process has been instituted and confirmed for subsequent years.

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

RC Access to Advice on Remuneration Matters

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

Employment Contract

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

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Remuneration of Executive Directors and Key Management Personnel

The Company's remuneration structure for its Executive Directors and Key Management Personnel comprises both fixed and variable components. The variable component is performance related and is linked to the Company's performance as well as individual performance. Such performance related remuneration is designed to align with the interest of the shareholders and other stakeholders and to promote long-term success of the Group.

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

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

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

Long-term Incentive Scheme

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

Remuneration of Non-Executive Directors

The Board concurred with the RC's proposal for Non-Executive Directors' fees for the financial year ended 31 March 2020. The RC and the Board are of the view that the remuneration of the Independent Directors are appropriate in accordance with the market condition and take into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors. In order not to reduce its public float which currently stood marginally above 15%, the Company does not have any scheme to encourage Independent Directors to hold shares in the Company.

The framework for Independent Directors' fees for FY2020 (on per annum basis unless otherwise indicated) is as follows:

Role	Member	Chairman
Board of Directors	$40,000	N/A
Audit and Risk Committee	$10,000	Additional $10,000
Other Committees	$5,000	Additional $5,000
Lead Independent Director	$10,000	N/A

An additional fee of $500 has been allocated as part of the Directors' fee for FY2020 for attendance to each Independent Director at each meeting of the Company held during FY2020. No member of the RC and Board was involved in deciding his/her own remuneration.

Contractual provision to reclaim incentive components of remuneration

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

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Remuneration Report

Details on the remuneration of Directors and Key Management Personnel for the year under review are presented below. During FY2020, there was no termination, retirement and post-employment benefits granted to any Director and Key Management Personnel.

Remuneration of Directors

A summary of each Non-Executive Directors' and Executive Directors' remuneration paid or payable by the Company for FY2020 is set out below:

	Breakdown of Remuneration in Percentage (%)					
Name of Directors	Fees[1] (%)	Salary[2] (%)	Benefits (%)	Variable Bonus[3] (%)	Total (%)	Total Remuneration in Compensation Bands of $250,000
Neo Kah Kiat	–	92	–	8	100	< $750,000
Liew Oi Peng	–	91	–	9	100	$250,001 – $500,000
Liew Choh Khing[4]	–	92	–	8	100	< $250,000
Yeo Kok Tong	100	–	–	–	100	$83,000
Tan Lye Huat	100	–	–	–	100	$78,000
Ng How Hwan, Kevin	100	–	–	–	100	$72,000
Total Directors' Remuneration	**15**	**78**	**–**	**7**	**100**	**$1,594,601**

Notes:
1 The Directors' Fees are subject to the approval of the shareholders at the AGM.
2 The salary amount shown is inclusive of allowances and CPF.
3 The variable bonus amount shown is inclusive of CPF.
4 Liew Choh Khing resigned as Director of the Company on 1 May 2020.

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

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

		Breakdown of Remuneration in Percentage (%)				
Name of Top 5 Key Management Personnel	**Position**	**Salary[1] (%)**	**Benefits In-Kind (%)**	**Variable Bonus[2] (%)**	**Total (%)**	**Total Remuneration in Compensation Bands of $250,000**
Chin Yoon Wei[3]	Managing Director	92	–	8	100	< $250,000
Liew Oi Yen	Director (Operations)	92	–	8	100	< $250,000
Lim Siow Sze[4]	Deputy CEO	89	–	11	100	< $250,000
Teo Hwee Ai	Chief Operating Officer	92	–	8	100	< $250,000
Lim Huey Jian[5]	Group Financial Controller	92	–	8	100	< $250,000
Total Top 5 Key Management Personnel's Remuneration		**92**	**–**	**8**	**100**	**$792,755**

Notes:
1 The salary amount shown is inclusive of allowances such as fixed transport allowance and CPF.
2 The variable bonus amount shown is inclusive of CPF.
3 Chin Yoon Wei is the Managing Director of Gourmetz Pte. Ltd.
4 Lim Siow Sze is the Deputy Chief Executive Officer of Thong Siek Group.
5 Lim Huey Jian assumed the role of Group Financial Controller on 1 March 2020.

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

Employee who is a substantial shareholder, or immediate family members of a Director, the CEO or a substantial shareholder

The following immediate family members of a Director or the CEO or a Substantial Shareholder were the employees of the Group whose remuneration exceeded $100,000 in FY2020:

Name of employees who are immediate family members	Relationship with the Directors or CEO of the Group	Remuneration band
Neo Kah Lin	Brother of Neo Kah Kiat	$100,001 – $200,000
Liew Oi Yen	Sister of Liew Oi Peng	$200,001 – $300,000

The aggregate remuneration (including CPF contribution thereon and bonus) of these employees amounted to approximately $310,000.

Save as disclosed above, the Group does not have any other employee who is an immediate family member of a Director or the CEO or a Substantial Shareholder of the Company and whose remuneration exceeded $100,000 during FY2020.

Employee Share Scheme

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

Link between remuneration and performance

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

ACCOUNTABILITY AND AUDIT

The Board and the Audit and Risk Committee is responsible for governance of risk and ensures that the Company maintains a sound system of risk management and internal controls over financial reporting, operational risks and compliance risks (including information technology controls and risk management systems), to safeguard the interests of the Company and its shareholders' investments and the Group's assets. All areas of weaknesses identified in internal audit reports were properly dealt with in a timely manner.

It also recognises the importance of providing accurate and relevant information on a timely basis to all stakeholders. During FY2020, all quarterly unaudited results and the audited full-year results of the Group were announced within the respective regulatory deadlines.

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interest of the Company and its shareholders.

Risk Management and Internal Controls System

The responsibility of overseeing the Company's Enterprise Risk Management ("**ERM**") Framework and Assurance Framework and policies is undertaken by the ARC with the assistance of the internal and external auditors. In March 2015, the Audit Committee was renamed as Audit and Risk Committee. The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the internal auditors. Having considered the Company's business and operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

During FY2020, the ARC assisted the Board to oversee and ensures that such system has been appropriately implemented and monitored.

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

Risk Management

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

The Board has approved the ERM Framework for the identification of key risks within the business which is aligned with the ISO 31000:2018.

Under the ERM framework:

- Risks identified are aligned with the objectives of the Group.
- A risk reporting structure is defined to identify the Risk Owners, Approvers, Champions and their respective risk responsibilities.
- A risk reporting process is established which includes the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks.
- Risks are evaluated on a common measurement matrix based on the likelihood and consequence of each risk identified. The risks are first identified on a gross level and subsequently on a residual level considering the risk treatment measures in place. The residual risk level determines the extent of risk exposure and further risk treatment measures required.

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

Adequacy and Effectiveness of Risk Management and Internal Control Systems

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

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

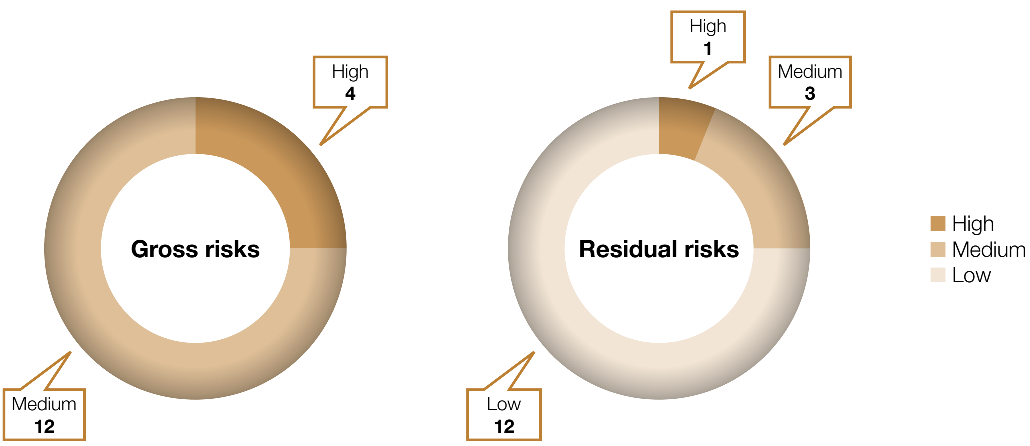
For FY2020, an ERM exercise was performed involving 24 middle and senior managers of the Group, including the C-Suite executives. Key operating entities of the Group, except for the less active or dormant entities, were covered.

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

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

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

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



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

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

S/N	Risk title and description	Risk level		Risk treatment plan
		Gross	Residual	
1	Pandemic outbreak leading to business disruptions Should there be a disease outbreak such as COVID-19, Sever Acute Respiratory Syndrome ("**SARS**"), bird flu, Middle East Respiratory Syndrome ("**MERS**") or mad cow diseases, consumer's demand may drop arising from anxiety, fear and/or regulatory actions such as movement restrictions or controls over sales of certain food items. Depending on the severity of the outbreak and the related restrictions imposed, the Group's sales and financial performance may be adversely affected.	II	II	The Group focuses on ensuring management and staff are suitably trained to respond effectively to disease outbreaks. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, putting in place robust, reliable systems and rehearsals of outbreak management plan.
2	Improper food handling resulting in food poisoning cases The Group operates central kitchens and manufacturing facilities to support the business operations. Improper food handling may result in food contamination and consequently lead to cases of food poisoning when consumed by customers. A serious food poisoning case may lead to regulatory actions such as fines and suspension of business licenses from relevant authorities. In such an event, the Group's reputation and financial performance will be adversely affected.	II	III	The Group focuses on maintaining an adequate and effective food handling internal control system. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policy and procedures, training and conduct of laboratory tests on food by third party professionals.
3	IT system failure and/or cyberattacks leading to business disruptions The Group is dependent on the information technology infrastructure to support the business operations. The Group maintains various systems, both proprietary and commercially available, to support the key business functions, such as sales, production, procurement, inventory management, human resources and communication with external stakeholders. The Group relies on software service provider to develop its proprietary systems, related enhancements and maintenance. Prolonged system failure arising from accidents such as fire, flood, power failure, virus, cyberattacks and sub-standard services from software service provider may result in major disruptions that will adversely affect the Group's operations.	II	III	The Group focuses on building and maintaining a robust and secured information technology environment. Key mitigating controls in place include maintaining a competent and experienced team to support business operations, establish supervisory controls over the work of software service provider, implementing adequate, effective policy and procedures, adopting sufficient security controls, performing regular backup and recovery procedures.

S/N	Risk title and description	Risk level		Risk treatment plan
		Gross	Residual	
4	Shortage of funding and cash flow The Group generates cash flow from sales to customers and makes payments for items such as purchase of raw materials, payments for payroll, operating overheads and capital expenditure (including the construction of a new headquarter). Prolonged and significant net cash outflows will lead to a depletion of cash balances which the Group may then require financing support such as loans or fund raisings. Should such financing support be not available, the Group's continual operations may be affected.	II	III	The Group focuses on maintaining a healthy cash flow. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policies and procedures, putting in place an effective enterprise resource planning system and regular review of financial performance and liquidity position.
5	Loss of key managers The Group is led by a team of experienced managers. The loss of key managers or the inability for the Group to attract and retain qualified and experienced personnel may have an adverse impact on the business operations and financial performance.	III	IV	The Group focuses on building and maintaining a conducive, fulfilling and rewarding work environment to address the risk of turnover for key managers. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures and putting in place a market aligned remuneration structure.
6	Escalation of costs Key cost components of the Group's operations include purchase of raw materials and trading goods, salaries and other operating expense such as logistics, utilities and consumables. Cost escalations driven by inflation without adequate cost controls in place may lead to margin erosions and adverse financial performance if they are not passed on to the customers.	III	IV	The Group focuses on effective cost controls and seek to maximise value for costs incurred. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policies and procedures, putting in place an effective enterprise resource planning system and regular review of financial performance.
7	Non-compliance to the Personal Data Protection Act As part of the operations, the Group collects personal data from stakeholder such as staff, customers (including members), shareholders and suppliers' staff. Non compliance with the relevant requirements may result in regulatory actions and adversely impact the Group's reputation.	III	IV	The Group is committed to protect confidentiality of personal data. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures and implementing sufficient security controls on personal data stored manually and in IT systems.
8	Adverse movements in market interest rate The Group obtains financing from financial institutions to support the operations and business expansion plans. A significant and prolonged increase in the interest rate will lead to significant increase in financing costs which will in turn adversely affect the Group's financial performance.	III	IV	The Group seeks to minimise adverse effects from the volatility of the market interest rate through adequate effective planning. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, putting in place robust, reliable systems, setting up a robust budgetary system and regular review of financial performance.

S/N	Risk title and description	Risk level		Risk treatment plan
		Gross	Residual	
9	Health and safety for workers Accidents may arise as the Group's operations involve the use of various kitchen equipment and machineries, such as stove, oven and kitchen tools with sharp edges such as knifes and cutters. The Group's reputation may be adversely impacted if the accidents are publicised in the mass media. In addition, regulators may impose punitive measures such as fines or stop work order pending the results of investigation which may adversely affect the Group's operations and financial performance.	III	IV	The Group places significant emphasis on creating a workplace that allows employees to work in a safe and healthy environment. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, putting in place safety committees, proper and regular safety briefings, effective trainings, conduct of fire drills and safety performance monitoring.

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

Internal Controls

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

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

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

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

The ARC has reviewed the reports complied by the internal auditors relating to results of the assurance activities conducted under the Assurance Framework.

As part of the Group's continuous efforts to ensure that its risk management systems and internal controls are adequate and effective, the Company is not only working towards strengthening the existing policies by conducting regular reviews to ensure that they remain relevant, but is also implementing new ones where necessary to meet challenges brought on by a changing business environment.

Assurance from CEO, Chief Financial Officer ("CFO") and Other Responsible Key Management Personnel

The Company has established a practice whereby business unit owners of individual subsidiaries are required to provide yearly written representation, in specific template, to the CEO and the Group Financial Controller ("**GFC**") would in turn furnish an overall representation to the ARC and the Board confirming, *inter alia*, that the financial processes and controls, and the integrity of the Group's financial statements are in place, highlighting material financial risks and impacts and providing updates on significant financial issues of the Group.

In FY2020, based on the CEO and the GFC's representation, enquiries made thereof and in accordance with the requirements of the SGX-ST Listing Manual, the Board issued negative assurance statements in its quarterly financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

The CEO and the GFC have provided an assurance to the Board that (i) the financial records have been properly maintained and that the financial statements give a true and fair view of the Company and the Group's operations and finances for FY2020 and financial position as of 31 March 2020. The CEO and the GFC had provided assurance (ii) that the Company's risk management and internal control systems were adequate and effective as of the same date.

Board's Commentary on Adequacy and Effectiveness of Internal Controls and Risk Management System

Based on internal controls established and maintained by the Group, CSA Programme conducted by the Management, work performed by the internal, external auditors and an external certification firm, the written representation from the CEO and GFC providing assurance on the Group's risk management and internal control systems and that the financial records, the Board, with the concurrence of the ARC, is of the view that, except for the newly acquired/incorporated subsidiaries, the Group's risk management and internal control systems were effective and adequate for FY2020 to address the financial, operational, compliance and information technology risks of the Group.

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

Concurrence of the ARC on the Adequacy and Effectiveness of Internal Controls and Risk Management Systems

As part of the ARC's roles under its terms of reference, the ARC had reviewed and reported to the Board on their assessment of the Company's internal controls and risk management system. Accordingly, the ARC concurred with the Board that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 March 2020.

Audit and Risk Committee

Principle 10: Establishment of Audit & Risk Committee ("ARC") which discharges its duties objectively.

Composition, Roles and Expertise of the ARC

ARC Membership

The ARC comprises of three (3) non-executive directors, all of whom including the ARC Chairman are independent. The ARC members as at the date of this Annual Report are:

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

None of the ARC members was a former partner or director of the Company's existing auditing firm or its member firms.

Expertise of ARC Members

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

At least two members of the ARC (including the ARC Chairman) have recent and relevant accounting or related financial management expertise or experience. Mr Tan Lye Huat is a chartered accountant by profession and sits on several boards of Singapore public listed companies. Mr Yeo Kok Tong, in his professional career, has gathered extensive financial management experience from his previous directorship in other listed companies as well as CEO of Singapore Food Industries and DE United Nigeria Limited.

Roles, Responsibilities and Authorities of ARC

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

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

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

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

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

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

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

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

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

An ARC Report is submitted to the Board after the end of each financial year and minutes of the ARC meetings are routinely tabled at Board meetings to keep the Board members apprised.

Activities of the ARC

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

The ARC had reviewed the external auditor's audit plan for FY2020 and had agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In ARC's review of the financial statements of the Group for FY2020, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the external auditors for FY2020.

During the year, the ARC has held five (5) scheduled meetings.

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

Mandatory Adjustments	
Standards	**Financial Impact**
SFRS(I) 16 – Leases requires lessees to capitalise all leases with a term of more than 12 months on the balance sheet by recognising a 'right-of-use' asset and a corresponding lease liability.	On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities in relation to lands, office premises and retail premises, kitchen and office equipment, motor vehicles, factory equipment and plant and machinery which had previously been classified as operating leases. As a lessee, the Group previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most leases. For those low-value assets based on the value of the underlying asset when new and leases with a lease term of 12 months or less, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases. Details of the financial impact on the adoption of SFRS(I) 16 are set out in Note 2.1 to the financial statements.

Audit & Risk Committee's commentary on key audit matters

Key audit matters	How these issues were addressed by the ARC
(a) Business Combination of Ever Rich Pte Ltd and its subsidiary ("**ER Group**")	The ARC acknowledges that the Business Combination of ER Group involves significant judgement and estimates. Towards this end, the ARC had, supported with management's documentations and justifications, reviewed and agreed with the identification and valuation process and key assumptions adopted by Management to guide reviews and decisions on the valuation, accounting and reporting of identifiable assets, liabilities and the resultant intangible assets. The Business Combination of ER Group was also an area of focus by the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2020. Please refer to page 88 of this Annual Report. The ARC is satisfied that the Business Combination of ER Group have been properly dealt with and appropriately accounted for.

Key audit matters	How these issues were addressed by the ARC
(b) Impairment Assessment of Goodwill, Trademarks and Customer Relationships	The ARC acknowledges that the Impairment Assessment of Goodwill, Trademarks and Customer Relationships involves significant judgement and estimates. Towards this end, the ARC had, supported with management's documentations and justifications, reviewed and agreed with the identification and valuation process and key assumptions adopted by Management to guide reviews and decisions on possible impairment to Goodwill, Trademarks and Customer Relationships. The ARC undertakes a review on this basis and as and when necessary during the course of the year. The Impairment Assessment of Goodwill, Trademarks and Customer Relationships was also an area of focus by the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2020. Please refer to page 89 of this Annual Report. The ARC is satisfied that the approach and methodology in the impairment assessment used by management are appropriate.
(c) Impairment Assessment of Investments in Subsidiaries	The ARC acknowledges that Impairment Assessment of Investments in Subsidiaries involves significant judgement and estimates. Towards this end, the ARC had, supported with management's documentations and justifications, reviewed and agreed with the identification and valuation process and key assumptions adopted by Management to guide reviews and decisions on possible impairment to Investments in Subsidiaries. The ARC undertakes a review on this basis and as and when necessary during the course of the year. The Impairment Assessment of Investments in Subsidiaries was also an area of focus by the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2020. Please refer to page 90 of this Annual Report. The ARC is satisfied that the approach and methodology in the impairment assessment used by management are appropriate.

The ARC had discussed the aforesaid key audit matters with Management and the external auditors, BDO LLP, on changes to the accounting standards and accounting issues which have a direct impact on the financial statements.

Following the review, the ARC concurred with the basis and conclusions included in the auditors' report with respect to the key audit matters for FY2020.

Following the review, the ARC was satisfied that all the aforesaid matters had been properly dealt with and recommended to the Board to approve the financial statements. The Board had on 21 August 2020 approved the financial statements for the FY2020.

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

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

Whistle blowing Policy

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

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

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

Whistle Blowing Committee

The WBC consists of:

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

The WBC is empowered to:

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

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

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

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

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

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

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

The Whistle-blowing Policy is reviewed by the ARC once every two years to assess the effectiveness of the processes in place and to ensure that the said policy is updated with any related changes in legal and regulatory requirements. The Whistle-blowing Policy was reviewed by the ARC and approved by the Board in July 2020.

No whistle-blowing concerns were reported for FY2020.

Evaluation of External Auditors

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

During FY2020 and as in the past years, the ARC reviewed the "Audit Planning" memorandum prepared by BDO LLP, the external auditors, discussed about the their terms of engagement, materiality level of their work, significant risks assessment, areas of audit focus, and audit quality indicators, before the commencement of their audit work.

For FY2020, the ARC had evaluated the external auditors based on the ACRA audit quality indicators disclosure framework. In respect of the audit quality indicators, the ARC had reviewed, in particular, the following areas: audit hours planned, experience of the team, adequacy of training received by the team, results of internal and third party's inspection of their work, compliance with independence requirement, quality control, staff oversight, and staff attrition rate.

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

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

External Auditor Fees for FY2020	$'000	% of Total Fees
Total Audit Fees	282.0	79.9%
Total Non-Audit Fees	71.0	20.1%
Total Fees Paid	**353.0**	**100.0%**

The ARC is satisfied with the nature and extent of the non-audit services performed by the auditors, and that their independence and objectivity has not been prejudiced.

On the recommendation of the ARC, the Board had endorsed the reappointment of BDO LLP as the external auditors of the Group in the ensuing year and will submit this for shareholders' approval at the forthcoming AGM. The Group has, with regard to the aforesaid, also complied with Rules 712 and 715(1) of the Catalist Rules of SGX-ST in relation to the Company's appointment of auditing firms.

Internal Auditors, Reporting Line, Compliance and Function

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors ("**IA**"). The primary reporting line of the internal audit function, which has been outsourced to Yang & Lee Associates ("**YLA**") is to the ARC, which also endorses the appointment, termination and remuneration of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including the ARC, and has appropriate standing within the Company.

The Company's internal audit function is independent of the activities it audits. YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, trading, retail and property development industries. YLA is staffed with professionals with relevant qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors. YLA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors in carrying out its work.

At the beginning of each year, an annual internal audit plan which entails the review of the selected functions or business units of the Group is developed and agreed by the ARC. A comprehensive 5-year rotational Group internal audit plan ("**Rotational Internal Audit Plan**") which is aligned with the results of risk assessments performed under the ERM Framework, has been devised such that all key operating cycles and entities of the Group are audited within an internal-audit cycle.

Having reviewed the experience, competency, resource, independence and reporting structure of YLA, the ARC is satisfied that the Company's internal audit function is:

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

Adequacy and Effectiveness of Internal Audit Function

The IA completed one review during FY2020 in accordance with the Rotational Internal Audit Plan approved by the ARC. The Management has adopted key recommendations of the IA set out in the IA's report.

The IA engagement team comprises two Directors, a Manager, an Assistant Manager and supported by two Associates. Each of the two Directors has more than 20 years of relevant experience whilst the Manager has approximately 14 years of relevant experience.

For FY2020, the ARC reviewed the adequacy of the internal audit function to ensure that the internal audits were conducted effectively and that Management provided the necessary co-operation to enable the IA perform its function. After having reviewed the YLA plans, reports and remedial actions implemented by Management to address any internal control inadequacies identified, the ARC is satisfied that the internal audit function is independent, adequately resourced and effective.

Upon the recommendation by the ARC, the Board has approved the re-engagement of YLA as the internal auditors of the Group in the ensuing year ending 31 March 2021.

Independent Meeting with External & Internal Auditors

During FY2020, the Company's internal and external auditors were invited to attend the ARC meetings and make presentations as appropriate. They also met separately with the ARC without the presence of Management.

SHAREHOLDERS' RIGHTS AND ENGAGEMENT

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

Shareholder Rights and Conduct of General Meeting

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Sufficient Information to Shareholders

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

Accountability for Accurate Information

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

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

In accordance with Rule 705(5) of the Catalist Rules, during FY2020, the Board issued negative assurance statements in its interim financial results announcement, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

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

Shareholders' participation at general meetings

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

Separate Resolution at General Meetings

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

Proxies for Nominee Companies

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

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

Attendees at General Meetings

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

Forthcoming FY2020 AGM to be Convened and Held by Electronic Means

In view of the current COVID-19 situation, the forthcoming Eighth AGM to be held in respect of the financial year ended 31 March 2020, will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM.

Absentia Voting

Voting in absentia and by mail, electronic mail or facsimile may be possible at the Directors' discretion to approve or implement, subject to the security measures as may be deemed necessary or expedient to ensure that the integrity of the information and authentication of the identity of shareholder(s) is not compromised.

Minutes of General Meetings

The minutes of general meetings, which include substantial and relevant comments or queries from shareholders relating to the agenda of the general meetings together with the responses from the Board and Management are prepared and made available on the Company's website as soon as practicable.

Dividend Policy

The Company does not have a fixed dividend policy. The Board is recommending 0.5 Singapore cent per ordinary share for FY2020 as the final one-tier tax exempt dividend payable to shareholders, subject to the approval of shareholders at the forthcoming Eighth AGM. In considering the form, frequency and amount of future dividends on the shares that the Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Board:

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

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Communication with Shareholders

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

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

Timely Information to Shareholders

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Company and the Group were released to the shareholders on timely basis. In addition, the Annual Report 2020 will be distributed to shareholders at least 21 days before the AGM to be held on 24 September 2020.

Following the amendments to Rule 705(2) of the Listing Manual of Singapore Exchange Securities Trading Limited which took effect from 7 February 2020, the Company is no longer required to release its financial statements on a quarterly basis. Accordingly, the Company will release announcements pertaining to the unaudited financial results of the Group on a half-yearly basis going forward. Notwithstanding the foregoing, the Company will continue to comply with its continuing disclosures obligations to keep shareholders updated as and when appropriate, should there be any material developments relating to the Company and the Group.

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

Regular Dialogue with Shareholders

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

Soliciting and Understanding Views of Shareholders

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

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

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. For more information on the Company engagement with stakeholders, please refer to the Company's Sustainability Report published annually in its Annual Report.

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

OTHER CORPORATE GOVERNANCE MATTERS

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

DEALINGS IN SECURITIES

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

The Company has adopted an internal securities code of compliance to provide to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules. During FY2020, the Company issues quarterly circulars to its Directors, officers and employees prohibiting dealing in its shares during the period commencing two weeks before the announcement of the Group's quarterly financial results and one month before the commencement of the Group's full-year financial results till the day of such announcements. Directors and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. The Group confirmed that it adhered to its internal securities code of compliance for FY2020.

INTERESTED PERSON TRANSACTIONS

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

Details of the interested person transactions for FY2020 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000
Neo Kah Kiat			
(i) Office premise lease expense[1]		98.4	–
(ii) GUI Solutions Pte Ltd			
– Cost of goods and services purchased	#	419.4	–
– Rental and utilities income		24.0	–
(iii) Interest expense		9.8	–
Neo Kah Kiat and Liew Oi Peng			
(i) Office premise lease expense[2]		195.0	–
(ii) Rental of hostel for staff welfare		12.0	–
(iii) Twinkle Investment Pte Ltd	#		
– Office premise lease expense[3]		175.7	–
– Interest expense		51.9	–

These interested persons are regarded as associates of the Company's controlling shareholder under Chapter 9 of the Catalist Rules on interested person transactions.

Notes:

1 The office premise lease expense paid to the Company's director, Neo Kah Kiat, in FY2020 relates to #05-04 at Enterprise One amounting to approximately $98,400. As the terms of the tenancy agreement for the office premise were supported by independent valuations and with lease period of 3 years, the lease thereunder is not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916(1).

2 The office premise lease expense paid to the Company's directors, Neo Kah Kiat and Liew Oi Peng, in FY2020 relates to lease expense for #05-03 and #05-05 at Enterprise One amounting to approximately $195,000. As the terms of the tenancy agreements for the office premises were supported by independent valuations and with lease period of 3 years, the leases thereunder are not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916(1).

3 The office premise lease expense paid to the Twinkle Investment Pte Ltd, which is jointly owned by Neo Kah Kiat and Liew Oi Peng, in FY2020 relates to lease expenses for #05-06 at Enterprise One and #03-21 at 8A Admiralty Street amounting to approximately $175,700. As the terms of the tenancy agreement for the office premise were supported by independent valuations and with lease period of 3 years, the lease thereunder is not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916(1).

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

MATERIAL CONTRACTS

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

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

NON-SPONSOR FEES

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

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch during FY2020.

CODE OF CONDUCT AND PRACTICES

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

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Mr Neo Kah Kiat is the Director seeking re-election at the forthcoming Eighth Annual General Meeting of the Company to be convened on 24 September 2020 ("**AGM**") (the "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the following is the information relating to the Retiring Director as set out in Appendix 7F to the Listing Manual of the SGX-ST:

	MR NEO KAH KIAT
Date of appointment	22 March 2012
Date of last re-appointment	26 July 2018
Age	50
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution, performance, attendance, preparedness, participation, candour and suitability of Mr Neo Kah Kiat for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Mr Neo Kah Kiat who is the founder of the Group and has played an instrumental role in developing the business since its establishment. He has considerable industry experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Neo Kah Kiat is the Executive Chairman and CEO in the formulation of the Group's business strategic goals and leading the development of the Group's short- and long-term strategies.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Founder, Chairman & CEO
Professional qualifications	N/A
Working experience and occupation(s) during the past 10 years	Neo Group Limited and its subsidiaries
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 112,151,850 Deemed interest: 8,064,000
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Neo Kah Kiat is the spouse of Ms Liew Oi Peng, who is also the Executive Director of the Company, as well as brother-in-law of Mr Liew Choh Khing, Executive Director (Food Retail), and Ms Liew Oi Yen, Director of Operations.
Conflict of Interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments including Directorships Past (for the last 5 years) Present	None

	MR NEO KAH KIAT
Disclose the following matters concerning an appointment of directors, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

	MR NEO KAH KIAT
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only	
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A

FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

The Directors of Neo Group Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2020 and the statement of financial position of the Company as at 31 March 2020.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

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

2. DIRECTORS

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

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

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 April 2019	Balance at 31 March 2020	Balance at 1 April 2019	Balance at 31 March 2020
	Number of ordinary shares			
Company				
Neo Kah Kiat	101,116,550	106,316,550	8,064,000	8,064,000
Liew Oi Peng	8,064,000	8,064,000	101,116,550	106,316,550
Yeo Kok Tong	92,600	92,600	20,000	20,000
Ng How Hwan, Kevin	–	–	453,300	453,300

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

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

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

In accordance with the continuing listing requirements of the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 April 2020 in the shares of the Company have not changed from those disclosed as at 31 March 2020.

5. SHARE OPTIONS

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

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

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

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

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

6. AUDIT AND RISK COMMITTEE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. INDEPENDENT AUDITOR

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

On behalf of the Board of Directors

Neo Kah Kiat Director	**Liew Oi Peng** Director

Singapore
21 August 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Neo Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2020;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2020, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Audit Response
1 Business Combination of Ever Rich Pte Ltd and its subsidiary ("ER Group")	
On 7 February 2020, the Group acquired 49% equity interest in ER Group for a consideration of \$3.43 million. As part of the purchase price allocation ("PPA"), this amount has been allocated to the fair value of the identifiable assets acquired and liabilities assumed, resulting in the recognition of goodwill of \$1.10 million on the investment in ER Group. The acquisition was accounted for using the acquisition method. The Group has engaged an external valuer to perform a Purchase Price Allocation ("PPA"). The fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition, including the intangible assets identified for this acquisition required significant management's judgements and estimates. We have determined the acquisition of ER Group to be a key audit matter as the acquisition is a material transaction during the financial year and involved significant judgements and estimates with regard to the valuation process and key assumptions on the future market conditions, growth rates and discount rate used in the revenue forecasts prepared by management.	Our procedures on the business combinations included, amongst others, the following: • Assessed the independence and competency of the external valuer which included considering its experiences and qualification in performing valuation for such business combination; • Discussed with the external valuer on the valuation methodologies used and the results of their work; • Engaged our internal valuation specialists to evaluate the valuation methodologies used and the reasonableness of the discount rates applied; • Compared the key assumptions used by the external valuer in the valuation of assets and liabilities to externally published benchmarks where available; • Evaluated the key business performance assumptions made by management, including the revenue growth rates against historical performance; and • Assessed the adequacy of the disclosure in the financial statements in relation to the business combination.
Refer to Notes 3.2(i) and 12 to the financial statements.	

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Key Audit Matters (Continued)

Key Audit Matter	Audit Response
2 Impairment Assessment of Goodwill, Trademarks and Customer Relationships	
As at 31 March 2020, the Group's goodwill, trademarks and customer relationships amounted to $7.3 million, $8.3 million and $3.2 million, respectively. In accordance with SFRS(I) 1-36 Impairment of Assets, the Group is required to test goodwill and trademarks with an indefinite useful life for impairment annually, or more frequently if there are indicators that these assets may be impaired. Customer relationships are tested for impairment when there is an indication that the asset may be impaired. For the purpose of impairment assessment, management prepared discounted cash flows forecasts for the respective cash generating units to determine if any impairment is required. Based on management's assessment, an impairment loss on goodwill of $448,000 was recognised for the financial year. We have determined the impairment assessment of these assets to be a key audit matter as the impairment assessment involved significant judgements and estimates with regard to the key assumptions on the future market conditions, growth rates and discount rates used in the discounted cash flow forecasts prepared by management.	Our procedures on the impairment assessment of these assets included, amongst others, the following: • Discussed with management and evaluated the key assumptions made by management in preparing the discounted cash flows taking into consideration the current economic and business environment which are affected by Covid-19, including comparing the revenue growth rate against historical performance and terminal growth rates against market data; • Engaged our internal valuation specialists to evaluate reasonableness of the discount rate used; • Performed sensitivity analysis around the key assumptions, including the revenue growth rate, discount rate and terminal growth rate, used in cash flow forecasts; and • Assessed the adequacy of the disclosure in the financial statements with respect to the impairment assessment.
Refer to Notes 3.2(ii) and 9 to the financial statements.	

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Key Audit Matters (Continued)

Key Audit Matter	Audit Response
3 Impairment Assessment of Investments in Subsidiaries	
As at 31 March 2020, the Company's investments in subsidiaries amounted to $39.4 million. During the financial year ended 31 March 2020, management performed an impairment assessment of the investments in subsidiaries using discounted cash flow forecasts as cost of investment of certain subsidiaries exceeds the Company's share of the net assets of the subsidiaries. Based on management's assessment, an impairment loss of $2,800,000 was recognised for the financial year. We have determined the impairment assessment of the investments in subsidiaries to be a key audit matter as the impairment assessment involved significant judgements and estimates with regard to the key assumptions on the future market conditions, growth rates and discount rates used in the discounted cash flow forecasts prepared by management.	Our procedures on the impairment assessment of these assets included, amongst others, the following: • Discussed with management and evaluated the key assumptions made by management in preparing the discounted cash flows taking into consideration the current economic and business environment which are affected by Covid-19, including comparing the revenue growth rate against historical performance and terminal growth rates and discount rates against market data; • Performed sensitivity analysis around the key assumptions, including the revenue growth rate, discount rate and terminal growth rate, used in cash flow forecasts; and • Assessed the adequacy of the disclosure in the financial statements with respect to the impairment assessment.
Refer to Notes 3.2(iv) and 11 to the financial statements.	

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeo Siok Yong.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
21 August 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
ASSETS					
Current assets					
Inventories	4	11,533	11,452	–	–
Trade and other receivables	5	25,141	25,397	3,542	3,249
Finance lease receivable		–	–	29	–
Prepayments		442	620	39	20
Cash and bank balances	6	18,064	19,027	1,101	3,633
Total current assets		55,180	56,496	4,711	6,902
Non-current assets					
Property, plant and equipment	7	90,025	81,218	2	4
Investment properties	8	440	1,154	–	–
Intangible assets	9	19,576	20,346	4	4
Right-of-use assets	10	31,381	–	–	–
Investments in subsidiaries	11	–	–	39,357	40,657
Investments in associates	12	3,274	–	3,293	–
Other receivables	5	3,414	3,211	1,863	1,900
Finance lease receivable		–	–	142	–
Financial assets at FVOCI	13	382	720	382	720
Total non-current assets		148,492	106,649	45,043	43,285
TOTAL ASSETS		203,672	163,145	49,754	50,187
EQUITY					
Capital and reserves					
Share capital	14	8,664	8,664	8,664	8,664
Merger and capital reserves	15	(3,479)	(1,291)	–	–
Fair value adjustment account	16	(248)	90	(248)	90
Foreign currency translation reserve	17	273	243	–	–
Retained earnings	18	36,384	30,788	5,833	5,662
Equity attributable to owners of the parent		41,594	38,494	14,249	14,416
Non-controlling interests		4,020	3,299	–	–
TOTAL EQUITY		45,614	41,793	14,249	14,416
LIABILITIES					
Current liabilities					
Trade and other payables	19	34,561	30,065	3,464	5,874
Provisions	20	450	443	–	–
Bank borrowings	21	35,497	33,168	699	668
Lease liabilities/finance lease liabilities	22	6,668	2,213	28	–
Income tax payable		1,731	1,619	12	16
Total current liabilities		78,907	67,508	4,203	6,558
Non-current liabilities					
Other payables	19	6,493	2,579	29,338	26,696
Bank borrowings	21	46,183	42,852	1,818	2,517
Lease liabilities/finance lease liabilities	22	22,810	4,457	146	–
Deferred tax liabilities	23	3,665	3,956	–	–
Total non-current liabilities		79,151	53,844	31,302	29,213
TOTAL LIABILITIES		158,058	121,352	35,505	35,771
TOTAL EQUITY AND LIABILITIES		203,672	163,145	49,754	50,187

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

	Note	2020 $'000	2019 $'000
Revenue	24	185,868	181,020
Other items of income			
Interest income		173	272
Other income	25	2,491	2,199
Items of expense			
Purchases and consumables used		(75,824)	(76,510)
Changes in inventories		136	145
Delivery expenses		(4,236)	(3,642)
Employee benefits expense	26	(54,248)	(54,314)
Depreciation and amortisation expenses	27	(15,219)	(9,300)
Advertising expenses		(3,849)	(3,719)
Operating lease expenses	28	–	(7,280)
Utilities		(6,116)	(6,133)
Other expenses		(17,023)	(13,699)
Finance costs	29	(4,763)	(2,803)
Share of loss of associate, net of tax		(19)	–
Profit before income tax	30	7,371	6,236
Income tax expense	31	(1,108)	(1,070)
Profit for the financial year		6,263	5,166
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations		33	27
Items that will not be reclassified subsequently to profit or loss			
Fair value loss on equity instruments at FVOCI		(338)	(72)
Other comprehensive income for the financial year, net of tax		(305)	(45)
Total comprehensive income for the financial year		5,958	5,121
Profit attributable to:			
Owners of the parent		6,333	5,398
Non-controlling interests		(70)	(232)
		6,263	5,166
Total comprehensive income attributable to:			
Owners of the parent		6,025	5,321
Non-controlling interests		(67)	(200)
		5,958	5,121
Earnings per share			
– Basic and diluted (in cents)	32	4.30	3.68

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

	Note	Share capital $'000	Merger and capital reserves $'000	Fair value adjustment account $'000	Foreign currency translation reserves $'000	Retained earnings $'000	Total equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2019		8,664	(1,291)	90	243	30,788	38,494	3,299	41,793
Profit for the financial year		–	–	–	–	6,333	6,333	(70)	6,263
Other comprehensive income									
Exchange differences arising from translation of foreign operations		–	–	–	30	–	30	3	33
Fair value loss on equity instruments at FVOCI	13	–	–	(338)	–	–	(338)	–	(338)
Total comprehensive income for the financial year		–	–	(338)	30	6,333	6,025	(67)	5,958
Changes in ownership interests in subsidiaries:									
Acquisition of non-controlling interests without a change in control	11	–	(2,188)	–	–	–	(2,188)	788	(1,400)
Total changes in ownership interests in subsidiaries		–	(2,188)	–	–	–	(2,188)	788	(1,400)
Distribution to owners of the parent:									
Dividends	33	–	–	–	–	(737)	(737)	–	(737)
Total transaction with owners of the parent		–	–	–	–	(737)	(737)	–	(737)
Balance at 31 March 2020		8,664	(3,479)	(248)	273	36,384	41,594	4,020	45,614

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

	Note	Share capital $'000	Merger and capital reserves $'000	Fair value adjustment account $'000	Foreign currency translation reserves $'000	Retained earnings $'000	Total equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2018		7,899	179	162	248	26,849	35,337	4,076	39,413
Profit for the financial year		–	–	–	–	5,398	5,398	(232)	5,166
Other comprehensive income									
Exchange differences arising from translation of foreign operations		–	–	–	(5)	–	(5)	32	27
Fair value loss on equity instruments at FVOCI	13	–	–	(72)	–	–	(72)	–	(72)
Total comprehensive income for the financial year		–	–	(72)	(5)	5,398	5,321	(200)	5,121
Changes in ownership interests in subsidiaries:									
Acquisition of subsidiaries	11	765	–	–	–	–	765	3,303	4,068
Acquisition of non-controlling interests without a change in control	11	–	(1,470)	–	–	–	(1,470)	(3,880)	(5,350)
Total changes in ownership interests in subsidiaries		765	(1,470)	–	–	–	(705)	(577)	(1,282)
Distribution to owners of the parent:									
Dividends	33	–	–	–	–	(1,459)	(1,459)	–	(1,459)
Total transaction with owners of the parent		–	–	–	–	(1,459)	(1,459)	–	(1,459)
Balance at 31 March 2019		8,664	(1,291)	90	243	30,788	38,494	3,299	41,793

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2020

	2020 $'000	2019 $'000
Operating activities		
Profit before income tax	7,371	6,236
Adjustments for:		
Allowance for impairment loss on third parties trade and other receivables	482	69
Bad third parties trade receivables written off	81	5
Reversal of allowance for impairment loss of trade receivables	(30)	(100)
Reversal of provision not utilised	(91)	–
Depreciation and amortisation expenses	15,219	9,300
Dividend income	(11)	(34)
Impairment loss on investment property	110	–
Impairment loss on goodwill	448	–
Impairment loss on plant and equipment	53	–
Impairment loss on right-of-use assets	425	–
Interest expense	4,763	2,803
Interest income	(173)	(272)
Inventories written down	112	11
Inventories written off	449	70
Loss on disposal of investment property	137	–
Gain on disposal of plant and equipment	(89)	(26)
Intangible assets written off	–	1
Plant and equipment written off	57	188
Right-of-use assets written off	71	–
Share of loss of associate, net of tax	19	–
Operating cash flows before working capital changes	29,403	18,251
Working capital changes:		
Inventories	(642)	(1,955)
Trade and other receivables	(598)	(752)
Prepayments	178	11
Trade and other payables	763	3,126
Provisions	(28)	(41)
Cash generated from operations	29,076	18,640
Income tax paid	(1,270)	(476)
Net cash from operating activities	27,806	18,164

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2020

	Note	2020 $'000	2019 $'000
Investing activities			
Acquisition of subsidiaries, net of cash acquired	11	–	(2,537)
Acquisition of non-controlling interests in subsidiaries	11	(2,500)	(2,850)
Acquisition of associates		(860)	–
Deposit paid for purchase of plant and equipment		(410)	(76)
Purchase of property, plant and equipment		(21,175)	(3,838)
Purchase of intangible assets		(504)	(449)
Proceeds from disposal of investment property		423	–
Proceeds from disposal of property, plant and equipment		105	187
Interest received		173	272
Dividend received		11	34
Net cash used in investing activities		(24,737)	(9,257)
Financing activities			
Drawdown of bank borrowings (Note A)		46,999	61,074
Repayment to a Director (Note A)		(100)	(436)
Repayment to a related party		(555)	–
Loan from a third party		3,000	–
Repayment of bank borrowings (Note A)		(41,504)	(58,171)
Repayment of finance lease payables (Note A)		–	(1,973)
Repayment of principal portion of lease liabilities (Note A)		(7,059)	–
Decrease/(Increase) in fixed deposits pledged		248	(175)
Dividends paid		(737)	(1,459)
Interest paid		(2,734)	(2,793)
Interest paid for lease liabilities		(1,515)	–
Net cash used in financing activities		(3,957)	(3,933)
Net change in cash and cash equivalents		(888)	4,974
Effect of foreign exchange rate changes on cash and cash equivalents		4	(48)
Cash and cash equivalents at beginning of financial year		15,842	10,916
Cash and cash equivalents at end of financial year	6	14,958	15,842

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2020

Note A: Reconciliation of liabilities arising from financing activities

	At the beginning of the financial year $'000	Cash flows $'000	Acquisition of subsidiaries, net of cash acquired $'000	Additions of right-of-use assets/property, plant and equipment under leases/finance leases $'000	Non-cash changes Offsetting $'000	Interest expense $'000	Lease modifications $'000	Foreign exchange differences $'000	At the end of the financial year $'000
2020									
Bank borrowings	73,236	5,495	–	–	–	–	–	(3)	78,728
Lease liabilities	31,051	(8,574)	–	5,545	–	1,515	(59)	–	29,478
Loan from a Director	861	(100)	–	–	–	26	–	–	787
	105,148	(3,179)	–	5,545	–	1,541	(59)	(3)	108,993
2019									
Bank borrowings	70,259	2,903	696	–	(587)	–	–	(35)	73,236
Finance lease payables	4,672	(1,973)	728	2,657	587	–	–	(1)	6,670
	74,931	930	1,424	2,657	–	–	–	(36)	79,906

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

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

1. GENERAL CORPORATE INFORMATION

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

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

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

The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2020 were authorised for issue in accordance with a Directors' resolution dated 21 August 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

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

The Group is in a net current liabilities position of approximately $23,727,000 (2019: $11,012,000) as at 31 March 2020. However, the Group's total assets exceeded its total liabilities by approximately $45,614,000 (2019: $41,793,000) as at 31 March 2020 and recorded a profit before income tax of approximately $7,371,000 (2019: $6,236,000) for the financial year ended 31 March 2020. The management is of the view that it is appropriate for the financial statements to be prepared on a going concern basis which contemplates the realisation of assets and liabilities in the ordinary course of business and there are no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. In assessing whether the Group can meet its debt obligations for the ensuing twelve months, the management had prepared cash flow forecasts which was approved by the Board. The cash flows were derived from the financial budget for the financial year ending 31 March 2021 where it indicates that the Group has sufficient cash and cash equivalents and adequate bank facilities to support the Group's operations and pay its debts as and when they fall due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policy

New standards, amendments and interpretations effective from 1 April 2019

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease*. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the consolidated statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be depreciated and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

The Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings as at 1 April 2019 (the "date of initial application"). The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 April 2019.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Leases with a remaining term of twelve months from the date of initial application have been accounted for as short-term leases (i.e. not recognised on statement of financial position) even though the initial term of the leases from lease commencement date may have been more than twelve months;
- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Group previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most leases. For those low-value assets based on the value of the underlying asset when new and leases with a lease term of 12 months or less, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities in relation to leasehold lands, office premises and retail premises, kitchen and office equipment, motor vehicles, factory equipment and plant and machinery which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 April 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 April 2019 was 4.75%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policy (Continued)

New standards, amendments and interpretations effective from 1 April 2019 (Continued)

SFRS(I) 16 *Leases* (Continued)

The right-of-use assets were measured as if SFRS(I) 16 being applied from the commencement date of the leases, subject to the practical expedients listed above.

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the assets acquired under finance leases and finance lease liabilities at the date of initial application shall be the carrying amount of the property, plant and equipment and lease liabilities as at 31 March 2019. Consequently, certain property, plant and equipment are reclassified and presented under right-of-use assets (Note 10) at date of initial application.

The effect of adopting SFRS(I) 16 as at 1 April 2019 was as follows:

	Group Increase/ (Decrease) $'000
Assets	
Property, plant and equipment	(9,437)
Right-of-use assets	33,818
Liabilities	
Finance lease payables	(6,670)
Lease liabilities	31,051

The aggregate lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 and the Group's operating lease commitments as at 31 March 2019 can be reconciled as follows:

	$'000
Operating lease commitments as at 31 March 2019 (Note 35)	32,925
Less: Effect of short-term and low value leases	(670)
Less: Effect of application of new lease definition	(9)
Add: Effect of extension options reasonably certain to be exercised	4,657
	36,903
Effect of discounting using the incremental borrowing rate as at date of initial application	(12,522)
	24,381
Add: Finance lease liabilities recognised at 31 March 2019	6,670
Total lease liabilities as at 1 April 2019	31,051

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policy (Continued)

SFRS(I)s issued but not yet effective

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

			Effective date (annual periods beginning on or after)
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments)	:	Definition of Material	1 January 2020
SFRS(I) 1-1 (Amendments)	:	Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 1-16 (Amendments)	:	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37 (Amendments)	:	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
SFRS(I) 3 (Amendments)	:	Definition of a Business	1 January 2020
SFRS(I) 3 (Amendments)	:	Reference to the Conceptual Framework	1 January 2022
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 (Amendments)	:	Interest Rate Benchmark Reform	1 January 2020
SFRS(I) 16 (Amendments)	:	Covid-19-Related Rent Concessions	1 June 2020
SFRS(I) 17	:	Insurance Contracts	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Various amendments	:	References to the Conceptual Framework in SFRS(I) Standards, Illustrative Examples, Implementation Guidance and SFRS(I) Practice Statements	1 January 2020
Various amendments	:	Annual improvements to SFRS(I)s 2018 – 2020	1 January 2022

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

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

2.2 Basis of consolidation

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

Non-controlling interests

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

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

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

2.3 Business combinations

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations (Continued)

Acquisition under common control

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

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

2.4 Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

2.5 Property, plant and equipment

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment (Continued)

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

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

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

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

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

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

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

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

2.6 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 29 to 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the carrying amount and the cost of the property transferred do not change for measurement or disclosure purposes. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment as set out in Note 2.5 to the financial statements, up to the date of change in use.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets

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

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

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

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

Computer software

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

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

Goodwill

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

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

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

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

Trademarks

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets (Continued)

Customer relationships

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

Unfulfilled orders

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

2.8 Subsidiaries

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

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

2.9 Impairment of non-financial assets excluding goodwill and trademarks

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss.

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

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Inventories

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

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

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

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

2.11 Financial assets

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

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

Amortised cost

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

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

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

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

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

Derecognition of financial assets

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

2.12 Cash and cash equivalents

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

2.13 Financial liabilities

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

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

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

(i) Trade and other payables

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

(ii) Bank borrowings

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Financial liabilities (Continued)

(iii) Financial guarantee contracts

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

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

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

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

Recognition and derecognition

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

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

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

2.14 Offsetting and netting

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

2.15 Equity instruments

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

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

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Revenue recognition

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

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

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

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

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

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

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

2.18 Grants

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

2.19 Employee benefits

Defined contribution plans

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

Employee leave entitlement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Leases

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset on the following bases:

	Years
Leasehold lands, office premises and retail premises	2 to 45
Kitchen and office equipment	2 to 6
Motor vehicles	2 to 10
Factory equipment	2 to 10
Plant and machinery	5 to 15

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.9 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities and variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

As lessor

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

If the lease arrangement contains lease and non-lease components, the Group applies the principles within SFRS(I) 15 to allocate consideration in the lease arrangement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Leases (Continued)

As lessor (Continued)

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Any modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Accounting policy prior to 1 April 2019

When the Group as lessor of operating leases

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

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

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

When the Group as lessee of operating leases

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

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

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

When the Group as lessee of finance leases

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

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

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

2.21 Borrowing costs

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Income tax

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Foreign currencies

In preparing the financial statements of the individual entities, transactions in a currency other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are taken to the foreign currency translation reserve. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.24 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.25 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assessing performance of the operating segments.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the accounting policies

The following is the critical judgement, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the consolidated financial statements.

Determine the lease term

The Group leases leasehold properties and retail premises, kitchen and office equipment, motor vehicles, factory equipment, plant and machinery from non-related parties. Included in the lease arrangement, there are extension and termination option held and exercisable only by the Group. In determining the lease term, management considers the likelihood of either to exercise the extension option, or not to exercise the termination option. Management considers all facts and circumstances that create an economic incentive to extend and economic penalty or costs relating to the termination of lease.

As at 1 April 2019, management has included potential cash outflows of $4,657,000 in the measurement of lease liability for office premises, retail premises, motor vehicles and kitchen and office equipment, as it is reasonably certain that the extension option will be exercised.

The assessment on lease terms is reviewed at the end of each reporting period if there is a significant change in the Group's intentions, business plan or other circumstances unforeseen since it was first estimated.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

(i) Valuation of investments in associates

The Group has recognised investments in associates as a result of acquisition of 49% equity interest in Ever Rich Pte. Ltd. and its subsidiary for a consideration of $3,430,000. Purchase price allocation ("PPA") exercise, which involved identification and valuation of the acquired assets and liabilities as at date of acquisition as well as estimating the implied goodwill on investments in associates, were performed. The carrying amount of the Group's investments in associates recognised as at 31 March 2020 was approximately $3,274,000.

(ii) Impairment of goodwill, trademarks and customer relationships

Management performs impairment test on goodwill and trademarks on an annual basis and whenever there is indication that they may be impaired. Customer relationships are assessed for impairment when there is indication that they may be impaired. The process of evaluating the potential impairment of goodwill, trademarks and customer relationships is subjective and requires significant judgement. Management estimates the recoverable amount based on the expected future cash flows from the cash generating units to which the goodwill, trademarks and customer relationships belong. The carrying values of the cash generating units are then compared against the recoverable amounts. Any excess of the carrying values over the discounted future cash flows are recognised as impairment loss in profit or loss.

The carrying amounts of goodwill, trademarks and customer relationships of the Group as at 31 March 2020 were approximately $7,313,000 (2019: $7,761,000), $8,329,000 (2019: $8,329,000) and $3,187,000 (2019: $3,652,000) respectively.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of property, plant and equipment, right-of-use assets and investment properties

The Group assesses whether there are any indicators of impairment for its property, plant and equipment, right-of-use assets and investment properties at each reporting date. These assets are tested for impairment when there are indicators that the carrying amount may not be recovered.

The carrying amounts of property, plant and equipment of the Group and the Company as at 31 March 2020 were approximately $90,025,000 (2019: $81,218,000) and $2,000 (2019: $4,000) respectively. The right-of-use assets and investment properties of the Group as at 31 March 2020 were approximately $31,381,000 (2019: $Nil) and $440,000 (2019: $1,154,000) respectively.

If the estimated sales growth rate used in the value-in-use calculation for these CGUs had declined by 2% to 11% and estimated discount rate applied to the discounted cash flows for these CGUs had raised by 9.32% to 24.23%, the recoverable amount of the CGU would equal to the carrying amount.

(iv) Impairment of investments in subsidiaries

The Company assesses annually whether its investment in subsidiaries exhibit any indication of impairment. Where such indications exist, the recoverable amounts of the investments will be determined based on the estimated value-in-use by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. Cash flow beyond the fifth year are extrapolated using a terminal growth rate ranging from 0.5% to 2.0%. The carrying amount of the investments in subsidiaries as at 31 March 2020 was approximately $39,357,000 (2019: $40,657,000).

(v) Inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using first-in, first-out basis. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on accumulation of aged inventories, estimated future demand and related forecast uncertainty, recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of inventories of the Group as at 31 March 2020 was approximately $11,533,000 (2019: $11,452,000).

(vi) Loss allowance for trade and other receivables

Management establishes the loss allowance for receivables based on expected credit loss model. In determining the expected credit losses for trade receivables, management categorised the trade debtors based on their historical loss pattern, historical payment profile and adjusted for the forward looking information such as industry performance. For non-trade debtors, management considers the performance, financial capability as well as payment profile of these non-trade debtors in order to determine the appropriate stage of expected credit loss for these debtors. Probability or risk of default is then being estimated by considering the future conditions.

Additionally, management also evaluates expected credit loss for customer in financial difficulties separately (credit-impaired). The carrying amounts of trade and other receivables of the Group and the Company as at 31 March 2020 were approximately $28,555,000 (2019: $28,608,000) and $5,405,000 (2019: $5,149,000) respectively.

(vii) Income taxes

The Group and the Company recognise expected liabilities for income tax based on estimation of the likely tax payable, which requires significant judgement as to the ultimate tax determination of certain items. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions, in the financial year in which such determination is made. The carrying amounts of current income tax payable of the Group and the Company as at 31 March 2020 were approximately $1,731,000 (2019: $1,619,000) and $12,000 (2019: $16,000) respectively. The carrying amount of deferred tax liabilities of the Group as at 31 March 2020 was approximately $3,665,000 (2019: $3,956,000).

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(viii) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The weighted average incremental borrowing rate applied to lease liabilities as at 31 March 2020 was 4.75%. As at 31 March 2020, the carrying amount of the Group's lease liabilities amounted to $29,478,000.

(ix) Provision for reinstatements costs

The Group recognised provision for reinstatement cost associated with the leased retail premises. In determining the amount of the provision, assumptions and estimates are made in relation to the expected costs of dismantling, removal and restoration of its leased retail premises to their original conditions. The Group used the expected range based on historical experience according to actual restoration cost incurred. The carrying amount of the Group's provision as at 31 March 2020 was approximately $450,000 (2019: $443,000). If the estimated provision had been 5% higher or lower than management's estimate, the carrying amount of the provision would have been approximately $23,000 (2019: $22,000) higher or lower for the Group.

4. INVENTORIES

	Group	
	2020 $'000	2019 $'000
Raw materials	6,853	5,546
Trading goods	4,179	4,672
Work in progress	128	66
Goods-in-transit	373	1,168
	11,533	11,452

During the financial year ended 31 March 2020, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of write down of inventories of approximately $112,000 (2019: $11,000) as expenses which was included in "Purchases and consumables used" line item in the Group's profit or loss.

During the financial year ended 31 March 2020, the Group has written off the obsolete trading goods of approximately $449,000 (2019: $70,000) as expenses which was included in "Purchases and consumables used" line item in the Group's profit or loss.

The cost of inventories recognised as an expense and included in consolidated statement of comprehensive income for the financial year ended 31 March 2020 amounted to approximately $75,688,000 (2019: $76,365,000).

5. TRADE AND OTHER RECEIVABLES

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Current				
Trade receivables				
– third parties	16,204	20,253	–	–
– related parties	1	4	–	–
– associates	70	–	–	–
Allowance for impairment loss				
– third parties	(686)	(500)	–	–
	15,589	19,757	–	–
Non-trade receivables				
– third parties	850	742	–	72
– employees	260	533	–	–
– subsidiaries	–	–	2,809	2,874
– related parties	46	51	–	–
– an associate	309	–	300	–
Allowance for impairment loss				
– third parties	(43)	–	–	–
	1,422	1,326	3,109	2,946
Grant receivables	3,777	–	81	–
Goods and services tax receivable	286	–	–	–
Advances to suppliers	1,543	1,043	349	–
Accrued income	244	309	–	–
Deposits	2,280	2,962	3	303
	9,552	5,640	3,542	3,249
Total current trade and other receivables	25,141	25,397	3,542	3,249
Non-current				
Non-trade receivables				
– third party	1,480	–	–	–
– employees	1,934	3,211	–	–
– subsidiaries	–	–	1,863	1,900
Total non-current other receivables	3,414	3,211	1,863	1,900
Total trade and other receivables	28,555	28,608	5,405	5,149

Trade receivables are unsecured, non-interest bearing and generally on 3 to 120 (2019: 3 to 90) days' credit terms.

Current non-trade amounts due from employees are loans which are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Current non-trade amounts due from subsidiaries are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash, except for an amount due from a subsidiary of approximately $25,000 (2019: $1,800,000) which bears effective interest rate of 2.8% (2019: 2.8%) per annum.

Current non-trade amount due from related parties and an associate are unsecured, non-interest bearing and repayable on demand and are expected to be settled in cash.

Non-current non-trade amount due from a third party is a loan provided to a former employee and is unsecured, non-interest bearing and repayable within a period of 2 years from April 2021 to May 2023. As at 31 March 2019, the amount was classified as receivables due from employees.

5. TRADE AND OTHER RECEIVABLES (Continued)

Non-current non-trade amounts due from employees are loans which are unsecured, non-interest bearing and are repayable from March 2023 to February 2028 (2019: from March 2019 to March 2024). As at 31 March 2019, non-current non-trade amounts due from employees of approximately $3,000,000 were unsecured, bore effective interest rate at 5% per annum. The non-interest bearing loans are stated at fair value at inception. The difference between the fair value and the loan amounts at inception are recognised in "Finance costs" line item in the Group's profit or loss. Subsequent to initial recognition, the loans are measured at amortised cost using the effective interest method approximating the market rate. The unwinding of the difference is recognised in "Interest income" line item in the Group's profit or loss over the expected repayment period.

Non-current non-trade amounts due from subsidiaries are unsecured, bear effective interest rate at 3.5% to 5.0% (2019: 3.5% to 5.0%), are repayable after 12 months subsequent to the reporting date and are expected to be settled in cash.

The carrying amount of non-current non-trade amount due from subsidiaries approximates their fair value because they are charged at the market lending rate for similar types of lending or borrowing at the end of the reporting period.

The grant receivables which are presented against deferred government grant income relate to Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers to help them retain their local employees during this period of economic uncertainty. In determining the timing of recognition of the JSS grant income, the management evaluated the Group is impacted from April 2020 onwards following the circuit-breaker measure, hence no grant income is recognised during the financial year.

Advances to suppliers relate to advance payments made to the suppliers for the purchase of goods.

Deposits mainly relate to the rental deposits of retail outlets, offices spaces, central kitchens and deposits made to suppliers for the purchase of plant and equipment.

During the financial year ended 31 March 2020, third parties trade receivables written off of approximately $81,000 (2019: $5,000) was recognised in "Other expenses" line item in the Group's profit or loss.

During the financial year ended 31 March 2020, reversal of allowance for impairment loss of third parties trade receivables of approximately $30,000 (2019: $100,000) was recognised in "Other income" line item in the Group's profit or loss.

During the financial year ended 31 March 2020, allowance for impairment loss on third parties trade and other receivables of approximately $439,000 (2019: $69,000) and $43,000 (2019: $Nil) respectively were recognised in "Other expenses" line item in the Group's profit or loss.

Movements in the allowance for impairment of trade and other receivables are as follows:

	Group	
	2020 $'000	2019 $'000
At 1 April	500	557
Allowance charged to profit or loss, credit-impaired	482	69
Allowance written off	(223)	(26)
Reversal of allowance for impairment loss	(30)	(100)
At 31 March	729	500

5. TRADE AND OTHER RECEIVABLES (Continued)

The currency profiles of the Group's and the Company's trade and other receivables as at the each reporting date are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore dollar	25,028	23,163	5,405	5,149
United States dollar	1,279	1,067	–	–
Malaysian ringgit	2,176	4,378	–	–
Australian dollar	30	–	–	–
Chinese renminbi	30	–	–	–
Euro	12	–	–	–
	28,555	28,608	5,405	5,149

6. CASH AND BANK BALANCES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash and bank balances	17,655	18,474	1,101	3,633
Fixed deposits	409	553	–	–
Cash and bank balances on statements of financial position	18,064	19,027	1,101	3,633
Fixed deposits pledged	(153)	(401)		
Bank overdrafts	(2,953)	(2,784)		
Cash and cash equivalents on consolidated statement of cash flows	14,958	15,842		

Fixed deposits are placed for a period of 8 to 24 (2019: 3 to 24) months and bear effective interest rate at 0.25% to 1.40% (2019: 0.10% to 0.35%) per annum for the financial year ended 31 March 2020. The Group's fixed deposits excluding fixed deposits pledged are readily convertible to cash at minimal cost.

The currency profiles of the Group's and the Company's cash and bank balances as at each reporting date are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore dollar	17,679	18,296	1,101	3,633
United States dollar	268	380	–	–
Malaysian ringgit	117	351	–	–
	18,064	19,027	1,101	3,633

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

7. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Building $'000	Leasehold properties $'000	Furniture and fittings $'000	Kitchen and office equipment $'000	Motor vehicles $'000	Renovation $'000	Operating supplies $'000	Factory equipment $'000	Plant and machinery $'000	Construction-in-progress $'000	Total $'000
Group												
Cost												
Balance at 1 April 2019	3,123	3,811	44,259	2,586	11,351	14,514	12,885	1,895	856	9,807	10,995	116,082
Adoption of SFRS(I) 16 (Note 2.1)	–	–	–	–	(557)	(7,013)	(319)	–	–	(5,211)	–	(13,100)
Balance at 1 April 2019 (restated)	3,123	3,811	44,259	2,586	10,794	7,501	12,566	1,895	856	4,596	10,995	102,982
Additions	–	–	2,621	127	1,682	176	1,339	168	–	1,006	18,192	25,311
Disposals	–	–	–	(20)	(25)	(404)	–	–	–	(10)	–	(459)
Written off	–	–	–	(91)	(201)	(133)	(284)	(30)	–	(24)	–	(763)
Reclassification to right-of-use assets	–	–	–	–	(36)	–	–	–	–	(256)	–	(292)
Reclassification from right-of-use assets	–	–	–	–	–	1,609	–	–	–	–	–	1,609
Currency re-alignment	(3)	(6)	–	–	(5)	–	(3)	–	–	(15)	–	(32)
Balance at 31 March 2020	3,120	3,805	46,880	2,602	12,209	8,749	13,618	2,033	856	5,297	29,187	128,356

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold land $'000	Building $'000	Leasehold properties $'000	Furniture and fittings $'000	Kitchen and office equipment $'000	Motor vehicles $'000	Renovation $'000	Operating supplies $'000	Factory equipment $'000	Plant and machinery $'000	Construction-in-progress $'000	Total $'000
Group												
Accumulated depreciation and accumulated impairment losses												
Balance at 1 April 2019	136	347	6,422	1,897	8,948	5,557	7,616	1,441	620	1,880	–	34,864
Adoption of SFRS(I) 16 (Note 2.1)	–	–	–	–	(309)	(2,469)	(253)	–	–	(632)	–	(3,663)
Balance at 1 April 2019 (restated)	136	347	6,422	1,897	8,639	3,088	7,363	1,441	620	1,248	–	31,201
Depreciation for the financial year	–	78	1,773	416	1,464	885	2,122	357	11	463	–	7,569
Disposals	–	–	–	(14)	(30)	(392)	–	–	–	(7)	–	(443)
Written off	–	–	–	(81)	(193)	(121)	(258)	(29)	–	(24)	–	(706)
Impairment loss	–	–	–	–	–	–	53	–	–	–	–	53
Reclassification to right-of-use assets	–	–	–	–	–	–	–	–	–	(7)	–	(7)
Reclassification from right-of-use assets	–	–	–	–	–	685	–	–	–	–	–	685
Currency re-alignment	–	–	–	–	(5)	(2)	(3)	–	–	(11)	–	(21)
Balance at 31 March 2020	136	425	8,195	2,218	9,875	4,143	9,277	1,769	631	1,662	–	38,331
Carrying amount												
Balance at 31 March 2020	2,984	3,380	38,685	384	2,334	4,606	4,341	264	225	3,635	29,187	90,025

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold land $'000	Building $'000	Leasehold properties $'000	Furniture and fittings $'000	Kitchen and office equipment $'000	Motor vehicles $'000	Renovation $'000	Operating supplies $'000	Factory equipment $'000	Plant and machinery $'000	Construction-in-progress $'000	Total $'000
Group												
Cost												
Balance at 1 April 2018	3,144	3,844	43,744	2,402	10,539	13,020	12,454	1,494	783	8,225	9,927	109,576
Acquisition of subsidiaries (Note 11)	–	–	515	31	156	757	132	16	–	–	–	1,607
Additions	–	–	–	306	1,216	1,269	956	385	92	1,863	1,068	7,155
Disposals	–	–	–	–	(238)	(525)	(3)	–	(1)	(66)	–	(833)
Written off	–	–	–	(152)	(315)	(2)	(634)	–	–	(120)	–	(1,223)
Currency re-alignment	(21)	(33)	–	(1)	(7)	(5)	(20)	–	(18)	(95)	–	(200)
Balance at 31 March 2019	3,123	3,811	44,259	2,586	11,351	14,514	12,885	1,895	856	9,807	10,995	116,082
Accumulated depreciation and accumulated impairment losses												
Balance at 1 April 2018	136	269	4,717	1,559	7,898	4,525	6,038	1,118	498	1,306	–	28,064
Depreciation for the financial year	–	78	1,705	464	1,545	1,500	2,081	323	141	784	–	8,621
Disposals	–	–	–	–	(185)	(464)	(1)	–	(1)	(21)	–	(672)
Written off	–	–	–	(126)	(303)	(1)	(484)	–	–	(121)	–	(1,035)
Currency re-alignment	–	–	–	–	(7)	(3)	(18)	–	(18)	(68)	–	(114)
Balance at 31 March 2019	136	347	6,422	1,897	8,948	5,557	7,616	1,441	620	1,880	–	34,864
Carrying amount												
Balance at 31 March 2019	2,987	3,464	37,837	689	2,403	8,957	5,269	454	236	7,927	10,995	81,218

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Company 2020 $'000	Company 2019 $'000
Renovation		
Cost		
Balance at beginning of financial year and end of the financial year	27	27
Accumulated depreciation		
Balance at beginning of financial year	23	22
Depreciation for the financial year	2	1
Balance at end of financial year	25	23
Carrying amount		
Balance at beginning of financial year	4	5
Balance at end of financial year	2	4

As at 31 March 2019, the carrying amount of plant and equipment of the Group which were acquired under finance lease agreements were approximately $9,437,000. These assets have been reclassified to right-of-use assets as at 1 April 2019.

The construction-in-progress relate to capital expenditure for a headquarters and catering hub.

The freehold land, building, leasehold properties and construction-in-progress of the Group with aggregate carrying amount of approximately $74,236,000 (2019: $55,283,000) as at 31 March 2020 are mortgaged as security for the banking facilities as set out in Note 21 to the financial statements.

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment during the financial year were financed as follows:

	Group 2020 $'000	Group 2019 $'000
Additions to property, plant and equipment	25,311	7,155
Provision for dismantlement, removal or restoration	–	(68)
Acquired under finance lease arrangements	–	(2,657)
Other payables	(4,136)	(592)
Cash payments to acquire property, plant and equipment	21,175	3,838

Included in the other payables is an amount of $3,106,000 (2019: $Nil) that is for progress payments on construction-in-progress.

Borrowing costs of approximately $498,000 (2019: $54,000) which arose on the financing specifically entered into for the construction of the building were capitalised by the Group during the financial year.

During the financial year ended 31 March 2020, the Group carried out a review of the recoverable amount of its plant and equipment for retail outlets (CGUs) with indications of impairment. The recoverable amount of the plant and equipment for CGUs with indications of impairment has been determined based on its value-in-use calculations.

Following the review, there were two retail outlets having plant and equipment that are not expected to generate sufficient cash flows in comparison to their carrying amounts. An impairment loss on plant and equipment of approximately $53,000 (2019: $Nil), representing the write-down of the excess of the carrying amount over the recoverable amount of the relevant plant and equipment was recognised in the profit or loss. The key assumptions for this value-in-use calculations are disclosed in Note 10 to the financial statements.

8. INVESTMENT PROPERTIES

	Group 2020 $'000	Group 2019 $'000
Cost		
Balance at beginning of financial year	1,431	1,431
Disposal	(651)	–
Balance at end of financial year	780	1,431
Accumulated depreciation and accumulated impairment losses		
Balance at beginning of financial year	277	229
Depreciation for the financial year	44	48
Impairment loss	110	–
Disposal	(91)	–
Balance at end of financial year	340	277
Carrying amount		
Balance at beginning of financial year	1,154	1,202
Balance at end of financial year	440	1,154

The fair value of investment properties as at 31 March 2020 amounted to approximately $440,000 (2019: $1,060,000). On 31 March 2020, the investment property was valued by an independent and licensed appraiser who has recent experience in the location and category of the investment property being valued, using the direct comparative method.

During the financial year, the Group disposed of an investment property for a consideration of approximately $423,000 and recognised a loss on disposal of approximately $137,000.

The following table presents the valuation technique and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Country	Description	Fair value 31 March 2020	Fair value 31 March 2019	Valuation technique	Unobservable inputs
Singapore	Commercial property	$440,000	$500,000	Direct comparative method	Market price per square metre
Singapore	Commercial property	–	$560,000	Direct comparative method	Market price per square metre

During the current financial year, an impairment loss of $110,000 was recognised for the investment property due to the weak rental market. The recoverable amount is based on fair value less costs to sell and the valuation technique and key assumptions used are disclosed in the table above.

There have been no change in the valuation techniques of investment properties as at each reporting date. There were no transfers between levels during the financial year.

The following amounts are recognised in profit or loss:

	Group 2020 $'000	Group 2019 $'000
Rental income	–	2
Property taxes and other direct operating expenses arising from investment properties	9	11

The investment properties of the Group with carrying amount of approximately $440,000 (2019: $1,154,000) as at 31 March 2020 are mortgaged as security for the banking facilities as set out in Note 21 to the financial statements.

8. INVESTMENT PROPERTIES (Continued)

The Group's investment properties are as follows:

Location	Description	Tenure	Approximate site area (sq m)
2020			
50 Tuas Avenue 11, #02-12 Tuas Lot, Singapore 639107	Warehouse	99 years leasehold from 1 April 1980	352
2019			
50 Tuas Avenue 11, #02-12 Tuas Lot, Singapore 639107	Warehouse	99 years leasehold from 1 April 1980	352
16 Jalan Kilang Timor #03-07, Redhill Forum, Singapore 159308	General office	99 years leasehold from 1 January 1961	90

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property for repairs, maintenance or enhancements.

9. INTANGIBLE ASSETS

	Computer software $'000	Goodwill $'000	Trademarks $'000	Customer relationships $'000	Unfulfilled orders $'000	Total $'000
Group						
Cost						
Balance at 1 April 2019	1,813	7,761	8,329	3,892	73	21,868
Additions	504	–	–	–	–	504
Disposal	(2)	–	–	–	–	(2)
Balance at 31 March 2020	2,315	7,761	8,329	3,892	73	22,370
Accumulated amortisation						
Balance at 1 April 2019	1,209	–	–	240	73	1,522
Amortisation for the financial year	360	–	–	465	–	825
Impairment loss	–	448	–	–	–	448
Disposal	(1)	–	–	–	–	(1)
Balance at 31 March 2020	1,568	448	–	705	73	2,794
Carrying amount						
Balance at 31 March 2020	747	7,313	8,329	3,187	–	19,576
Cost						
Balance at 1 April 2018	1,367	5,219	8,329	–	–	14,915
Acquisition of subsidiaries (Note 11)	–	2,542	–	3,892	73	6,507
Additions	449	–	–	–	–	449
Written off	(3)	–	–	–	–	(3)
Balance at 31 March 2019	1,813	7,761	8,329	3,892	73	21,868
Accumulated amortisation						
Balance at 1 April 2018	893	–	–	–	–	893
Amortisation for the financial year	318	–	–	240	73	631
Written off	(2)	–	–	–	–	(2)
Balance at 31 March 2019	1,209	–	–	240	73	1,522
Carrying amount						
Balance at 31 March 2019	604	7,761	8,329	3,652	–	20,346

9. INTANGIBLE ASSETS (Continued)

	Company 2020 $'000	Company 2019 $'000
Computer software		
Cost		
Balance at beginning of financial year	30	30
Additions	4	–
Balance at end of financial year	34	30
Accumulated amortisation		
Balance at beginning of financial year	26	22
Amortisation for the financial year	4	4
Balance at end of financial year	30	26
Carrying amount		
Balance at beginning of financial year	4	8
Balance at end of financial year	4	4

The management determines the useful life of trademarks to be indefinite as the management intends and has the ability to maintain the trademarks for foreseeable future and it is expected to contribute to net cash inflows indefinitely.

Amortisation of intangible assets is included in "Depreciation and amortisation expenses" line item in the Group's profit or loss.

Impairment test for goodwill, trademarks and customer relationships

Goodwill, trademarks and customer relationships arising from the business combinations have been allocated to the respective cash-generating units ("CGU") which are also the reportable operating segments, for impairment testing. The carrying amounts of goodwill, trademarks and customer relationships allocated to each CGU are as follows:

	Goodwill $'000	Trademarks $'000	Customer relationships $'000	Total $'000
2020				
Food manufacturing segment	2,095	7,034	–	9,129
Supplies and trading segment	2,676	1,295	–	3,971
Food catering business segment	2,542	–	3,187	5,729
	7,313	8,329	3,187	18,829
2019				
Food manufacturing segment	2,095	7,034	–	9,129
Supplies and trading segment	3,124	1,295	–	4,419
Food catering business segment	2,542	–	3,652	6,194
	7,761	8,329	3,652	19,742

The Group tests the CGU for impairment annually, or more frequently when there is an indication that the unit may be impaired.

9. INTANGIBLE ASSETS (Continued)

The recoverable amounts of the CGU have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period and projection to terminal year. The key assumptions for the value in use calculations are those regarding the revenue growth rates, terminal growth rate and discount rates during the financial year as follow:

	Revenue growth rate	Terminal growth rate	Discount rate
2020			
Food manufacturing segment	4.7% to 8.4%	2.0%	12.4%
Supplies and trading segment	2.1% to 30.0%	0.5%	12.2% to 14.6%
Food catering business segment	-5.5% to 10.5%	0.5%	10.9% to 11.6%
2019			
Food manufacturing segment	2.6% to 10.4%	2.0%	12.4%
Supplies and trading segment	5.0% to 27.5%	0.5%	13.6%
Food catering business segment	5.0% to 26.4%	0.5%	11.6%

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rate is based on management's estimates and expectations from historical trends and market data.

Supplies and trading segment

During the financial year, the Group has made an impairment loss of approximately $448,000 to one its subsidiaries under supplies and trading segment. The carrying amount of CGU was determined to be higher than its recoverable amount of approximately $1,468,000 based on its current financial performance using a pre-tax discount rate of 12.2%. The impairment loss was fully allocated to goodwill and included in "other expenses" line item of profit or loss.

Sensitivity analysis

As at each reporting date, based on management's assessment of the CGUs except for the above, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

10. RIGHT-OF-USE ASSETS

	Leasehold lands, office premises and retail premises $'000	Kitchen and office equipment $'000	Motor vehicles $'000	Factory equipment $'000	Plant and machinery $'000	Total $'000
Group						
Cost						
At 1 April 2019						
– Adoption of SFRS(I) 16 (Note 2.1)	23,810	392	4,946	90	4,580	33,818
Additions	4,213	33	1,293	–	–	5,539
Remeasurement and modification	(46)	(7)	(7)	–	–	(60)
Reclassification to property, plant and equipment	–	–	(1,609)	–	–	(1,609)
Reclassification from property, plant and equipment	–	–	36	–	256	292
Written off	(176)	(13)	(134)	–	–	(323)
Balance at 31 March 2020	27,801	405	4,525	90	4,836	37,657
Accumulated depreciation and impairment						
Depreciation for the financial year	4,993	260	1,105	11	412	6,781
Reclassification to property, plant and equipment	–	–	(685)	–	–	(685)
Reclassification from property, plant and equipment	–	–	–	–	7	7
Written off	(176)	(13)	(63)	–	–	(252)
Impairment loss	425	–	–	–	–	425
Balance at 31 March 2020	5,242	247	357	11	419	6,276
Carrying amount						
Balance at 31 March 2020	22,559	158	4,168	79	4,417	31,381

During the financial year ended 31 March 2020, the Group carried out a review of the recoverable amount of its right-of-use assets for retail premises (CGUs) with indications of impairment. The recoverable amount of the right-of-use for CGUs with indications of impairment has been determined based on its value-in-use calculations.

The key assumptions for the value in use calculations are those regarding the revenue growth rates, discount rates and lease end date during the financial year as follow:

	Revenue growth rate	Discount rate	Lease end date
2020			
Food retail segment	-99% to 51%	7.19%	June 2020 to June 2025

Following the review, there were four retail premises having right-of-use assets that are not expected to generate sufficient cash flows in comparison to their carrying amount. An impairment loss on right-of-use assets of approximately $425,000, representing the write-down of the excess of the carrying amount over the recoverable amount of approximately $3,296,000 of the relevant right-of-use assets was recognised in the profit or loss.

Restriction

Included in the above, kitchen and office equipment, motor vehicles, factory equipment and plant and machinery with carrying amounts of $8,529,000 are secured over the lease liabilities of $5,719,000 as at 31 March 2020. These assets will be seized and returned to lessor in the event of default by the Group.

11. INVESTMENTS IN SUBSIDIARIES

	Company 2020 $'000	Company 2019 $'000
Unquoted equity shares, at cost	43,412	41,912
Allowance for impairment loss	(4,055)	(1,255)
	39,357	40,657

Movement in unquoted equity shares, at cost was as follows:

	Company 2020 $'000	Company 2019 $'000
Balance at beginning of financial year	41,912	30,475
Additions	50	–
Acquisition of subsidiaries	–	5,987
Acquisition of additional equity interest in subsidiaries	1,400	5,350
Incorporation of subsidiaries	50	100
Balance at end of financial year	43,412	41,912

Movement in allowance for impairment loss was as follows:

	Company 2020 $'000	Company 2019 $'000
Balance at beginning of financial year	1,255	1,255
Impairment loss on investments in subsidiaries	2,800	–
Balance at end of financial year	4,055	1,255

Impairment on investments in subsidiaries

As at the end of the financial year, the Company carried out a review of the investments in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries. The recognition of impairment loss on the investment in the subsidiaries of $2,800,000 (2019: $Nil) has been recognised based on value in use calculations from cash flow projections from financial budgets approved by management covering a five-year period and projection to terminal year. Based on the value in use calculations, using discount rate of 12.20% and revenue growth rates ranging from 10% to 15%, the subsidiaries have a recoverable amount of $Nil.

The key assumptions for the value in use calculations are those regarding the revenue growth rates, terminal growth rate and discount rates at each reporting date as follow:

	Company 2020	Company 2019
Revenue growth rate	-9.7% to 30.0%	-52% to 56%
Terminal growth rate	0.5% to 2.0%	1%
Discount rate	7.19% to 14.6%	8% to 14%

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the subsidiary. The growth rate is based on management's estimates and expectations from historical trends.

11. INVESTMENTS IN SUBSIDIARIES (Continued)

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests		Principal activities
	2020 %	2019 %	2020 %	2019 %	
Held by the Company					
Deli Hub Catering Pte. Ltd. [(1)] (Singapore)	100.0	100.0	–	–	Provision of food catering services
Liang Yuan Pte. Ltd. [(1)] (Singapore)	100.0	100.0	–	–	Provision of food catering services and processing and supply of food product
Neo Garden Catering Pte. Ltd. [(1)] (Singapore)	100.0	100.0	–	–	Provision of food catering services
Niwa Pte. Ltd. [(1)] (formerly known as Niwa Sushi Pte. Ltd.) (Singapore)	100.0	100.0	–	–	Food retail outlets
NKK Import & Export Trading Pte. Ltd. [(1)] (Singapore)	100.0	100.0	–	–	General trading
Orange Clove Catering Pte. Ltd. [(1)] (Singapore)	100.0	100.0	–	–	Provision of food catering services
Besty Pte. Ltd. [(1)] (formerly known as Best Catering Pte. Ltd.) (Singapore)	100.0	100.0	–	–	Provision of food catering services
Neo Global Pte. Ltd. [(1)] (Singapore)	100.0	100.0	–	–	Leasing of vehicle and provision of after-sales services
I DO Flowers & Gifts Pte. Ltd. [(1)] (Singapore)	100.0	100.0	–	–	Design, marketing and distribution of floral arrangements, gifts and hampers
Choz Catering Pte. Ltd. [(1)] (Singapore)	100.0	100.0	–	–	Manufacturing of bread, cakes and confectionery
Thong Siek Global Pte. Ltd. [(1)] (Singapore)	100.0	90.7	–	9.3	Investment holding
CT Vegetables & Fruits Pte Ltd [(1)] (Singapore)	100.0	100.0	–	–	Importers, exporters and wholesalers of fruits and vegetables
Neomart Pte. Ltd. [(1)] (formerly known as G&C Food Investment Pte. Ltd.) (Singapore)	100.0	100.0	–	–	Provision of food catering services and food retail outlets
Gourmetz Pte. Ltd. [(1)] (Singapore)	51.0	51.0	49.0	49.0	Provision of food catering services

11. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group 2020 %	2019 %	Proportion of ownership interest held by non-controlling interests 2020 %	2019 %	Principal activities
Held by the Company (Continued)					
Straits Culture Pte. Ltd. (1) (formerly known as U-Market Place Enterprise Pte. Ltd.) (Singapore)	100.0	75.0	–	25.0	General trading of frozen food, retail and manufacture of cooked food preparations
Hi-Q Global Sdn. Bhd. (2) (Malaysia)	51.0	51.0	49.0	49.0	Manufacturer and supplier of all kinds of plastics, resins, moulds and packaging products
Kim Paradise Pte. Ltd. (1) (Singapore)	70.0	70.0	30.0	30.0	Provision of food catering services
Savoury Catering Pte. Ltd. (1) (Singapore)	100.0	100.0	–	–	Provision of food catering services
Chilli Manis Catering Pte. Ltd. (1) (Singapore)	100.0	100.0	–	–	Provision of food catering services
Lavish Dine Catering Pte Ltd (1) (Singapore)	51.0	51.0	49.0	49.0	Provision of food catering services
Ye Liang How Catering Service Pte. Ltd. (1) (Singapore)	51.0	51.0	49.0	49.0	Provision of food catering services
CaterCo Concepts Pte. Ltd. (1) (Singapore)	100.0	100.0	–	–	Provision of food catering services
Kryston F&B Pte. Ltd. (1) (Singapore)	100.0	–	–	–	Provision of food catering services
ERs Food Pte Ltd (1) (Singapore)	100.0	–	–	–	General trading of frozen food and processing of meat products
Held by Thong Siek Global Pte. Ltd.					
Thong Siek Food Industry Pte Ltd (1) (Singapore)	100.0	90.7	–	9.3	Manufacturing of food products, processing, curing and preserving of fish and other seafood products
Dodo Marketing Pte. Ltd. (1) (Singapore)	100.0	90.7	–	9.3	Import, export and wholesale in food products and F&B supplies
TSF Engineering Pte. Ltd. (1) (Singapore)	100.0	90.7	–	9.3	Provision of services relating to mechanical and electrical engineering works
TS Food Industry Sdn. Bhd. (2) (Malaysia)	100.0	90.7	–	9.3	Manufacturing and retailing in processed seafood products

11. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group 2020 %	2019 %	Proportion of ownership interest held by non-controlling interests 2020 %	2019 %	Principal activities
Held by CT Vegetables & Fruits Pte Ltd					
C T Fresh Pte. Ltd. (1) (Singapore)	100.0	100.0	–	–	Importers, exporters and wholesalers of fruits and vegetables
Harborlift Fresh Food Pte. Ltd. (1) (Singapore)	100.0	100.0	–	–	Importers, exporters and wholesalers of fruits and vegetables
Held by Gourmetz Pte. Ltd.					
GR8 Gourmet Pte. Ltd. (1) (Singapore)	51.0	51.0	49.0	49.0	Provision of food catering services
Held by Lavish Dine Catering Pte Ltd					
La Bonnie Pastries Pte. Ltd. (1) (Singapore)	40.8	40.8	59.2	59.2	Manufacturing of bread, cakes and confectionery

(1) Audited by BDO LLP, Singapore
(2) Audited by BDO PLT, Malaysia

Non-controlling interests

The summarised financial information before intra-group elimination of the subsidiaries that have material non-controlling interests as at each reporting date are as follows:

	Ye Liang How Catering Service Pte. Ltd. 2020 $'000	Lavish Dine Group 2020 $'000	Hi-Q Global Sdn. Bhd. 2020 $'000
Assets and liabilities			
Non-current assets	9,958	1,445	3,171
Current assets	3,381	738	1,067
Non-current liabilities	(4,151)	(501)	(2,149)
Current liabilities	(2,212)	(1,397)	(1,336)
Net assets	6,976	285	753
Accumulated non-controlling interests	3,424	122	369

11. INVESTMENTS IN SUBSIDIARIES (Continued)

Non-controlling interests (Continued)

	Ye Liang How Catering Service Pte. Ltd. 2020 $'000	Lavish Dine Group 2020 $'000	Hi-Q Global Sdn. Bhd. 2020 $'000
Revenue	11,123	4,242	2,787
Profit/(Loss) for the financial year	792	(610)	(153)
Other comprehensive income for the financial year	–	–	(3)
Total comprehensive income for the financial year	792	(610)	(156)
Profit/(Loss) allocated to non-controlling interests	388	(305)	(75)
Total comprehensive income allocated to non-controlling interests	388	(305)	(77)
Net cash from operating activities	2,546	62	318
Net cash used in investing activities	(2,072)	(18)	(72)
Net cash used in financing activities	(652)	(86)	(292)
Net change in cash and cash equivalents	(178)	(42)	(46)

	Ye Liang How Catering Service Pte. Ltd. 2019 $'000	Lavish Dine Group 2019 $'000	Hi-Q Global Sdn. Bhd. 2019 $'000	Straits Culture Pte. Ltd. 2019 $'000	Thong Siek Group 2019 $'000
Assets and liabilities					
Non-current assets	4,520	1,091	3,274	4,624	38,216
Current assets	4,709	761	971	4,681	18,687
Non-current liabilities	(1,605)	(288)	(2,283)	(7,832)	(23,214)
Current liabilities	(1,440)	(669)	(1,053)	(7,660)	(22,283)
Net assets/(liabilities)	6,184	895	909	(6,187)	11,406
Accumulated non-controlling interests	3,036	428	446	(1,547)	1,061

11. INVESTMENTS IN SUBSIDIARIES (Continued)

Non-controlling interests (Continued)

	Ye Liang How Catering Service Pte. Ltd.	Lavish Dine Group	Hi-Q Global Sdn. Bhd.	Straits Culture Pte. Ltd.	Thong Siek Group
	Period from 1 October 2018 (Date of acquisition) to 31 March 2019 $'000	Period from 10 September 2018 (Date of acquisition) to 31 March 2019 $'000	2019 $'000	2019 $'000	2019 $'000
Revenue	5,302	2,807	2,867	13,287	51,676
Profit/(Loss) for the financial period/year	543	(198)	(102)	(1,004)	188
Other comprehensive income for the financial period/year	–	–	(27)	–	54
Total comprehensive income for the financial period/year	543	(198)	(129)	(1,004)	242
Profit/(Loss) allocated to non-controlling interests	266	(104)	(50)	(251)	(129)
Total comprehensive income allocated to non-controlling interests	266	(104)	(63)	(251)	(84)
Net cash from/(used in) operating activities	1,867	67	160	282	(2,960)
Net cash (used in)/from investing activities	(1,333)	(87)	(146)	177	(2,229)
Net cash (used in)/from financing activities	(411)	41	(81)	(564)	4,757
Net change in cash and cash equivalents	123	21	(67)	(105)	(432)

Increase in share capital of a subsidiary

On 11 November 2019 and 27 November 2019, Chilli Manis Catering Pte. Ltd., a wholly-owned subsidiary of the Company increased its issued and paid-up capital by way of allotment and issuance of 9,999 and 40,000 new ordinary shares respectively to the Company at a consideration of $9,999 and $40,000 respectively.

Acquisition of subsidiaries – Lavish Dine Group and Ye Liang How Catering Service Pte. Ltd. (How's Catering)

On 10 September 2018, the Company obtained control over Lavish Dine Group by acquiring a 51% equity interest with a cash consideration of an amount of $1,428,000 and the issuance of 566,666 ordinary shares of the Company with the fair value of approximately $300,000. As at the date of acquisition, Lavish Dine Catering Pte Ltd holds 80% equity interest in La Bonnie Pastries Pte. Ltd.. The acquisition of Lavish Dine Group extends the Group's catering offering to the high-end market by adding a reputable and well-known brand with a good customer base to its stable of brands. The Group also expects synergies arising from shared marketing, procurement and operation functions while maintaining individual brand identities.

On 1 October 2018, the Company obtained control over How's Catering acquiring a 51% equity interest with a cash consideration of an amount of approximately $3,631,000, the issuance of 877,193 ordinary shares of the Company with the fair value of approximately $465,000 and the earn out consideration with the fair value of approximately $163,000. The acquisition of How's Catering extends the Group's catering brand options by adding a reputable brand with an established customer base to its stable of brands. The Group also expects synergies arising from shared marketing, procurement and operation functions while maintaining individual brand identities.

11. INVESTMENTS IN SUBSIDIARIES (Continued)

Acquisition of subsidiaries – Lavish Dine Group and Ye Liang How Catering Service Pte. Ltd. (How's Catering) (Continued)

The fair values of the identifiable assets and liabilities of Lavish Dine Group and How's Catering as at the date of acquisition were:

	Lavish Dine Group $'000	How's Catering $'000	Total $'000
Plant and equipment	270	1,337	1,607
Intangible assets	869	3,096	3,965
Inventories	7	21	28
Trade and other receivables	408	1,591	1,999
Prepayments	–	63	63
Cash and bank balances	186	2,336	2,522
Total assets	1,740	8,444	10,184
Trade and other payables	340	846	1,186
Provisions	–	38	38
Finance lease payables	141	587	728
Bank borrowings	–	696	696
Income tax payable	–	93	93
Deferred tax liabilities	166	529	695
Total liabilities	647	2,789	3,436
Net identifiable assets acquired	1,093	5,655	6,748
Purchase consideration	(1,728)	(4,259)	(5,987)
Less: Non-controlling interest measured at the non-controlling interests' proportionate share of net identifiable assets	(532)	(2,771)	(3,303)
Goodwill arising from acquisition	(1,167)	(1,375)	(2,542)

The effects of acquisition of subsidiaries on the consolidated statement of cash flows were as follows:

	2019 $'000
Total purchase consideration	5,987
Less: Fair value of earn out consideration	(163)
Less: Fair value of shares issued	(765)
Less: Cash and cash equivalents of subsidiaries acquired	(2,522)
Net cash outflow on acquisition	2,537

Had the business combination during the financial year ended 31 March 2019 been effected at 1 April 2018, the revenue of the Group would have been approximately $186,942,000 and the profit for the year would have been approximately $6,248,000.

Transaction costs related to the acquisitions of approximately $89,000 have been recognised in "Other expenses" line item in the Group's profit or loss for the financial year.

None of the goodwill are expected to be deductible for tax purposes.

11. INVESTMENTS IN SUBSIDIARIES (Continued)

Acquisition of non-controlling interests

On 31 October 2018, the Company acquired 330,000 ordinary shares in TSG, representing 25.7% equity interest in TSG for a cash consideration of $3,850,000. TSG currently holds the 100% equity interest Thong Siek Food Industry Pte Ltd, Dodo Marketing Pte. Ltd., TSF Engineering Pte. Ltd. and TS Food Industry Sdn. Bhd..

On 1 February 2019, the Company further acquired 128,571 ordinary shares in TSG, representing 10.0% equity interest in TSG for a cash consideration of $1,500,000.

On 30 December 2019, the Company further acquired 30,000 ordinary shares in TSG, representing 2.3% equity interest in TSG for a cash consideration of $350,000.

On 24 February 2020, the Company acquired the remaining 90,000 ordinary shares in TSG, representing 7.0% equity interest in TSG for a cash consideration of $1,050,000.

On 25 March 2020, the Company acquired the remaining 500,000 ordinary shares in Straits Culture Pte. Ltd., representing 25.0% equity interest in Straits Culture for a cash consideration of $2.

As at 31 March 2020, the consideration in relation to the above acquisition that remains unpaid amounted to $1,400,000 (2019: $2,500,000).

		Acquisition on		
	30 December 2019 $'000	24 February 2020 $'000	25 March 2020 $'000	Total $'000
Carrying amount of non-controlling interests acquired	294	919	(2,001)	
Consideration for the acquisition of non-controlling interests	(350)	(1,050)	–*	
Premium on acquisition of non-controlling interests recognised in equity	(56)	(131)	(2,001)	(2,188)

* Less than $1,000

	Acquisition on		
	31 October 2018 $'000	1 February 2019 $'000	Total $'000
Carrying amount of non-controlling interests acquired	2,739	1,141	
Consideration for the acquisition of non-controlling interests	(3,850)	(1,500)	
Premium on acquisition of non-controlling interests recognised in equity	(1,111)	(359)	(1,470)

The difference of $2,188,000 (2019: $1,470,000) between the consideration and the carrying amount of non-controlling interests acquired has been recognised as "Acquisition of non-controlling interests without a change in control" within the consolidated statement of changes in equity.

Incorporation of subsidiaries

On 12 February 2020, the Company established two wholly-owned subsidiaries in Singapore, namely Kryston F&B Pte. Ltd. and ERs Food Pte. Ltd. with the registered capital of $50,000 and $1 respectively.

On 1 March 2019, the Company established a wholly-owned subsidiary in Singapore, namely CaterCo Concepts Pte. Ltd. with a registered capital of $100,000.

On 8 June 2018, the Company established a wholly-owned subsidiary in Singapore, namely Chilli Manis Catering Pte. Ltd. with a registered capital of $1.

12. INVESTMENTS IN ASSOCIATES

	Group 2020 $'000	Company 2020 $'000
Unquoted equity shares at cost	3,293	3,293
Share of post-acquisition result, net of tax	(19)	–
	3,274	–

The details of the associate is given below:

Name of associates (Country of incorporation and principal place of business)	Principal activities	Effective equity interest 2020 %	Effective equity interest 2019 %
Held by the Company			
Ever Rich Pte. Ltd. (1) (Singapore)	General wholesale and trading	49	–
Held by Ever Rich Pte. Ltd.			
ER Marketing (S) Pte. Ltd. (1) (Singapore)	General wholesale and trading	100	–

(1) Equity accounted based on the management financial statements

Acquisition of equity interest on an associate

On 7 February 2020, the Group and the Company acquired 49% equity interest in Ever Rich Pte. Ltd. and its subsidiary with cash consideration of $3,430,000 which shall be paid in 3 tranches as follows:

i. Tranche 1: $860,000 of cash consideration was settled by financial year ended 31 March 2020;
ii. Tranche 2: $1,000,000 of cash consideration will be settled in February 2021; and
iii. Tranche 3: $1,570,000 of cash consideration will be settled in August 2021.

The fair value of the purchase consideration is approximately $3,293,000 as at the date of acquisition.

The fair values of the identifiable assets and liabilities of ERP as at the date of acquisition was:

	2020 $'000
Non-current assets	6,906
Current assets	2,938
Non-current liabilities	(1,836)
Current liabilities	(3,524)
Net assets of the associate	4,484
Proportion of equity interest in the associate	49%
Proportion share of net assets	2,197
Fair value of purchase consideration	(3,293)
Implied goodwill arising from acquisition	(1,096)

12. INVESTMENTS IN ASSOCIATES (Continued)

The summarised financial information below reflects the amounts presented in the financial statements of associates adjusted for fair value adjustments but not adjusted for the proportion of ownership interest held by the Group.

	2020 $'000
Income and expenses	
Revenue	2,374
Total comprehensive income	(39)
Assets and liabilities	
Non-current assets	7,348
Current assets	3,295
Current liabilities	(4,369)
Non-current liabilities	(1,829)
Net assets	4,445

Reconciliation of summarised financial information presented, to the carrying amount of the Group's interest in associates, is as follows:

	2020 $'000
Net assets	4,445
Proportion of equity interest in the associate	49%
Group's share of interest in associate	2,178
Goodwill arise on acquisition date	1,096
Carrying amount	3,274

The effects of acquisition of associates on the consolidated statement of cash flows were as follows:

	2020 $'000
Total purchase consideration	3,430
Less: Fair value adjustment to purchase consideration	(137)
Less: Fair value of deferred consideration	(2,433)
Net cash outflow on acquisition	860

13. FINANCIAL ASSETS AT FVOCI

	Group and Company	
	2020 $'000	2019 $'000
Quoted equity securities, at fair value		
Balance at beginning of financial year	720	792
Fair value loss recognised in other comprehensive income	(338)	(72)
Balance at end of financial year	382	720

The Group intends to hold its equity investments for long-term for appreciation in value as well as strategic investments purposes. Dividend income recognised for these investments are included in "Other income".

The investment in quoted equity securities has no fixed maturity date or coupon rate. The fair value of the securities is based on closing quoted market prices on the last market day of the financial year. The securities are listed on Singapore Exchange Securities Trading Limited (SGX-ST).

The currency profile of the Group's and the Company's quoted equity securities as at each reporting date is Singapore dollar.

14. SHARE CAPITAL

	Group and Company			
	2020	2019	2020	2019
	Number of ordinary shares		$'000	$'000
Issued and fully-paid:				
Balance at beginning of the financial year	147,350,959	145,907,100	8,664	7,899
Issued for acquisition of subsidiaries (Note 11)	–	1,443,859	–	765
Balance at end of the financial year	147,350,959	147,350,959	8,664	8,664

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.

15. MERGER AND CAPITAL RESERVES

Merger reserve represents the differences between the consideration paid and the share capital of subsidiaries acquired in prior years.

Capital reserves represent the differences between the consideration paid and the deemed fair value of non-controlling interests acquired.

	2020 $'000	2019 $'000
Merger reserve	(326)	(326)
Capital reserve	(3,153)	(965)
	(3,479)	(1,291)

16. FAIR VALUE ADJUSTMENT ACCOUNT

Fair value adjustment account represents the cumulative fair value changes, net of tax, of financial assets at FVOCI until it is disposed of.

17. FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is not distributable.

18. RETAINED EARNINGS

Retained earnings are distributable and the movement of retained earnings of the Company are as follows:

	Company	
	2020 $'000	2019 $'000
Balance at beginning of financial year	5,662	1,377
Profit for the financial year, representing total comprehensive income for the financial year	908	5,744
Dividends (Note 33)	(737)	(1,459)
Balance at end of financial year	5,833	5,662

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current				
Trade payables				
– third parties	9,509	11,347	–	–
– an associate	576	–	–	–
	10,085	11,347	–	–
Non-trade payables				
– third parties	11,277	8,648	2,590	2,724
– subsidiaries	–	–	265	2,275
– related parties	222	337	–	68
– an associate	144	–	–	–
– Directors of the Company	60	8	5	6
	11,703	8,993	2,860	5,073
Goods and services tax payable	430	711	32	36
Deferred income	1,400	582	29	–
Deferred government grant income	3,777	–	81	–
Deposits received	189	236	–	–
Accrued operating expenses	6,511	7,612	462	749
Unutilised annual leave	466	584	–	16
	24,476	18,718	3,464	5,874
Total current trade and other payables	34,561	30,065	3,464	5,874
Non-current				
Non-trade payables				
– third parties	1,706	163	1,706	163
– subsidiaries	–	–	26,045	24,417
Loan from a third party	3,000	–	–	–
Loan from a related party	1,000	1,555	1,000	1,555
Loan from a Director of the Company	787	861	587	561
Total non-current other payables	6,493	2,579	29,338	26,696
Total trade and other payables	41,054	32,644	32,802	32,570

Trade payables are unsecured, non-interest bearing and generally on 7 to 90 (2019: 7 to 90) days credit terms.

Included in the current non-trade payables to third parties is an amount of $4,136,000 (2019: $592,000) that is for the purchase of property, plant and equipment, in which $3,106,000 (2019: $Nil) is in relation to the construction-in-progress (Note 7).

Included in the current non-trade payables to third parties is an amount of $100,000 due to a third party (2019: S$Nil) which bears effective interest at 3.75% (2019: Nil) per annum.

Current non-trade amount due to subsidiaries of the Company are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash. In previous financial year, an amount due to a subsidiary of $1,000,000 bore effective interest at 5% per annum.

Current non-trade amount due to related parties, an associate and Directors of the Company are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Non-current non-trade amount due to subsidiaries of the Company are unsecured, bear effective interest at 3.8% to 5.0% (2019: 3.3% to 5.0%) per annum, repayable after 12 months subsequent to the reporting date and are expected to be settled in cash.

Loan from a third party is unsecured, bears effective interest at 3.5% per annum, repayable after 12 months subsequent to the reporting date and is expected to be settled in cash.

19. TRADE AND OTHER PAYABLES (Continued)

Loan from a related party is unsecured, bears effective interest at 3.5% (2019: 3.5%) per annum, repayable after 12 months subsequent to the reporting date and is expected to be settled in cash.

Non-current loan from a Director of the Company is unsecured, bears effective interest at 3.5% (2019: 3.5%) per annum, repayable after 12 months subsequent to the reporting date and is expected to be settled in cash except for an amount of approximately $587,000 (2019: $562,000) which is interest free.

The carrying amounts of the loans from a third party, a related party, a director of the Company and the non-current non-trade amount due to subsidiaries approximate their fair values as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

The carrying amount of non-current non-trade payables to third parties is carried at amortised cost.

Deferred income includes the amount of billing raised and received in advance for uncompleted orders from customers. Management expects the revenue from this deferred income to be realised within the next 12 months from the reporting date.

Deferred government grant income is in respect of Job Support Scheme details of which are disclosed in Note 5 to the financial statements.

The currency profiles of the Group's and the Company's trade and other payables as at each reporting date are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore dollar	38,482	30,137	32,802	32,570
Chinese renminbi	3	3	–	–
Euro	3	3	–	–
United States dollar	294	1,770	–	–
Malaysian ringgit	2,272	731	–	–
	41,054	32,644	32,802	32,570

20. PROVISIONS

	Group	
	2020 $'000	2019 $'000
Balance at beginning of financial year	443	368
Acquisition of subsidiaries (Note 11)	–	38
Provision made during the financial year	116	68
Utilisation during the financial year	(28)	(41)
Reversal of provision not utilised	(91)	–
Amortisation of discount	10	10
Balance at end of financial year	450	443

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 right-of-use assets (2019: Property, plant and equipment).

21. BANK BORROWINGS

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Current				
Secured				
Term loans	9,504	6,565	–	–
Revolving loans	4,000	3,000	–	–
Bank overdrafts	1,964	1,979	–	–
Trust receipts	4,333	1,370	–	–
Unsecured				
Term loans	930	1,633	699	668
Revolving loans	10,000	9,000	–	–
Bank overdrafts	988	805	–	–
Trust receipts	3,778	8,816	–	–
	35,497	33,168	699	668
Non-current				
Secured				
Term loans	43,798	38,267	–	–
Unsecured				
Term loans	2,385	4,585	1,818	2,517
	46,183	42,852	1,818	2,517
	81,680	76,020	2,517	3,185

The carrying amount of non-current bank borrowings approximates its fair value as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

Non-current bank borrowings are repayable as follows:

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
In the second year	8,621	9,757	1,818	697
In the third year	11,218	5,935	–	1,820
In the fourth year	3,828	8,790	–	–
In the fifth year	3,651	1,731	–	–
After five years	18,865	16,639	–	–
	46,183	42,852	1,818	2,517

The effective interest rates per annum of the bank borrowings are as follows:

	Group 2020 %	Group 2019 %	Company 2020 %	Company 2019 %
Term loans	2.4 – 4.9	1.6 – 6.0	4.3 – 4.5	4.2 – 4.4
Revolving loans	3.0 – 4.4	3.7	–	–
Bank overdrafts	4.3 – 7.6	4.69	–	–
Trust receipts	3.2 – 5.6	3.39	–	–

Bank borrowings are arranged at floating rates, thus exposing the Group to interest rate risk (Note 38.2).

21. BANK BORROWINGS (Continued)

The Group's and Company's secured term loans are secured as follows:

(i) legal mortgage on leasehold properties (Note 7) and investment properties (Note 8);

(ii) legal charge over freehold properties (Note 7);

(iii) guarantee provided by the Company, the subsidiaries, joint and several guarantees of certain Directors of the subsidiaries; and

(iv) pledges over fixed deposits.

The term loans have maturity dates between 2020 and 2044 (2019: 2020 to 2036).

Revolving loans have maturity periods ranging from 30 to 180 (2019: 28 to 92) days. Revolving loans amounted to $4,000,000 (2019: $3,000,000) are secured by legal mortgage on leasehold properties with carrying amount of approximately $14,320,000 (2019: $14,785,000) and supported by corporate guarantees provided by the Company and subsidiaries of the Company (2019: corporate guarantees provided by the Company and a subsidiary of the Company).

Bank overdrafts are repayable on demand. As at 31 March 2020, certain bank overdrafts are secured by legal mortgage on leasehold properties, freehold properties, investment property and fixed deposits (2019: legal mortgage on leasehold properties, freehold properties, investment properties and fixed deposits) with aggregate carrying amount of approximately $34,740,000 (2019: $27,267,000) and supported by corporate guarantees provided by the Company and the subsidiary of the Company, joint and several guarantees of the Directors of the subsidiaries.

Trust receipts are repayable within 30 to 180 days (2019: 28 to 180 days). As at 31 March 2020, certain trust receipts are secured by fixed deposits, legal mortgage on leasehold properties, freehold properties, and investment property (2019: leasehold properties, freehold properties and investment properties) with aggregate carrying amount of approximately $30,906,000 (2019: $15,460,000) and supported by corporate guarantees provided by the Company and a subsidiary of the Company, joint and several guarantees of the Directors of the subsidiaries.

As at each reporting date, the Group has banking facilities as follows:

	Group	
	2020 $'000	2019 $'000
Banking facilities granted	179,125	121,148
Banking facilities utilised	97,925	92,832

The currency profiles of the Group's and the Company's bank borrowings as at the end of the reporting date are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore dollar	81,396	75,819	2,517	3,185
Malaysian ringgit	284	201	–	–
	81,680	76,020	2,517	3,185

22. LEASE LIABILITIES/FINANCE LEASE LIABILITIES

	Group 2020 $'000	Company 2020 $'000
At 1 April 2019		
– Finance lease liabilities under SFRS(I) 1-17	6,670	–
– Adoption of SFRS(I) 16 (Note 2.1)	24,381	113
	31,051	113
Additions	5,545	–
Remeasurement and modification	(59)	89
Interest expense (Note 29)	1,515	6
Lease payments		
– Principal portion	(7,059)	(28)
– Interest portion	(1,515)	(6)
At 31 March 2020	29,478	174

The maturity analysis of lease liabilities/finance lease liabilities of the Group at each reporting date are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Contractual undiscounted cash flows				
– Not later than one financial year	7,947	2,474	35	–
– Between one and five financial years	14,363	4,706	162	–
– After five financial years	19,309	27	–	–
	41,619	7,207	197	–
Less: Future finance charges	(12,141)	(537)	(23)	–
Present value of finance lease liabilities	29,478	6,670	174	–
Presented in consolidated statement of financial position				
– Current	6,668	2,213	28	–
– Non-current	22,810	4,457	146	–
	29,478	6,670	174	–

The Group leases a number of leasehold lands and retail premises in Singapore. It is customary for lease contract to provide payment to increase each year by inflation, to be reset periodically to market rental rates or fixed payments.

Certain equipment of the Group are qualified for low value assets and the Group also leases certain machinery and premises on the short-term basis in order to support the production deadlines. The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption is made on lease-by-lease basis.

The leases for retail premises contain variable lease payments that are based on a percentage of sales generated by the retail outlets on top of fixed payments. In addition, the lease payment for several leasehold land leases are linked to index and are subject to periodic revision by JTC Corporation.

22. LEASE LIABILITIES/FINANCE LEASE LIABILITIES (Continued)

The percentages in the table below reflect the current proportions of lease payment that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the reporting date to lease payments that are variable.

	Fixed payments %	Variable payments %	Sensitivity $'000
2020			
Leases with:			
– payments linked to inflation	–	44	±655
– fixed payments	56	–	–
	56	44	±655

As at 31 March 2020, the average incremental borrowing rate and average interest rate implicit in the leases were 4.75% and 4.61% respectively.

The Group's lease liabilities of $5,719,000 (2019: $6,670,000) are secured by the leased assets (Note 10), which will be repossessed by the lessors (legal owners) in the event of default in repayment by the Group.

The lease liabilities are supported by corporate guarantees provided by the Company and a subsidiary of the Company, joint and several guarantees of the Directors of the subsidiaries. As at 31 March 2019, certain finance lease payables of approximately $3,253,000 are supported by the corporate guarantee provided by the Company.

The finance lease terms range from 1 to 7 years for the financial year ended 31 March 2019. The effective interest rates for the finance lease obligations for the financial year ended 31 March 2019 range from 2.8% to 6.4% per annum.

The carrying amount of the Group's finance lease liabilities approximates the fair value since the market rate as at 31 March 2020 and 31 March 2019 is not significantly different from the effective interest rate implicit in the finance lease obligation and current lending rates for similar types of lending arrangements are not materially different from rates obtained by the Group.

All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The currency profiles of the Group's and the Company's lease liabilities/finance lease liabilities as at each reporting date are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore dollar	29,413	6,560	174	–
Malaysian ringgit	65	110	–	–
	29,478	6,670	174	–

23. DEFERRED TAX LIABILITIES

	Group	
	2020	2019
	$'000	$'000
Balance at beginning of financial year	3,956	3,195
Acquisition of subsidiaries (Note 11)	–	695
Charge to profit or loss	(273)	61
Currency realignment	(18)	5
Balance at end of financial year	3,665	3,956

Deferred tax liabilities arise as a result of temporary differences of the following computed at statutory tax rate of 17% (2019: 17%):

	Consolidated Statement of financial position		Consolidated statement of comprehensive income	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Accelerated tax depreciation	1,208	1,116	110	192
Leased assets	(184)	–	(184)	–
Accrued unutilised leave	(57)	(46)	(11)	(21)
Fair value of property, plant and equipment	706	753	(47)	(51)
Fair value of investment properties	34	96	(62)	(6)
Fair value of intangible assets	1,958	2,037	(79)	(53)
	3,665	3,956	(273)	61

24. REVENUE

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- enable users to understand the relationship with revenue segment information provided in Note 37 to the financial statements.

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Total $'000
Group						
Primary geographical markets						
2020						
Revenue						
Singapore	92,483	14,941	26,849	33,655	1,030	168,958
Others	–	–	1,927	14,983	–	16,910
	92,483	14,941	28,776	48,638	1,030	185,868
2019						
Revenue						
Singapore	81,739	16,872	30,882	34,079	1,155	164,727
Others	–	–	1,453	14,840	–	16,293
	81,739	16,872	32,335	48,919	1,155	181,020

24. REVENUE (Continued)

Disaggregation of revenue (Continued)

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Total $'000
Group						
Sales channel						
2020						
Revenue						
Consumers	92,483	14,941	6,543	21,218	1,030	136,215
Intermediaries	–	–	22,233	27,420	–	49,653
	92,483	14,941	28,776	48,638	1,030	185,868
2019						
Revenue						
Consumers	81,739	16,872	7,933	21,129	1,155	128,828
Intermediaries	–	–	24,402	27,790	–	52,192
	81,739	16,872	32,335	48,919	1,155	181,020

	Group 2020 $'000	Group 2019 $'000
Sales of food and beverages		
– Food catering business	92,483	81,739
– Food retail business	14,941	16,872
– Supplies and trading	28,776	32,335
– Food manufacturing	48,638	48,919
Other businesses	1,030	1,155
	185,868	181,020

The Group recognised its revenue at a point in time except for revenue from "Tingkat sales" within the food catering business amounting to $5,984,000 (2019: $4,720,000) that is recognised over time.

25. OTHER INCOME

	Group 2020 $'000	Group 2019 $'000
Reversal of allowance for impairment loss of trade receivables	30	100
Food reimbursement income	–	22
Dividend income	11	34
Gain on disposal of plant and equipment	89	26
Government grants	1,074	851
Rental income	507	496
Compensation claim	368	173
Scrap income	89	209
Others	323	288
	2,491	2,199

26. EMPLOYEE BENEFITS EXPENSE

	Group 2020 $'000	Group 2019 $'000
Salaries, wages, bonuses and other staff benefits	46,552	46,759
Contributions to defined contribution plans	7,486	7,356
Directors' fees	210	199
	54,248	54,314

Included in the employee benefits expense were the remuneration of Directors and key management personnel of the Group as set out in Note 34 to the financial statements.

27. DEPRECIATION AND AMORTISATION EXPENSES

	Group 2020 $'000	Group 2019 $'000
Depreciation of property, plant and equipment	7,569	8,621
Depreciation of right-of-use assets	6,781	–
Depreciation of investment properties	44	48
Amortisation of intangible assets	825	631
	15,219	9,300

28. OPERATING LEASE EXPENSES

	Group 2019 $'000
Rental of equipment, vessel and vehicles	1,494
Rental of hostel, kitchens and warehouse	1,306
Rental of offices	1,353
Rental of outlets	
– minimum lease payments	3,055
– contingent rent	72
	7,280

29. FINANCE COSTS

	Group 2020 $'000	Group 2019 $'000
Interest expenses		
– loan from a related party	52	54
– loan from a Director of the Company	10	11
– loan from a third party	17	–
– term loans	1,828	1,590
– finance leases	–	252
– lease liabilities	1,515	–
– amortisation of discount on provision (Note 20)	10	10
– amortisation of interest expense on non-interest bearing loans	504	29
– bank overdrafts	135	111
– revolving loans	359	345
– trust receipts	333	401
	4,763	2,803

30. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2020 $'000	2019 $'000
Other expenses		
Audit fees:		
– Auditor of the Company	267	260
– Other auditors	15	16
Non-audit fees:		
– Auditor of the Company	69	108
– Other auditors	2	2
Bad third parties trade receivables written off	81	5
Allowance for impairment loss on third parties trade and other receivables	482	69
Credit card charges	486	728
Foreign exchange loss, net	176	218
Insurance	592	596
Intangible assets written off	–	1
Inventories written down	112	11
Inventories written off	449	70
Laundry and dish washing expenses	362	222
Low value assets items expensed	474	730
Printing and stationery expenses	294	297
Professional and legal fees	819	969
Plant and equipment written off	57	188
Repairs and maintenance	1,504	1,378
Software and programming expenses	1,112	846
Telephone and internet charges	557	540
Upkeep of motor vehicles	1,381	2,007
Impairment loss on investment property	110	–
Impairment loss on goodwill	448	–
Impairment loss on plant and equipment	53	–
Impairment loss on right-of-use assets	425	–
Loss on disposal of investment property	137	–
Right-of-use assets written off	71	–
Lease expenses on:		
– Short-term leases	1,807	–
– Low-value leases	17	–
– Contingent rents	121	–

31. INCOME TAX EXPENSE

	Group	
	2020 $'000	2019 $'000
Current income tax		
– current financial year	1,742	1,451
– over-provision in respect of prior financial years	(361)	(442)
	1,381	1,009
Deferred income tax		
– current financial year	(389)	(55)
– under-provision in respect of prior financial years	116	116
	(273)	61
Total income tax expense recognised in profit or loss	1,108	1,070

31. INCOME TAX EXPENSE (Continued)

Reconciliation of effective income tax rate

	Group 2020 $'000	Group 2019 $'000
Profit before income tax	7,371	6,236
Share of loss of associate, net of tax	19	–
	7,390	6,236
Income tax calculated at Singapore's statutory income tax rate of 17% (2019: 17%)	1,256	1,060
Effect of difference in tax rate	50	9
Expenses not deductible for income tax purposes	2,068	1,072
Income not subject to income tax	(832)	(94)
Income tax exemption	(164)	(193)
Enhance tax deduction and tax rebate	(428)	(261)
Over-provision of income tax in respect of prior financial years	(361)	(442)
Under-provision of deferred tax in respect of prior financial years	116	116
Deferred tax assets not recognised	249	146
Utilisation of previously unrecognised deferred tax assets	(815)	(296)
Others	(31)	(47)
Total income tax expense recognised in profit or loss	1,108	1,070

Unrecognised deferred tax assets

	Group 2020 $'000	Group 2019 $'000
Balance at beginning of financial year	2,843	2,993
Amount not recognised during the financial year	249	146
Utilisation of previously unrecognised deferred tax assets	(815)	(296)
Balance at end of financial year	2,277	2,843

The unrecognised deferred tax assets are attributable to the following temporary differences:

	Group 2020 $'000	Group 2019 $'000
Unutilised tax losses	1,301	1,331
Unabsorbed capital allowances	751	1,389
Accelerated tax depreciation	162	49
Accrued unutilised leave	21	21
Others	42	53
	2,277	2,843

As at 31 March 2020, the Group has unutilised tax losses of approximately $7,147,000 (2019: $7,205,000) and unabsorbed capital allowances of approximately $3,140,000 (2019: $5,733,000) available for offset against future taxable profits which has no expiry date and subject to the agreement by the tax authorities and provisions of the tax legislations of Singapore and Malaysia. No deferred tax assets have been recognised in respect of the unutilised tax losses and unabsorbed capital allowances of approximately $2,052,000 (2019: $2,720,000) as at 31 March 2020 as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.22 to the financial statements.

32. EARNINGS PER SHARE

The calculation for earnings per share is based on:

	Group	
	2020	2019
Profit attributable to owners of the parent ($'000)	6,333	5,398
Actual number/Weighted average of ordinary shares in issue during the financial year applicable to basic earnings per share	147,350,959	146,659,654
Basic and diluted earnings per share (in cents)	4.30	3.68

The basic earnings per share is computed by dividing the profit attributable to owners of the parent in each financial year by the actual number/weighted average of ordinary shares in issue during the respective financial year.

The diluted earnings per share for the relevant periods are the same as the basic earnings per share as the Group does not have any dilutive options for the relevant periods.

33. DIVIDENDS

	Group	
	2020 $'000	2019 $'000
A final tax-exempt dividend of $0.005 per share on 147,350,959 ordinary shares in respect of financial year ended 31 March 2019	737	–
A final tax-exempt dividend of $0.01 per share on 145,907,100 ordinary shares in respect of financial year ended 31 March 2018	–	1,459
	737	1,459

The Board of Directors proposed that a final tax-exempt dividend of $0.005 per ordinary share amounting to approximately $737,000 to be paid in respect of current financial year ended 31 March 2020. This final dividend has not been recognised as a liability as at 31 March 2020 as it is subject to approval by shareholders at the coming Annual General Meeting of the Company.

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in these financial statements, the following were significant related party transactions at terms and rates agreed between the Group and the Company with its related parties during the financial year:

	2020 $'000	2019 $'000
Group		
With related parties*		
Sales to	(8)	–
Loan interest to	52	54
Provision of IT services by	325	342
Purchases of IT equipment from	17	37
Rental income received from	(18)	(18)
Monthly rental paid to	246	414
Utilities income received from	(6)	(6)
Group		
With Directors of the Company		
Sales to	(11)	(9)
Loan interest to	–	11
Monthly rental paid to	293	293
Group		
With associate of the Company		
Sales to	(63)	–
Rental income received from	(6)	–
Purchase from	125	–
Secondment fee bill to	(10)	–
Company		
With subsidiaries		
Dividend income from	(4,700)	(6,380)
Rental income from	(35)	(35)
Membership income from	–	(24)
Expenses made on behalf of	(287)	(568)
Loan from	1,000	3,000
Loan interest to	1,206	1,103
Loan to	–	(50)
Loan interest from	(118)	(135)
Assignment of debt to	1,362	1,800
Novation of debt from	(3,000)	–
Management fee income from	(3,240)	(3,240)

* Related parties refer to entities in which the Directors of the Company have beneficial interests

As the Group employs foreign workers in Singapore, a security bond of $5,000 (2019: $5,000) is required to be furnished to the Ministry of Manpower Singapore ("MOM") for each foreign worker before the Group is allowed to engage such foreign workers. Instead of furnishing the security bonds, the Group entered into arrangements with an insurance company for letters of guarantee to be issued to MOM by such insurance company in respect of each foreign worker. In return for the issuance of such letters of guarantee, the Group pays the insurance company an insurance premium and three Directors of the Company provided indemnities to the insurance company to secure the Group's obligations amounting to approximately $1,370,000 (2019: $1,220,000) as at 31 March 2020. As at 31 March 2020, no fee was paid by the Group to the Directors for the provision of the above indemnities.

As at 31 March, the outstanding balances in respect of the above related party transactions are disclosed in Notes 5 and 19 to the financial statements.

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

Key management personnel are Directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The remuneration of Directors of the Company and subsidiaries and key management personnel of the Group during the financial year was as follows:

	Group	
	2020 $'000	2019 $'000
Directors of the Company		
– short-term benefits	1,291	1,276
– post-employment benefits	51	50
– Directors' fee	210	199
Directors of subsidiaries		
– short-term benefits	939	1,006
– post-employment benefits	111	113
Other key management personnel		
– short-term benefits	1,233	1,109
– post-employment benefits	136	109
	3,971	3,862

35. OPERATING LEASE COMMITMENTS

The Group as a lessor

The Group leased out office spaces under non-cancellable operating leases. The leases are contracted for an average of 1 year.

The future minimum lease receivables under non-cancellable operating leases contracted for at each reporting date but not recognised as receivables are as follows:

	Group	
	2020 $'000	2019 $'000
Not later than one financial year	408	408

The Group as a lessee

In the previous financial year, the Group leased industrial land, various retail outlets, office spaces and central kitchens under non-cancellable operating leases. The operating lease commitments are based on existing rental rates as at the reporting date. Some of the operating leases of premises provide for rentals based on percentage of sales derived from the rented premises. The Group has the options to renew certain agreements on the lease premises for an average of 3 years.

As at 31 March 2019, commitments in respect of non-cancellable operating leases contracted but not recognised as liabilities are as follows:

	Group 2019 $'000
Not later than one financial year	5,132
Later than one financial year but not later than five financial years	6,818
Later than five financial years	20,975
	32,925

36. CAPITAL COMMITMENTS

As at 31 March 2020, the Group has capital commitments on plant and equipment amounting to approximately $45,354,000 (2019: $52,588,000).

37. SEGMENT INFORMATION

Management has determined the operating segment based on the reports reviewed by the chief operating decision maker. For management purposes, the Group is organised into business units based on its services, and has five reportable operating segments as follows:

(a) Food catering business
(b) Food retail business
(c) Supplies and trading
(d) Food manufacturing
(e) Other businesses

Food catering business segment provides events catering services under sixteen catering brands to corporate, community or private functions. Food catering business segment also provides daily meal delivery services to families, Halal-certified food as well as catering for last minute events or emergency orders.

Food retail business segment operates a chain of food retail outlets specialising in Japanese cuisine.

Supplies and trading business segment supplies food ingredients used in food catering business and food retail business and the supply of food products for third parties' catering business. Supplies and trading business segment also imports, exports and wholesale fruits, vegetables and meat products to a wide customer base.

Food manufacturing segment manufactures, distributes and retails surimi-based seafood products, the "DoDo" brand of fishballs.

Other businesses segment involved in the design, marketing and distribution of floral arrangements, gifts and hampers and manufacturing of bread, cakes and confectionery.

Chief operating decision maker monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before income tax expense not including non-recurring gains and losses. There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for inter-segment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated in the financial statements. Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

Segment assets comprise primarily of inventories, receivables, prepayment, cash and bank balances, property, plant and equipment, investment properties, intangible assets, financial assets at FVOCI, and right-of-use assets. Segment liabilities comprise operating liabilities and exclude tax liabilities.

37. SEGMENT INFORMATION (Continued)

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group								
2020								
Revenue								
External revenue	92,483	14,941	28,776	48,638	1,030	–	–	185,868
Inter-segment revenue	6,545	4	17,052	2,029	406	–	(26,036)	–
	99,028	14,945	45,828	50,667	1,436	–	(26,036)	185,868
Results								
Segment results	16,749	3,390	2,428	6,478	102	5,058	(4,700)	29,505
Interest income	1,520	1	648	4	10	120	(2,130)	173
Interest expense	(1,617)	(373)	(1,814)	(1,648)	(7)	(1,434)	2,130	(4,763)
Share of loss of associate, net of tax	–	–	(19)	–	–	–	–	(19)
Depreciation of property, plant and equipment	(4,070)	(450)	(988)	(1,923)	(137)	(1)	–	(7,569)
Depreciation of investment properties	–	–	–	–	–	(44)	–	(44)
Depreciation of right-of-use assets	(2,054)	(3,108)	(377)	(1,222)	(20)	–	–	(6,781)
Amortisation of intangible assets	(587)	(10)	(121)	(97)	(5)	(5)	–	(825)
Plant and equipment written off	(21)	(32)	–	(4)	–	–	–	(57)
Right-of-use assets written off	–	–	–	(71)	–	–	–	(71)
Gain on disposal of property, plant and equipment	81	1	1	6	–	–	–	89
Loss on disposal of investment property	–	–	–	–	–	(137)	–	(137)
Other non-cash expenses:								
– Inventories written down	–	–	(112)	–	–	–	–	(112)
– Inventories written off	–	–	(449)	–	–	–	–	(449)
– Allowance for impairment loss on third parties trade receivables	(22)	–	(417)	–	–	–	–	(439)
– Allowance for impairment loss on third party non-trade receivables	–	–	(43)	–	–	–	–	(43)
– Bad third parties trade receivables written off	(8)	(1)	(51)	(20)	(1)	–	–	(81)
– Impairment of investment property	–	–	–	–	–	(110)	–	(110)
– Impairment of goodwill	–	–	(448)	–	–	–	–	(448)
– Impairment of plant and equipment	–	(53)	–	–	–	–	–	(53)
– Impairment of right-of-use assets	–	(425)	–	–	–	–	–	(425)
– Reversal of allowance for impairment loss of trade receivables	12	–	15	3	–	–	–	30
Profit/(Loss) before income tax	9,983	(1,060)	(1,747)	1,506	(58)	3,447	(4,700)	7,371
Income tax expense								(1,108)
Profit for the financial year								6,263

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

37. SEGMENT INFORMATION (Continued)

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group								
2020								
Additions to non-current assets								
Property, plant and equipment	22,358	1,105	97	1,451	300	–	–	25,311
Intangible assets	209	–	74	213	4	4	–	504
Right-of-use assets	1,674	3,221	5	823	–	(184)	–	5,539
Assets and liabilities								
Assets	122,849	10,089	48,997	66,177	1,958	7,351	(57,023)	200,398
Investment in associates	–	–	3,274	–	–	–	–	3,274
Liabilities	77,817	11,732	33,128	49,696	1,821	35,491	(57,023)	152,662
Add:								
– Income tax payable								1,731
– Deferred tax liabilities								3,665
								158,058

37. SEGMENT INFORMATION (Continued)

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group								
2019								
Revenue								
External revenue	81,739	16,872	32,335	48,919	1,155	–	–	181,020
Inter-segment revenue	1,038	104	23,046	2,757	890	–	(27,835)	–
	82,777	16,976	55,381	51,676	2,045	–	(27,835)	181,020
Results								
Segment results	10,940	230	2,067	4,396	259	6,772	(6,380)	18,284
Interest income	1,330	13	738	3	7	270	(2,089)	272
Interest expense	(870)	(24)	(1,402)	(1,356)	(11)	(1,229)	2,089	(2,803)
Depreciation of property, plant and equipment	(3,820)	(731)	(1,281)	(2,611)	(177)	(1)	–	(8,621)
Depreciation of investment properties	–	–	–	–	–	(48)	–	(48)
Amortisation of intangible assets	(403)	(9)	(110)	(100)	(5)	(4)	–	(631)
Plant and equipment written off	(36)	(104)	(6)	(41)	(1)	–	–	(188)
Gain/(Loss) on disposal of property, plant and equipment	27	–	9	(10)	–	–	–	26
Other non-cash expenses:								
– Inventories written down	–	–	(11)	–	–	–	–	(11)
– Inventories written off	–	–	(69)	–	(1)	–	–	(70)
– Allowance for impairment loss on third parties trade receivables	(11)	–	(11)	(47)	–	–	–	(69)
– Bad third parties trade receivables written off	(5)	–	–	–	–	–	–	(5)
– Reversal of allowance for impairment loss of trade receivables	–	–	100	–	–	–	–	100
Profit/(Loss) before income tax	7,152	(625)	24	234	71	5,760	(6,380)	6,236
Income tax expense								(1,070)
Profit for the financial year								5,166

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

37. SEGMENT INFORMATION (Continued)

	Food catering business $'000	Food retail business $'000	Supplies and trading $'000	Food manufacturing $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group								
2019								
Additions to non-current assets								
Property, plant and equipment	5,325	624	414	2,173	226	–	–	8,762
Intangible assets	6,700	11	180	64	1	–	–	6,956
Assets and liabilities								
Assets	90,315	4,051	57,244	58,998	1,921	10,578	(59,962)	163,145
Liabilities	45,494	4,761	43,876	44,140	1,715	35,755	(59,964)	115,777
Add:								
– Income tax payable								1,619
– Deferred tax liabilities								3,956
								121,352

37. SEGMENT INFORMATION (Continued)

Geographical information

The Group operates mainly in Singapore with revenue generated from customers located in Singapore. The "Others" segment comprise revenue generated from customers located in foreign countries which are individually not significant to the Group. Similarly, the non-current assets are located mainly in Singapore and the "Others" segment comprise non-current assets located in foreign countries which are individually not significant to the Group.

	Singapore $'000	Others $'000	Total $'000
Group			
2020			
Total revenue from external customers	168,958	16,910	185,868
Non-current assets	136,743	7,953	144,696
2019			
Total revenue from external customers	164,727	16,293	181,020
Non-current assets	94,471	8,247	102,718

Major customer

The Group's customers comprise the general public, households, community clubs and corporations. Due to the diverse base of customers, the Group is not reliant on any customer for its sales and no one single customer accounted for 10% or more of the Group's total revenue for each reporting period.

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's and the Company's activities expose them to financial risks (including credit risk, interest rate risk, equity price risk and liquidity risk) arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets in the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which they manage and measure the risk. The Group and the Company do not hold or issue derivative financial instruments for trading purposes, if any, in interest rates and foreign exchange rates.

38.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals.

The Group's and the Company's major classes of financial assets are cash and bank balances and trade and other receivables. The maximum exposure to credit risk for each class of financial assets is the carrying amount presented on the statements of financial position. The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. As at 31 March 2020, the Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to approximately $4,672,000 (2019: $4,774,000).

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

38.1 Credit risk (Continued)

Loss allowance measured at expected credit loss model

Cash and bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and subject to immaterial credit loss.

The Group provides for lifetime expected credit losses for trade receivables based on the Group's historical observed default rates which is adjusted with forward-looking information. At the end of the financial year, management had assessed the expected credit losses for non credit-impaired trade receivables to be insignificant. The loss allowance as at the financial year end represents allowances made for trade receivables that are credit-impaired.

Credit-impaired financial assets is identified when there is observable evidence indicates that the debtor is in significant financial difficulty, breach of payment terms or probable that the debtor will enter into bankruptcy or financial restructuring.

The Group and the Company provide expected credit losses for non-trade receivables based on the general three-stage model. Credit performance of each debtor is monitored regularly by management. Management considers the performance, financial capability as well as any delay in agreed payment to determine whether there is a significant increase in credit risk of each debtor since initial recognition. Based on the assessment, the non-trade receivables of the Group and the Company are subject to immaterial credit losses.

Additionally, for the financial corporate guarantee issued (Note 38.4), management has assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future and does not expect any material credit loss allowance to be recognised as at year end.

38.2 Interest rate risk

The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 21 to the financial statements.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at each reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at each reporting date was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% (2019: 0.5%) change in the interest rates from each reporting date, with all variables held constant.

If the interest rate increases or decreases by 0.5%, the Group's and the Company's profit before tax, will decrease or increase by:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Bank borrowings	408	380	13	16

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

38.3 Equity price risk

The Group and the Company are exposed to equity price risk arising from quoted equity investment classified as financial assets at FVOCI. The quoted equity investment is held for strategic rather than for trading purposes. The Group and the Company do not actively trade financial assets at FVOCI.

Further details of this quoted equity investment are set out in Note 13 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at each reporting date.

The sensitivity analysis assumes an instantaneous 20% (2019: 20%) increase or decrease in the equity price from each reporting date, with all variables held constant, the Group's other comprehensive income will, increase or decrease by:

	Group	
	2020 $'000	2019 $'000
Financial assets at FVOCI	76	144

38.4 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all repayment needs are met. As part of its overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintains sufficient levels of cash to meet working capital requirements.

Contractual maturity analysis

The following table details the Group's and the Company's remaining contractual maturity for non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Group				
2020				
Financial liabilities				
Trade and other payables	28,748	6,759	-	35,507
Bank borrowings	37,178	31,405	21,718	90,301
Lease liabilities	7,947	14,363	19,309	41,619
Total undiscounted financial liabilities	73,873	52,527	41,027	167,427
2019				
Financial liabilities				
Trade and other payables	28,254	2,682	-	30,936
Bank borrowings	34,680	30,932	20,516	86,128
Finance lease payables	2,474	4,706	27	7,207
Total undiscounted financial liabilities	65,408	38,320	20,543	124,271

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

38.4 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Company				
2020				
Financial liabilities				
Trade and other payables	4,708	32,514	–	37,222
Bank borrowings	793	1,854	–	2,647
Finance lease payables	35	162	–	197
Total undiscounted financial liabilities	5,536	34,530	–	40,066
Financial corporate guarantee	82,570	–	–	82,570
2019				
Financial liabilities				
Trade and other payables	6,865	28,258	–	35,123
Bank borrowings	796	2,563	–	3,359
Total undiscounted financial liabilities	7,661	30,821	–	38,482
Financial corporate guarantee	69,018	–	–	69,018

The earliest period that the guarantee could be called is within 1 year from each reporting date. Based on expectations at each reporting date, the Company considers that it is more likely than not that no amount will be payable under the arrangement. The financial guarantees have not been recognised in the financial statements of the Group as the Directors do not consider it probable that a claim will be made against the Group under the guarantees.

The Group's and the Company's operations are financed mainly through equity, retained earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the Group's non-current bank borrowings are disclosed in Note 21 to the financial statements.

38.5 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company constantly review the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on its operating cash flows. The capital structure of the Group consists of equity attributable to owners of the parent. The Group's and the Company's overall strategy remains unchanged from 31 March 2019.

As at 31 March 2020 and 31 March 2019, the Group is subject to financial covenant in respect of most of the bank borrowings as disclosed in Note 21 to the financial statements. The Group has complied with these externally imposed capital requirements.

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

38.6 Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at each reporting date due to the relatively short-term maturity of these financial instruments. The fair value of the non-current financial assets and financial liabilities are disclosed in Notes 5, 13, 19 and 21 to the financial statements.

Fair values of financial instruments carried at fair value

The fair value of non-current financial asset carried at fair value in relation to financial assets at FVOCI is disclosed in Note 13 to the financial statements. The fair value of the non-current financial assets and financial liabilities are disclosed in Notes 5, 13, 19 and 21 to the financial statements.

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at each reporting date:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group and Company				
2020				
Financial assets at FVOCI	382	–	–	382
2019				
Financial assets at FVOCI	720	–	–	720

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

38.7 Categories of financial instruments

The following table sets out the financial instruments as at each reporting date:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Financial assets				
Financial assets carried at amortised cost	44,790	46,283	6,328	8,782
Financial assets at FVOCI	382	720	382	720
	45,172	47,003	6,710	9,502
Financial liabilities				
Other financial liabilities, at amortised cost	146,139	113,457	35,351	35,703

39. IMPACT OF NOVEL CORONAVIRUS ("COVID-19") ON THE GROUP'S OPERATIONS

On 31 January 2020, the World Health Organisation ("WHO") announced that the novel coronavirus ("Covid-19") outbreak as a global health emergency.

The outbreak of Covid-19, coupled with the prolonged global trade tension, had led to the deterioration of the global economic conditions. The pandemic had already caused many industries to shut down and trade and travel worldwide were seriously disrupted.

The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures ("circuit breaker") from 7 April 2020, to pre-empt the trend of increasing local transmission of COVID-19. Except for those providing essential services and selected economic sectors which are critical for local and the global supply chains, all businesses are required to suspend all in-person activities and activities at the business location.

The Group continues to monitor the credit quality of its customers, who have a good credit standing, to ensure recovery of the receivables.

In addition, the Group has considered the challenges arising from the outbreak and assessed the impact of Covid-19 on its operations, and anticipated that adequate funds are available for its operating requirements and meeting debt obligations.

STATISTICS OF SHAREHOLDINGS

As at 18 August 2020

SUBSTANTIAL SHAREHOLDERS

Subtantial Shareholders	Direct Interest Number of Shares	Direct Interest %	Deemed Interest Number of Shares	Deemed Interest %	Total %
Neo Kah Kiat	112,151,850	76.112	8,064,000	5.473	81.585[1]
Liew Oi Peng	8,064,000	5.473	112,151,850	76.112	81.585

Note:

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

SHAREHOLDING HELD IN PUBLIC HANDS

Approximately 15.738% of the shareholding of the Company is held in the hands of the public as at 18 August 2020 and Rule 723 of the Catalist Rule is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
100 – 1,000	132	24.40	103,100	0.07
1,001 – 10,000	219	40.48	1,256,700	0.85
10,001 – 1,000,000	183	33.83	17,010,251	11.55
1,000,001 and above	7	1.29	128,980,908	87.53
Total	**541**	**100.00**	**147,350,959**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of Shares	%
1	Neo Kah Kiat	112,151,850	76.11
2	Liew Oi Peng	8,064,000	5.47
3	Chin May Yee Emily	2,270,000	1.54
4	Phillip Securities Pte Ltd	2,024,000	1.37
5	Liew Choh Khing	1,691,558	1.15
6	CGS-CIMB Securities (Singapore) Pte. Ltd.	1,687,000	1.14
7	Citibank Nominees Singapore Pte Ltd	1,092,500	0.74
8	Lim Boon Chay	1,000,000	0.68
9	Soh Chwee Seng	989,100	0.67
10	Teo Hwee Ai (Zhang Hui'ai)	986,200	0.67
11	Tony Phua	907,100	0.62
12	Teo Hee Huat (Zhang Xifa)	780,100	0.53
13	DBS Nominees (Private) Limited	587,600	0.40
14	Ah Hot Gerard Andre	485,900	0.33
15	James Alvin Low Yiew Hock	415,900	0.28
16	Choo Kwe Yen	414,000	0.28
17	Khoo Hang Choong	396,800	0.27
18	Choo Mee Kuen	389,000	0.26
19	Cheong Zhen Wen (Zhang Zhenwen)	368,000	0.25
20	United Overseas Bank Nominees (Private) Limited	345,600	0.23
	Total	**137,046,208**	**92.99**

NOTICE OF EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Neo Group Limited (the "**Company**") will be convened and held by electronic means on Thursday, 24 September 2020 at 9.30 a.m. (Singapore time) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2020 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax exempt (one-tier) final dividend of S$0.005 per ordinary share in respect of the financial year ended 31 March 2020. **(Resolution 2)**

3. To approve the proposed Directors' fees of S$233,000 for the financial year ended 31 March 2020. (2019: S$199,167) **(Resolution 3)**

4. To note the retirement of Mr Ng How Hwan, Kevin as Independent Director in accordance with Article 98 of the Constitution of the Company at the conclusion of this Annual General Meeting who will not be seeking re-election.
   [See Explanatory Note (a)]

5. To re-elect Mr Neo Kah Kiat, who is retiring by rotation in accordance with Article 98 of the Company's Constitution, and who, being eligible, offers himself for re-election as Director of the Company.
   [See Explanatory Note (b)] **(Resolution 4)**

6. To re-appoint Messrs BDO LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. **AUTHORITY TO ALLOT AND ISSUE SHARES**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to (i) issue and allot new shares ("**Shares**") in the capital of the Company (whether by way of rights, bonus or otherwise); and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force, provided that:

(1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis ("**non pro-rata basis**"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time such authority was conferred, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercising of share options or the vesting of share awards which are outstanding or subsisting at the time this resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and

(c) any subsequent consolidation or subdivision of the Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and

(4) unless revoked or varied by the Company in a general meeting, the authority so conferred shall continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (c)] **(Resolution 6)**

9. **AUTHORITY TO ISSUE SHARES UNDER THE NEO GROUP EMPLOYEE SHARE OPTION SCHEME**

That pursuant to Section 161 of the Companies Act, Chapter 50 and the provisions of the Neo Group Employee Share Option Scheme ("**ESOS**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the ESOS, provided that the aggregate number of additional ordinary Shares to be issued pursuant to the ESOS and Neo Group Performance Share Plan ("**PSP**") collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

[See Explanatory Note (d)] **(Resolution 7)**

10. **AUTHORITY TO ISSUE SHARES UNDER THE NEO GROUP PERFORMANCE SHARE PLAN**

That pursuant to Section 161 of the Companies Act, Chapter 50 and the provisions of the Neo Group Performance Share Plan ("**PSP**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the PSP, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the ESOS and PSP collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

[See Explanatory Note (e)] **(Resolution 8)**

11. **RENEWAL OF SHARE PURCHASE MANDATE**

THAT:

(a) the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) on the SGX-ST ("**Market Purchase**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act ("**Off-Market Purchase**");

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**"),

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of the Shares pursuant to Share Purchase Mandate are carried out to the full extent mandated.

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Ordinary Shares representing 5% of the total number of the issued Ordinary Shares as at the date of the passing of this Resolution (excluding any treasury shares and subsidiary holdings (as defined in the Rules of Catalist of the SGX-ST) as at that date);

"**Maximum Price**", in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 105% of Average Closing Price or Highest Last Dealt Price (as defined hereinafter), pursuant to an equal access scheme;

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five Market Days (as defined in the Rules of Catalist of the SGX-ST) on which transactions in the Shares were recorded, before the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Rules of Catalist of the SGX-ST for any corporate action which occurs during the relevant five-day period and the day on which the purchases are made;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase.

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company be and are hereby authorised to deal with the Shares purchased by the Company pursuant to the Share Purchase Mandate in any manner as they think fit, which is allowed under the Companies Act, Chapter 50; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (f)] **(Resolution 9)**

By Order of the Board

Pan Mi Keay
Company Secretary

2 September 2020
Singapore

Explanatory Notes:

(a) In accordance with Article 98 of the Constitution of the Company, Mr Ng How Hwan, Kevin retires from office as Director of the Company and will not be seeking for re-election. Accordingly, Mr Ng How Hwan, Kevin will relinquish his position as Chairman of the Remuneration Committee, as well as member of the Nominating Committee and Audit and Risk Committee.

(b) Key information on Mr Neo Kah Kiat, who is seeking re-election as a Director of the Company, is found on page 8 of the Annual Report. Details of the share interests of Mr Neo Kah Kiat in the Company can be found on pages 84 of the Annual Report. Mr Neo Kah Kiat is the Founder, Executive Chairman and Chief Executive Officer of the Company. He is the spouse of Ms Liew Oi Peng, who is also the Executive Director of the Company.

(c) The proposed ordinary resolution 6, if passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding 100% of the total number of issued shares in the capital of the Company with a sub-limit of 50% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

(d) The proposed ordinary resolution 7, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the exercise of such options under the ESOS. The aggregate amount of new Shares over which the Company may grant options on any date, when added to the amount of new Shares to be issued in respect of all options granted under the ESOS, and all awards vested under PSP of the Company and for the time being in force, collectively shall not exceed total 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

(e) The proposed ordinary resolution 8, if passed, will empower the Directors of the Company to allot and issue Shares in the Company collectively of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the share capital of the Company from time to time pursuant to the grant of share awards under the PSP.

(f) The proposed ordinary resolution 9, if passed, will empower the Directors of the Company from the date of the above meeting until the date of the next annual general meeting to purchase or acquire up to 5% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution. Details of the proposed Renewal of Share Purchase Mandate are set out in the Appendix to this Annual Report.

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance purchases or acquisitions of its Shares. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of the Shares pursuant to the proposed Share Purchase Mandate cannot be ascertained as at the date of this Notice as these will depend on, amongst others, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the amount (if any) borrowed by the Company and its associated costs of such financing to fund the purchases or acquisitions.

The financial effects of the purchase or acquisition of such shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 31 March 2020 based on certain assumptions are set out in paragraph 2.8 of the Appendix to this Annual Report. Please refer to the Appendix to this Annual Report for details.

Notes:

(1) The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice will be made available by electronic means via publication on the Company's website at the URL http://www.neogroup.com.sg/investors/announcements.html and the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(2) Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 2 September 2020. This announcement may be accessed at the Company's website at the URL http://www.neogroup.com.sg/investors/announcements.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(3) Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at the URL http://www.neogroup.com.sg/investors/announcements.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

The Supplementary Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective SRS Operators to submit their votes at least seven (7) working days before the Annual General Meeting, in order to enable their respective SRS Operators to submit proxy forms on their behalf not less than 72 hours before the time appointed for holding the Annual General Meeting.

(4) The Chairman of the Meeting, as proxy, need not be a member of the Company.

(5) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(a) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, addressing the envelope to "The Share Registrar of Neo Group Limited"; or

(b) if submitted electronically, be sent via email to the Company's Share Registrar at AGM.TeamE@boardroomlimited.com.

in either case not less than seventy-two (72) hours before the time appointed for holding the Eighth Annual General Meeting.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Eighth Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Eighth Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Eighth Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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NEO GROUP LIMITED
Registration Number: 201207080G
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice will be made available by electronic means via publication on the Company's website at the URL http://www.neogroup.com.sg/investors/announcements.html and the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 2 September 2020. This announcement may be accessed at the Company's website at the URL http://www.neogroup.com.sg/investors/announcements.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. **Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**
4. The Supplementary Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective SRS Operators to submit their votes at least seven (7) working days before the Annual General Meeting, in order to enable their respective SRS Operators to submit proxy forms on their behalf not less than 72 hours before the time appointed for holding the Annual General Meeting.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 September 2020.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**

I / We, ______________________________ (Name), ____________________ (NRIC/Passport/Co Reg No.)

of ____ (Address)

being a member/members of Neo Group Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the Eighth Annual General Meeting of the Company ("**Annual General Meeting**") of the Company to be convened and held by way of electronic means on Thursday, 24 September 2020 at 9.30 a.m. (Singapore time) and at any adjournment thereof in the following manner:

No.	Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	Adoption of Audited Financial Statements of the Company for the financial year ended 31 March 2020 and the Directors' Statement and the Auditors' Report thereon.			
2.	Declaration of final one tier tax-exempt dividend of 0.5 Singapore cent per ordinary share for the financial year ended 31 March 2020.			
3.	Approval for payment of proposed Directors' fees for the financial year ended 31 March 2020.			
4.	Re-election of Mr Neo Kah Kiat as Director.			
5.	Re-appointment of Messrs BDO LLP as Auditors.			
SPECIAL BUSINESS				
6.	Authority to allot and issue shares.			
7.	Authority to issue shares under the Neo Group Employee Share Option Scheme.			
8.	Authority to allot and issue shares under the Neo Group Performance Share Plan.			
9.	Approval for the proposed renewal of Share Purchase Mandate.			

NOTE: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a tick (✓) in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with a tick (✓) in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

* *Delete accordingly*

Dated this __________ day of ____________________ , 2020

Total Number of Shares Held

____
Signature(s) of Member(s)/ Common Seal

IMPORTANT: Please read notes overleaf

First Fold

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. **Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This proxy form may be accessed at the Company's website at the URL http://www.neogroup.com.sg/investors/announcements.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   SRS investors who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective SRS Operators to submit their votes by 5.00 p.m. on 14 September 2020, in order to enable their respective SRS Operators to submit proxy forms on their behalf not less than 72 hours before the time appointed for holding the Annual General Meeting.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, addressing the envelope to "The Share Registrar of Neo Group Limited"; or

   (b) if submitted electronically, be sent via email to the Company's Share Registrar at AGM.TeamE@boardroomlimited.com.

   in either case not less than seventy-two (72) hours before the time appointed for holding the Eighth Annual General Meeting.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.
5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The Company shall be entitled to reject an instrument appointing the Chairman of the Meeting a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument appointing the Chairman of the Meeting as proxy which has been lodged or submitted if such member is not shown to have shares entered against his name in the Depository Register at least 72 hours before the time appointed for the Eighth Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Second Fold

Affix
Postage
Stamp
Here

The Share Registrar of
NEO GROUP LIMITED

BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Third Fold. Glue and Seal.

CORPORATE INFORMATION

BOARD OF DIRECTORS

NEO KAH KIAT, PBM
Founder, Chairman and CEO

LIEW OI PENG
Executive Director

YEO KOK TONG
Lead Independent Director

TAN LYE HUAT
Independent Director

NG HOW HWAN, KEVIN
Independent Director

AUDIT COMMITTEE

TAN LYE HUAT *Chairman*
NG HOW HWAN, KEVIN
YEO KOK TONG

NOMINATING COMMITTEE

YEO KOK TONG *Chairman*
TAN LYE HUAT
NG HOW HWAN, KEVIN

REMUNERATION COMMITTEE

NG HOW HWAN, KEVIN *Chairman*
TAN LYE HUAT
YEO KOK TONG

COMPANY SECRETARIES

PAN MI KEAY (ACIS)
WONG SIEN TING (ACIS)

REGISTERED OFFICE

1 Enterprise Road
Singapore 629813
T: (65) 68967757
F: (65) 65151235

COMPANY REGISTRATION NO.

201207080G

SHARE REGISTRAR & SHARE TRANSFER OFFICE

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

SPONSOR

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

INDEPENDENT AUDITORS

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

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

PRINCIPAL BANKERS

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

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

INVESTOR RELATIONS

IR TEAM
Neo Group Limited
Email: ir@neogroup.com.sg

DOLORES PHUA
JOEY HO
SAMANTHA KOH

Citigate Dewe Rogerson Singapore Pte Ltd
105 Cecil Street
#09-01 The Octagon
Singapore 069534
T: (65) 6534-5122

NEO GROUP LIMITED
Company Registration Number: 201207080G

1 Enterprise Road Singapore 629813
Tel: (65) 6896 7757
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www.neogroup.com.sg

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