

NEO GROUP LIMITED
(the “Company”)
Company Registration No: 201207080G
(Incorporated in the Republic of Singapore)

MINUTES of the Eighth Annual General Meeting of the Company held by way of electronic means on Thursday, 24 September 2020 at 9.30 a.m.

PRESENT

Neo Kah Kiat (Chairman and Chief Executive Officer)
Liew Oi Peng (Executive Director)

Via live webcast:

Yeo Kok Tong (Lead Independent Non-Executive Director)
Tan Lye Huat (Independent Non-Executive Director)
Ng How Hwan, Kevin (Independent Non-Executive Director)
Joachim Lim (Group Financial Controller)

Shareholders and In-Attendance who attended via live webcast or audio conference:-

As set out in the attendance list maintained by the Company

QUORUM

The Company Secretary confirmed that a quorum was present and the Chairman of the Meeting declared the Meeting opened.

NOTICE OF MEETING

The Notice convening the Meeting, having been in the hands of members for the requisite period, with the concurrence of the Meeting, be taken as read.

CHAIRMAN OF THE MEETING

Mr. Neo Kah Kiat (“**NKK**”), Chairman and Chief Executive Officer of the Company had conducted the proceedings of the AGM as the Chairman of the Meeting and welcomed the shareholders for their attendance. He expressed his regret that, due to the COVID-19 restriction orders in Singapore, shareholders were not able to attend in person. The Chairman introduced the Executive Director, Ms Liew Oi Peng, Independent Non-Executive Directors, Mr Yeo Kok Tong, Mr Tan Lye Huat, Mr Ng How Hwan, Kevin, Group Financial Controller, Mr Joachim Lim, as well as the Secretary, Auditors and Scrutineers who have joined the AGM via live webcast.

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

The Chairman informed the Meeting that the Company has addressed all substantial and relevant questions received from members prior to the Meeting. All questions have been addressed by the Company and the responses were published on the SGXNet on 23 September 2020. The responses to the questions can also be found at the Company’s corporate website. A copy of the responses to substantial and relevant questions from Shareholders is annexed hereto as *Appendix 1*.

POLL VOTING

The Chairman highlighted to the shareholders that, there would be no live voting during the meeting and he had been appointed as proxy by the shareholders to vote on their behalf in accordance with their specific instructions.

The Chairman further informed that all resolutions to be tabled at the AGM would be voted upon by way of poll. All the motions had been duly voted by the shareholders through the submissions of the Proxy Forms and the Scrutineer had verified the counting of all votes casted through the Proxy Forms.

DrewCorp Services Pte Ltd was appointed as scrutineers for the poll.

ORDINARY BUSINESS:

RESOLUTION 1:

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT THEREON

The Chairman proposed that the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2020 and the Auditor's Report thereon be received and adopted thereon.

The results of Resolution 1 were as follows:

	Total Votes	Percentage
For	124,026,208	100%
Against	0	0

Based on the results of the poll, the Chairman declared the following motion carried:

"RESOLVED that 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, be and are hereby received and adopted."

RESOLUTION 2:

DECLARATION AND PAYMENT OF TAX-EXEMPT (ONE-TIER) FINAL DIVIDEND

The Chairman proposed that a tax-exempt (one-tier) final dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 March 2020 be declared.

The results of Resolution 2 were as follows:

	Total Votes	Percentage
For	124,026,208	100%
Against	0	0

Based on the results of the poll, the Chairman declared the following motion carried:

"RESOLVED that the declaration of a tax-exempt (one-tier) final dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 March 2020 be and is hereby approved"

**RESOLUTION 3:
DIRECTORS' FEES FOR FINANCIAL YEAR ENDED 31 MARCH 2020**

The Chairman proposed the motion to approve the Directors' Fees of S\$233,000 for the financial year ended 31 March 2020.

The results of Resolution 3 were as follows:

	Total Votes	Percentage
For	123,913,608	100%
Against	0	0

It was noted that 112,600 shares had abstained from voting.

Based on the results of the poll, the Chairman declared the following motion carried:

"RESOLVED that approval be and is hereby given for the payment of S\$233,000 to the Directors as Directors' Fees for the financial year ended 31 March 2020."

RETIREMENT OF NG HOW HWAN, KEVIN AS A DIRECTOR OF THE COMPANY

It was noted that Mr Ng How Hwan, Kevin has indicated his retirement intention and did not wish to seek for re-election as a Director of the company pursuant to the Company's Constitution.

The Chairman of the meeting, expressed appreciations to Mr Ng How Hwan, Kevin for his extensive and valuable contributions to the Company for his tenure as an Independent Non-Executive Director of the Company on behalf of the Board of Directors.

**RESOLUTION 4:
RE-ELECTION OF MR NEO KAH KIAT AS DIRECTOR**

As Resolution 4 involved the re-election of the Chairman of this meeting, Mr Neo Kah Kiat as Director of the Company. At this juncture, The Chairman handed over the Chair to the Executive Director, Ms Liew Oi Peng for the conduct of this motion.

Mr Neo Kah Kiat retired pursuant to Article 98 of the Company's Constitution. Being eligible, he had offered himself for re-election.

The results of Resolution 4 were as follows:

	Total Votes	Percentage
For	124,026,208	100%
Against	0	0

Based on the results of the poll, the Chairman declared the following motion carried:

“RESOLVED that Mr Neo Kah Kiat be re-elected as Director of the Company.”

Thereafter, Ms Liew Oi Peng invited Mr Neo Kah Kiat to resume the Chair.

RESOLUTION 5: RE-APPOINTMENT OF AUDITORS

The Chairman proposed that Messrs BDO LLP be reappointed as Auditor of the Company and that the Directors be authorised to fix its remuneration.

The results of Resolution 5 were as follows:

	Total Votes	Percentage
For	124,026,208	100%
Against	0	0

Based on the results of the poll, the Chairman declared the following motion carried:

“RESOLVED that Messrs BDO LLP be and are hereby re-appointed as Auditors of the Company for the ensuing year and that the Directors be authorised to fix their remuneration.”

ANY OTHER BUSINESS

The Secretary did not receive any notice of other ordinary business for the Meeting.

SPECIAL BUSINESS: RESOLUTION 6: AUTHORITY TO ALLOT AND ISSUE SHARES

The Chairman proposed the motion to approve the authority to allot and issue shares.

The results of Resolution 6 were as follows:

	Total Votes	Percentage
For	124,026,208	100%
Against	0	0

Based on the results of the poll, the Chairman declared the following motion carried:

“RESOLVED 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.”

**RESOLUTION 7:
AUTHORITY TO ISSUE SHARES UNDER THE NEO GROUP EMPLOYEE SHARE OPTION
SCHEME**

The Chairman proposed the motion to approve the authority to allot and issue shares under the Neo Group Employee Share Option Scheme.

The results of Resolution 7 were as follows:

	Total Votes	Percentage
For	1,020,000	100%
Against	0	0

It was noted that 123,006,208 shares had abstained from voting.

Based on the results of the poll, the Chairman declared the following motion carried:

“RESOLVED 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.”

**RESOLUTION 8:
AUTHORITY TO ISSUE SHARES UNDER THE NEO GROUP PERFORMANCE SHARE PLAN**

The Chairman proposed the motion to approve the authority to allot and issue shares under the Neo Group Performance Share Plan.

The results of Resolution 8 were as follows:

	Total Votes	Percentage
For	1,020,000	100%
Against	0	0

It was noted that 123,006,208 shares had abstained from voting.

Based on the results of the poll, the Chairman declared the following motion carried:

“RESOLVED 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.”

**RESOLUTION 9:
RENEWAL OF SHARE PURCHASE MANDATE**

The Chairman proposed the motion to approve the authority to allot and issue shares.

The results of Resolution 9 were as follows:

	Total Votes	Percentage
For	124,026,208	100%
Against	0	0

Based on the results of the poll, the Chairman declared the following motion carried:

“RESOLVED THAT:

(a) the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) market purchase(s) on the SGX-ST (“**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 Ordinary Shares which are held as treasury shares as at that date);

“**Maximum Price**”, in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:-

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase, 105% of Average Closing Price or Highest Last Dealt Price (as defined hereinafter), pursuant to an equal access scheme;

“Average Closing Price” means the average of the closing market prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five Market Days;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase.

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

- (d) the Directors of the Company be and are hereby authorised to deal with the Shares purchased by the Company pursuant to the Share Purchase Mandate in any manner as they think fit, which is allowed under the Companies Act, Chapter 50; and
- (e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.”

CONCLUSION

There being no other business, the meeting was closed at 9.47a.m.with a vote of thanks to the Chair.

Confirmed as a correct record

Neo Kah Kiat
Chairman and Chief Executive Officer
Date: 1 October 2020

APPENDIX 1

RESPONSES TO QUESTIONS FROM SHAREHOLDERS

Impact from Pandemic

- 1. How has the COVID-19 pandemic affected the Group's businesses? What is the Group's business outlook and the growth strategy in view of the prolonged pandemic?**

We have been able to manage the challenges of the prolonged pandemic by leveraging on the resilience of our business, built upon our four core business segments.

While the traditional catering business has been impacted significantly as a result of safe management measures, we benefitted from the short-term dormitory contracts and focused on growing our recurring income base. As the largest tingkat provider in Singapore, our tingkat business surged three-fold during the Circuit Breaker period, serving close to 10,000 people per day. We also introduced party sharing set, lunch box, bento set, mini buffet, healthy and take-away meals to meet the changing consumer behaviour during this period and focused on obtaining contracts for corporate bento lunch.

In view of our strong market standing and brand recognition, we reduced advertising and promotion expenses. In addition, we postponed all internal events and relooked at our cost structure. Notably, while we have budgeted for the drop in catering revenue and managed our expenses to sustain the business without the expectation of any government grant, the financial support from the government has helped the Group to dampen the impact from COVID-19.

The traditional catering business has gradually improved post-Circuit Breaker. However, the recovery depends on the relaxation of safe management measures, including the restriction on the number of participants at social events and gatherings. With our multi-brand strategy, we are confident in our ability to achieve a gradual recovery to pre-pandemic level of business upon the relaxation of safe management measures and full re-opening of activities.

For Food Manufacturing, the implementation of safe management measures has resulted in a change in consumer behaviour, leading to an increase in demand for home-cooked and ready-to-eat products. Our manufacturing segment benefitted from this trend with a 50% growth in the supermarket and export business. Coupled with our continuous 'go lean' initiative with machinery automation enhancements and increasing production efficiency, we believe the manufacturing business will continue to perform well.

For Supplies and Trading, this year, we acquired a 49% stake in ER Group, a wholesaler and food processing company, with its 60,000 sq ft premises and 3,000 pallets of cold room space. They are one of the largest wholesalers for garlic, potatoes and onion in Singapore. We are consolidating three trading arms into one group. The 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 process streamlining, we have succeeded in reducing expenses such as overheads, manpower headcount and number of vehicles, thereby unlocking economies of scale. Furthermore, we added a recurring income stream from the external rental with our 6,000 pallets of cold room facilities across the Group.

Our growth strategies include the following:

- **Food Catering**
We take pride as Singapore's Number One Events Caterer for 9 consecutive years since 2011, with a 20.5% market share in 2019. We lead the market with 16 catering brands serving a wide variety of cuisine to satisfy dynamic consumer tastes from all market segments. We will expand our market share by remaining firmly focused on growing our number of brands while building upon our strong market recognition and branding.
- **Food Manufacturing**
Food Manufacturing performed well with higher profitability in FY2020, and is our second-largest revenue driver. Today, TS Group, from a 160,000 sq ft factory at 22 Senoko Way, with another 80,000 sq ft factory in Malaysia, is Singapore's No. 1 surimi manufacturer, distributing to over 25 countries worldwide

Our production plants are only operating at 40% of the total capacity. We will increase the product variety through R&D and work with overseas partners to bring in quality premium products. We will also introduce new machineries to expand our production capacity to capture a bigger market share.

- **Overseas expansion**

Over these years, our strategies in acquisitions and establishment of companies have turned positive. With our wide global network as an anchor, we will be focused on growing our overseas presence by setting up regional offices and building management teams to enter markets in China, Europe and North America.

- **Merger & Acquisitions**

Merger and acquisitions will continue to be Neo Group's 'oxygen'. We will nurture and look out for companies with the makings of creating further positive synergies for the Group.

- **New HQ - 30B Quality Road**

To better support our longer-term expansion plan, our upcoming state-of-the-art headquarters at 30B Quality Road will house 80% of our catering brands and supplies & trading, 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 improve workflow efficiencies, to maximise our potential and returns.

- **Diversification into the property sector**

Our diversification into the property business will provide us with additional recurring income streams and increase our assets portfolio, potentially worldwide.

- 2. Has the construction progress of your new headquarters been affected as a result of COVID-19 and when will it be completed? Do you intend to set up cloud kitchens in your new headquarters?**

The construction progress has been delayed as a result of COVID-19. We now expect to move in to our new headquarters by the end of 2021.

We do not plan to set up cloud kitchens at our new headquarters at this time, but we may consider doing so in the future.

- 3. Please elaborate on the specifications of an 8th generation kitchen.**

The 8th generation kitchen refers to our experiences in the setting up central kitchens, being the eighth time since the founding of Neo Garden Catering.

By leveraging on our experiences, we have advanced from a basic shared kitchen to a larger-sized central kitchen featuring more automation and digital functions.

For our 8th generation kitchen, we will focus on improvements and enhancements observed over the years, moving towards the concept of an automated manufacturing plant for the preparation of cooked food.

Business Operations

- 4. The Company's surimi-based processed seafood manufacturing obtained the highest-grade AA in the BRC Global Standard for Food Safety. Please elaborate more on this certification.**

Originally developed and published in 1998, the British Retail Consortium (“**BRC**”) Global Standards specify safety, quality and operational criteria for food producers and suppliers. Used worldwide, the standards are recognised by the Global Food Safety Initiative (“**GFSI**”), which aims to reduce the need for multiple supplier audits by harmonising international food safety standards. BRC standards are accepted by many of the world's largest retail groups, manufacturers and food service organisations - providing an international mark of excellence for the certificate holder.

BRC Global Standards deliver confidence across the entire supply chain by ensuring the standardisation of quality, safety and operational principles. By setting the benchmark for excellent manufacturing practice, they provide assurance to customers that products are safe, legal and of high quality.

The BRC Global Standard for Food Safety certification gives our brand an internationally recognised mark of food quality, safety and responsibility.

- 5. Will Neo Group continue to operate the loss-making segments such as Food Retail?**

Our Food 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.

We are 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 earlier on and diversifying onto different platforms. These have put us in a good stead amidst the unpredictable situation.

6. **In FY2020, the Company recorded an impairment loss of S\$2.8 million in subsidiary. Can the Group share which subsidiary was this impairment pertaining to and the reason for impairment?**

The impairment loss, at holding company level, on the investment in subsidiaries of S\$2.8 million arose from one of our supplies and trading subsidiaries due to an internal restructuring exercise to transfer the business within the Group as part of our consolidation plan for our supplies and trading segment. There is no impact on the Group's profit or loss for FY2020.

Financials

7. **The Group's net profit margin has improved to 3.4% in FY2020 from 2.9% in FY2019. What is the Group's net profit margin target?**

The increase in net profit margin comes on the back of the stronger performance from our core Food Catering business in FY2020, coupled with a reduction in low margin trading transactions of the Supplies and Trading business.

The improvement in our net profit margin from 0.8% in FY2017 to 3.4% in FY2020 is a good indication of the success of our restructuring efforts as we prepare for our next phase of growth.

Moving forward, we will continue to improve our net profit margin by increasing our productivity and operational efficiency. Our next milestone is our upcoming headquarters at 30B Quality Road, which will include larger central kitchens and allow us to improve productivity and lower our operating costs through the use of automation and technology.

- 8. Please comment on the Group's continuous high gearing and the projected capital expenditure for FY2021. Has the Company faced any liquidity or debt refinancing issues?**

As we pursue our growth strategies, we remain mindful on balancing between business expansion and financial performance.

For FY2021, we expect to incur capital expenditure for our upcoming headquarters at 30B Quality Road, which will provide us with more capacity to meet our growing business. Please refer to Note 36 to the financial statements, page 158 of the Annual Report FY2020, for the disclosure on the Group's capital commitments for FY2019 and FY2020.

We do not face any liquidity or debt refinancing issues. The Group has strong operating cash flows and with the support of our lenders, we have been able to meet our financial commitments, repay and refinance our debts with the banks to lower our interest expenses.

Notably, our strong operating cash flows have also allowed us to reduce our gearing over the past four years, from 1.91 times in FY2017 to 1.67 times in FY2020.

Diversification into Property

- 9. On the diversification into property sector, what is the expected contribution from the new segment? Do you expect any significant change in the Company's overall revenue mix?**

Subject to shareholders' approval, the diversification into the property business will provide us with additional recurring income streams and increase our assets portfolio, potentially worldwide.

As we will only be in the early stages of the venture, we do not expect any immediate or significant change in the Company's overall revenue mix.

10. Why is the Company not seeking opportunities in the catering and food manufacturing segments, but venturing into property instead?

We are constantly seeking opportunities in our core business of Food Catering and Food Manufacturing.

As explained earlier, we intend to increase our market share in Food Catering, by remaining firmly focused on growing our number of brands while building upon our strong market recognition and branding. We also intend to expand Food Manufacturing as the existing production plants are only operating at 40% of the total capacity. We will increase the product variety through R&D and work with overseas partners to bring in quality premium products. We will also introduce new machineries to expand our production capacity to capture a bigger market share.

Through our diversification into the property business, we aim to unlock additional and recurring revenue streams through rental fees and management fees, potential and beneficial synergies with our existing businesses, and new business opportunities. This will further diversify our business and strengthen our income base for future growth, reduce reliance on existing businesses and enhance shareholders' value.

11. Has there been any capital committed to the new property venture with Boldtek Holdings ("Boldtek")?

Subject to shareholders' approval, we will hold a 50% shareholding in the joint venture company, which will have an initial issued and paid-up share capital of S\$1,000,000.

12. Boldtek recorded a decrease in revenue for FY2020 and a net loss of S\$3.7 million. Is Boldtek the best partner for Neo Group's new venture?

Boldtek engages in the business of general building, precast manufacturing and properties development and investment. While we are unable to comment on Boldtek's financial performance, we have selected Boldtek as our joint venture partner as we recognise their networks and experiences in the property business.

Notably, we will hold a 50% shareholding in the joint venture company and any potential opportunities undertaken by the joint venture company will be based on our joint decision-making by both parties.

Others

13. Will there be any reduction in directors' fee until business recovers?

The Board has assessed the impact of the COVID-19 pandemic on the Group's businesses and at present, there is no plan to reduce the directors' fee.

14. Are there any plans to increase the liquidity of Neo Group's shares?

While we recognise that liquidity is an important factor in stock market, we would like to highlight that such trading activity is largely dependent on a willing-buyer, willing-seller basis.

At present, the Company does not plan to take any action to increase the liquidity of its shares. We may consider increasing the liquidity in future.

15. Neo Group's dividend payout ratio is only 11.6%. Are there any plans to increase the dividend payout ratio?

While we do not have a fixed dividend policy, we are committed to enhance shareholders' value and have consistently paid out dividends since IPO. However, as a growing company, we will need to strike a balance between distributing dividends and retaining capital for financial flexibility and funding growth. As such, there was a decrease in dividend payout ratio due to the funding needs in our business expansions through merger and acquisition in the past years, as well as the construction of our headquarters and catering hub at 30B Quality Road.

We believe the Group's profitability will improve through our growth strategies. Consequently, we will be more confident in paying out more dividends to our shareholders when the Group achieves higher profitability in the coming years.

The form, frequency and amount of future dividends on our Shares will depend on our earnings, financial position, results of operations, cash flows, capital needs, general business conditions, the terms of the borrowing arrangements (if any), plans for expansion and other factors which our Directors may deem appropriate.