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Transforming...

Annual Report 2015



CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Neo Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) are committed to observing and maintaining high standards of corporate conduct in conformity with the spirit of the Code of Corporate Governance 2012 (the “**Code**”) to protect the interest of the shareholders and to promote the investors’ confidence as well as support. This report describes the Company’s corporate governance practices with specific references to the Code pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

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 which would be reviewed as and when is needed.

The Board is pleased to report that for the financial period from 1 February 2014 to 31 March 2015 (“**14M 2015**”), the Company has adhered to the principles and guidelines of the Code as set out below, except for the following where the deviations and explanations are provided:

- (a) Guideline 2.2
- (b) Guideline 3.1
- (c) Guideline 9.2 & 9.3
- (d) Guideline 11.4

BOARD MATTERS

The Board’s Conduct of its Affair

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

Principle 1: Effective Board to Lead and Control the Company

Guideline 1.1

Roles of Board

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

Guideline 1.2

Objective Decision Making

The Board oversees the business affairs of the Group and works with the Management to take objective decisions in the interest of the Group.

Guideline 1.3

Delegation of Authority to Board Committees

The Board has delegated certain matters to specialised committees of the Board. These committees include the Nominating Committee (“**NC**”), the Remuneration Committee (“**RC**”) and the Audit and Risk Committee (“**ARC**”) (collectively, the “**Board Committees**”). They assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. These Board Committees are made up of Non-Executive Directors and 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.

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Guideline 1.4**Meetings of Board and Board Committees**

For 14M 2015, the Board has met on a quarterly basis as warranted by particular circumstances. Ad hoc meetings are also convened to discuss and deliberate on urgent substantive matters or issues. The Company's Articles of Association provide 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 7 days in advance and most materials dispatched 1 week before the meetings.

The details of the number of meetings held for the Board and Board Committees during 14M 2015 and the attendance of each Director at those meetings are disclosed below:

Name of Directors	Board of Directors		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Neo Kah Kiat	5	5	–	–	–	–	–	–
Liew Oi Peng	5	5	–	–	–	–	–	–
Liew Choh Khing	5	5	–	–	–	–	–	–
Lee Kwang Boon	5	5	–	–	–	–	–	–
Tan Lye Huat	5	5	5	5	1	1	1	1
Ng How Hwan, Kevin	5	5	3	3	–	–	1	1
Yeo Guat Kwang*	1	0	–	–	1	0	–	–
Yeo Kok Tong**	2	2	2	2	–	–	–	–
Wong Hin Sun, Eugene	5	5	5	5	1	1	1	1

* Retired as Independent Non-Executive Director at the Second Annual General Meeting held on 30 May 2014.

** Appointed as Independent Non-Executive Director with effect from 1 October 2014.

Guideline 1.5**Internal Guidelines on Matters Requiring Board Approval**

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

During 14M 2015, 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. As specified under the Delegation of Authority matrix mentioned earlier, significant matters which require the Board's specific approval include:

- (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

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Guideline 1.6 and 1.7

Appointment for first-time Directors and Continuous Training & Development of Directors

The Board ensures that incoming new Directors are given comprehensive and tailored induction on joining the Board including onsite visits, if necessary, to get familiarised with the business of the Group and corporate governance practices upon their appointment and to facilitate the effectiveness in discharging their duties. Newly appointed Directors are provided a formal letter setting out their duties and obligations. They were given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices. 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 facilitate the 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.

Board Composition and Guidance

Principle 2: Strong and Independent Element on the Board

Guideline 2.1

Composition and Independent Element of the Board

As at the date of this report, the Board comprises eight (8) Directors, four of whom are Non-Executive Directors. Amongst the Non-Executive Directors, three are independent. The current members of the Board and their membership on the Board Committees of the Company are as follows:

Name of Director	Board Membership	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Neo Kah Kiat	Executive Chairman and Chief Executive Officer	–	–	–
Liew Oi Peng	Executive Director	–	–	–
Liew Choh Khing	Executive Director	–	–	–
Lee Kwang Boon	Executive Director	–	–	–
Tan Lye Huat	Lead Independent and Non-Executive Director	Chairman	Chairman	–
Ng How Hwan, Kevin	Independent and Non-Executive Director	–	Member	Chairman
Yeo Kok Tong	Independent and Non-Executive Director	Member	–	Member
Wong Hin Sun, Eugene	Non-Independent and Non-Executive Director	Member	Member	Member

During 14M 2015, the NC conducted its annual review of the Directors' independence and was satisfied that the Company has complied with the guidelines of the Code, including the guideline that at least one-third of the Board is made up of Independent Directors.

Guidance 2.2

Composition of Independent Director on the Board

As the Chairman is not an Independent Director, the NC is reviewing the composition of Independent Directors on the Board to consider increasing the independence element such that Independent Directors make up at least half of the Board as soon as possible but not later than 31 July 2017.

Guideline 2.3 and 2.4

Independence of Directors

The NC, in its deliberation as to the independence of a Director, took into account examples of relationships as set out in the Code, considered whether a Director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgments. In this respect, the NC affirmed that Messrs. Tan Lye Huat, Ng How Hwan, Kevin and 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.

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

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Guideline 2.5

Composition and Size of the Board

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The Board's composition is reviewed annually by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is of the view that the current Board comprises persons whose diverse skills, experience and attributes provide for an effective Board. The Board members also collectively possess the necessary core competencies for the effective functioning of the Board and an informed decision making process.

Guideline 2.6

Competency of the Board

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

Guidelines 2.7

Role of Non-Executive Directors

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

Guidelines 2.8

Regular Meetings of Non-Executive Directors

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

Chairman and Chief Executive Officer

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

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

Guidelines 3.1, 3.2 and 3.3

Chairman and CEO

Mr Neo Kah Kiat is the Executive Chairman and Chief Executive Officer ("**CEO**") of the Company. He 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.

Prior to each Board meeting, the Chairman determines the agenda for the meeting and instructs the Company Secretary to disseminate it to all Directors at least seven (7) days before the meeting. He leads the meetings and ensures full discussion of each agenda item, as appropriate. The Chairman ensures that Board members engage the Management in constructive debate on various matters including strategic issues. He also oversees the quality and timeliness of information flow between the Management and the Board.

In view of the concurrent appointment of Mr Neo Kah Kiat as the Executive Chairman and CEO, Mr Tan Lye Huat 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. Mr Tan Lye Huat will also take the lead in ensuring compliance with the Code.

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

The Board is of the view that given the current board composition, there are sufficient safeguards and checks to ensure that the process of decision-making without the Chairman and CEO being able to exercise considerable power and influence.

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Guidelines 3.4

Lead Independent Director to lead the Independent Directors to meet periodically

Led by the Lead Independent Director, the Independent Directors meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings as appropriate.

Board Membership

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

Guideline 4.1

NC Membership and Key Terms of Reference

As at the date of this report, the NC consists of three members with a majority, including the NC Chairman, being Independent Directors. They are:

Mr Tan Lye Huat, Chairman	(Lead Independent and Non-Executive)
Mr Ng How Hwan, Kevin	(Independent and Non-Executive)
Mr Wong Hin Sun, Eugene	(Non-Independent and Non-Executive)

The NC meet at least once a year. The NC carries out its duties in accordance with a set of 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 14M 2015, the NC held one scheduled meeting with majority attendance.

Guidelines 4.2 and 4.3

Roles and Responsibilities of NC

The NC considered the requirements of the Company's Articles of Association which provides that at each annual general meeting ("**AGM**"), one-third of the Board is required to retire and provided always that every director shall retire from office at least once every 3 years. In addition, the Directors, by the recommendation of NC, shall have the power to appoint any person to be the Director either to fill a casual vacancy or as an additional Director. All new Directors who are appointed by the Board are subject to re-election at the next AGM but shall not be taken into account in determining the numbers of Directors who are retire by rotation at such meeting. In this respect, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming Third AGM:

Pursuant to Article 98 of the Articles of Association of the Company:

- Mr Liew Choh Khing
- Mr Tan Lye Huat
- Mr Ng How Hwan, Kevin

Pursuant to Article 102 of the Articles of Association of the Company:

- Mr Yeo Kok Tong

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In making the recommendations, the NC considers the overall contribution and performance of the Directors. Each of the NC members had abstained from deliberation in respect of their own nomination and assessment.

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

Guideline 4.4

Commitments of Directors Sitting on Multiple Boards

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

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

Guideline 4.5

Appointment of Alternate Director

Presently, the Company does not have any Alternate Director on the Board.

Guideline 4.6

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

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

1. The NC determines a suitable size of the Board; and evaluates the balance of skills, knowledge and experience of members of the Board required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the operations of the Company.
2. The NC considers the various sources of seeking suitable candidate(s) either through internal promotion such as via the Company's succession planning; or recommendations from Directors/substantial shareholders; or external sources e.g. search consultants.
3. Short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, and to complete the following prescribed Forms:
 - i) Director's Declaration on Independence;
 - ii) Internal Guidelines for Directors Serving on Multiple Boards; and
 - iii) Board of Directors Competency Matrix.
4. The NC evaluates the candidate(s) in areas of academic and professional qualifications, knowledge and experiences in relation to the business of the Group, independence status and other directorships.

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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.

For the year under review, Mr Yeo Kok Tong was appointed to the Board on 1 October 2014.

Guideline 4.7

Key Information of Directors

Key information of each member of the Board including his/her directorships and chairmanships both present and those held over the preceding 3 years in other listed companies, other principal appointments, academic/professional qualifications, membership/chairmanship in Board committees, date of first appointment and last re-election, etc. can all be found under the "Board of Directors" section of this Annual Report.

Board Performance

Principle 5: Assessment of the Effectiveness of the Board

Guideline 5.1

Board Performance

The NC has in place a framework for annual Board and Board Committees performance evaluations to assess the effectiveness of the Board and its Board Committees and to facilitate discussion to enable the Board and Board Committees to discharge their duties more effectively.

Guideline 5.2

Board Evaluation

The annual Board and Board Committees performance evaluations are carried out by means of Board Performance Evaluation and Committee Evaluation questionnaires 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. Completed questionnaires are collated by the Company Secretary and the findings analysed and discussed with the Board and Board Committees. Recommendations to further enhance the effectiveness of the Board and Board Committees are implemented, as appropriate.

Guideline 5.3

Evaluation of Individual Director

The NC reviewed various factors, including: the individual Director's self-assessment; skill and knowledge in consideration of the board composition; every individual director's attendance at meetings of the Board and its Board Committees as well as at general meeting(s); participation in discussions at meetings; knowledge of and contacts in the regions where the Group operates; the individual director's functional expertise and his commitment of time to the Company.

Access to Information

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

Guideline 6.1

Board's Access to Information

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

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

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Guideline 6.2

Provision of Information to the Board

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

Guideline 6.3

Board's Access to the Company Secretary

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

Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and its Committees and between the Management and Non-Executive Directors. Directors have separate and independent access to the Company Secretary through e-mail, telephone and face-to-face meetings. During 14M 2015, the Company Secretary attended all meetings of the Board and its Board Committees and the minutes of such meetings were promptly circulated to all Board and Board Committees as appropriate.

Guideline 6.4

Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary are subject to the approval of the Board. The incumbent Company Secretaries were appointed on 22 March 2012.

Guideline 6.5

Board's Access to Independent Professional Advice

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

REMUNERATION MATTERS

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

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

Principle 7: Procedures for Developing Remuneration Policies

Guideline 7.1

Remuneration Committee

As at the date of this report, 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 and Non-Executive)
Mr Yeo Kok Tong	(Independent and Non-Executive)
Mr Wong Hin Sun, Eugene	(Non-Independent and Non-Executive)

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The RC meet at least once a year. It carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- reviewing and recommending to the Board a framework of remuneration policies to determine the specific remuneration packages for each of the Directors and key management executives;
- reviewing and administering the award of shares to Directors and employees under the employee performance share plan and employee share option scheme adopted by the Company; and
- reviewing and determining the contents of any service contracts for any Directors or key management executives.

During 14M 2015, the RC held one scheduled meeting with full attendance.

Guideline 7.2

Remuneration Framework

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

During the year, the RC considered and approved the CEO's remuneration package which includes salary, bonus and benefits-in-kind. Each member of the RC abstains from voting on any resolutions in respect of his own remuneration package.

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 review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

The framework for Non-Executive Directors' fees for 14M 2015 (on per annum basis unless otherwise indicated) is as follows:

Role	Member	Chairman
Board of Directors	\$25,000	N/A
Audit and Risk Committee	\$7,500	Additional \$7,500
Other Committees	\$5,000	Additional \$5,000
Lead Independent Director	\$5,000	N/A

No member of the RC was involved in deciding his own remuneration.

Guideline 7.3

RC Access to Advice on Remuneration Matters

The RC has access to the advice of external experts in the field of executive compensation, when required. The Board has not engaged any external remuneration consultant to advise on remuneration matters for 14M 2015.

Guidelines 7.4

Service Contract

Each of the Executive Directors has entered into their respective service agreements 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 three (3) months' notice of termination. The service agreements are valid for an initial period of three years with effect from 11 July 2012. The appointment of such senior position is on a long term basis and no onerous removal clauses are contained in their respective service agreement.

As the service contract for the Executive Directors will be due for renewal on 10 July 2015 after serving 3 years of services post listing on Catalist, the RC has reviewed and the Board has approved the renewal of service contract for the Executive Directors be aborted and to be replaced by employment contract. The employment contract will take effect upon the expiration of the service contract.

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Principle 8: Level and Mix of Remuneration

Guidelines 8.1

Remuneration of Executive Directors and Key Management Personnel

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

For the purpose of assessing the performance of the Executive Directors and Key Management Personnel, specific key performance indicators ("KPI") are clearly set out for each financial year and such KPI comprise both quantitative and qualitative factors.

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 these boards.

Guideline 8.2

Long-term Incentive Scheme

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

Guideline 8.3

Remuneration of Non-Executive Directors

The Board concurred with the RC's proposal for Non-Executive Directors' fees for the financial period ended 31 March 2015. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive, taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors.

The fees for Non-Executive Directors are subject to shareholders' approval at the AGM.

Guideline 8.4

Contractual provision to reclaim incentive components of remuneration

Having reviewed and considered the salary components of the Executive Directors and the Key Management Personnel which is considered reasonable and commensurate with their respective job scope and level of responsibilities, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

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Principle 9: Disclosure on Remuneration**Guidelines 9.1, 9.2 & 9.3****Remuneration of Directors & Top 5 Key Management Personnel**

Details on the remuneration of Directors and Key Management Personnel for the year under review are presented below. During 14M 2015, there was no termination, retirement and post-employment benefits granted to any Director or Key Management Personnel. A summary of each Non-Executive Directors' and Executive Directors' remuneration paid or payable by the Company for 14M 2015 is set out below:

Name of Directors	Breakdown of Remuneration in Percentage (%)					Total Remuneration in Compensation Bands of S\$250,000
	Fees ¹ (%)	Salary ² (%)	Benefits (%)	Variable Bonus (%)	Total (%)	
Neo Kah Kiat	–	82	–	18	100	S\$750,001 – S\$1,000,000
Liew Oi Peng	–	80	–	20	100	S\$250,001 – S\$500,000
Lee Kwang Boon	–	81	–	19	100	S\$250,001 – S\$500,000
Liew Choh Khing	–	81	–	19	100	S\$250,001 – S\$500,000
Tan Lye Huat	100	–	–	–	100	S\$65,833
Wong Hin Sun, Eugene	100	–	–	–	100	S\$49,583
Ng How Hwan, Kevin	100	–	–	–	100	S\$50,000
Yeo Kok Tong ³	100	–	–	–	100	S\$18,750
Yeo Guat Kwang ⁴	100	–	–	–	100	S\$11,666
Total						S\$1,948,232

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 proposed fee is applicable from the date of appointment as Independent Non-Executive Director with effect from 1 October 2014.
4. The proposed fee is applicable up to the date of retirement as Independent Non-Executive Director.

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

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 (5) Key Management Personnel in the Company and its subsidiaries, but do not include any associated companies, are presented as follows:

Name of Top 5 Key Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Total Remuneration in Compensation Bands of S\$250,000
		Salary ¹ (%)	Benefits-in-kind (%)	Variable Bonus ² (%)	Total (%)	
Liew Oi Yen	Director (Operations)	93	–	7	100	< S\$250,000
Lilian Seah	General Manager	93	–	7	100	< S\$250,000
Lillian Chan	General Manager	93	–	7	100	< S\$250,000
Lim Li Ling	Group Financial Controller	85	–	15	100	< S\$250,000
Teo Hwee Ai	Chief Operating Officer	79	–	21	100	< S\$250,000
Total						S\$870,459

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.

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 due to the sensitive nature of such information.

CORPORATE GOVERNANCE REPORT

Guideline 9.4

Employee Related to Directors/CEO

During 14M 2015, the following immediate family members of a Director or the CEO were the employees of the Group:

Name of employees who are immediate family members	Relationship with the Directors or CEO of the Group	Remuneration band
Neo Kah Guan	Brother of Neo Kah Kiat	S\$50,001 – S\$100,000
Neo Kar King	Brother of Neo Kah Kiat	S\$50,001 – S\$100,000
Loh Mei Fern	Sister-in-law of Neo Kah Kiat	S\$50,001 – S\$100,000

The aggregate remuneration (including CPF contribution thereon and bonus) of these employees amounted to approximately S\$232,430.

Save as disclosed above, the Group does not have any other employee who is an immediate family member of a Director or the CEO of the Company, and whose remuneration exceeded S\$50,000 for the 14M 2015.

Guideline 9.5

Employee Share Scheme

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

Guideline 9.6

Link between remuneration and performance

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

ACCOUNTABILITY AND AUDIT

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

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

Guideline 10.1

Accountability for Accurate Information

In discharging its responsibility of providing accurate relevant information on a timely basis, the Board ensures the timely release of the Group’s financial results and that the results provide a balanced and understandable assessment of the Group’s performance, position and prospects and the results are released in a timely manner.

On a quarterly basis, the Management will express its opinion that the financial processes and controls are in place, highlighting material financial risks and impacts and providing updates on status of significant financial issues of the Group.

In accordance with the SGX-ST’s requirements, the Board issued negative assurance statements in its half-year 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.

CORPORATE GOVERNANCE REPORT

Guideline 10.2

Compliance with Legislative and Regulatory Requirements

The Board takes steps to ensure compliance with all the Group's policies, operational practices and procedures legislative and regulatory requirements, including requirements under the Catalist Rules, where appropriate. The Independent Directors in consultation with the Management will request for Management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.

Guideline 10.3

Management Accounts

On a quarterly basis, the Management provides ARC and the Board with relevant update on status of significant financial matters and information as well as management accounts of the Group.

The Management updated the Board regularly on the Group's business activities and financial performance by providing verbal updates on any business, operations and financial related matters on a quarterly basis. They also highlight key business indicators and major issues that are relevant to the Group's performance for the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Prior to the release of financial results 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 adoption for the release of the results. Pursuant to Rule 705(2)(c) of the Catalist Rules, the Company will release its results to the public on quarterly basis starting from the financial year ending 31 March 2016.

Principle 11: Risk Management and Internal Controls

Guideline 11.1

Risk Management and Internal Controls System

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. During the Board meeting held on 25 March 2015, the Board approved and adopted the revised Terms of Reference of Audit and Risk Committee to incorporate the responsibilities of Risk Committee into the Audit Committee and re-name the Audit Committee to "Audit and Risk Committee" ("**ARC**") going forward. The ARC oversees and ensures that such system has been appropriately implemented and monitored.

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

Risk Management

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance. The Group recognizes 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 Board has approved a Group Risk Management Framework for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk Management framework.

Guideline 11.2

Adequacy and Effectiveness of Risk Management and Internal Control Systems

The risk management system has been integrated throughout the Group and has become an essential part of its business planning and monitoring process. On an annual basis, Management reports to the Board on the Group's risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to assure that the process is operating effectively as planned.

During the year, the ARC also reviewed reports submitted by the internal and external auditors relating to the effectiveness of the Group's internal controls, including the adequacy of the Group's financial, operational, compliance and information technology controls.

CORPORATE GOVERNANCE REPORT

Guideline 11.3

Board's Comment on Adequacy and Effectiveness of Internal Controls

Based on the framework of risk management controls and internal controls established and maintained in the Company, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit, a written assurance from the CEO and Group Financial Controller, that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances are in accordance with the relevant accounting standards; and (b) an effective risk management and internal control systems have been put in place, the Board is of the view that the Group's risk management and internal control systems are adequate and effective.

The Board, with the concurrence of the ARC, is of the opinion that there are adequate and effective internal controls in place to address the risks relating to financial, operational, compliance and information technology controls for the 14M 2015.

Guideline 11.4

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 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.

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

Guidelines 12.1

ARC Membership

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

Mr Tan Lye Huat, Chairman	(Lead Independent and Non-Executive)
Mr Yeo Kok Tong	(Independent and Non-Executive)
Mr Wong Hin Sun, Eugene	(Non-Independent and Non-Executive)

During the year, the ARC has held 5 scheduled meetings with full attendance.

Guideline 12.2

Expertise of ARC Members

The ARC members bring with them invaluable professional expertise in the accounting and financial management domains. The Board has ensured that all the ARC members, having the necessary accounting and/or related financial management expertise, are appropriately qualified to discharge their responsibilities.

Guidelines 12.3 and 12.4

Roles, Responsibilities and Authorities of ARC

The ARC is guided by its Terms of Reference which stipulate that its principal functions include, inter alia, reviewing the annual audit plans (internal and external), the system of internal controls and management of financial risks, the effectiveness and adequacy of the internal audit function which is outsourced to a professional services firm, regulatory compliance matters, the risk management framework, recommendation on the appointment/re-appointment/removal of external auditors and their remuneration. Key Terms of Reference of the ARC are set out below:

- reviewing with the external auditors, the audit plan and their evaluation of the system of internal accounting controls and monitor Management's response and actions to correct noted deficiencies;
- reviewing with the internal auditors of the Company, the scope and results of the internal audit and monitor Management's response to their findings to ensure that appropriate follow-up measures are taken;
- reviewing the co-operation given by the Management to the external auditors and internal auditors, where applicable;
- reviewing the internal control procedures and ensure coordination between the external auditors and Management;

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- reviewing the effectiveness and adequacy of the Company's administrative, operating internal accounting and financial control procedures;
- evaluating the effectiveness of both the internal and external audit efforts through regular meetings;
- determining that no unwarranted management restrictions are being placed upon to either the internal or external auditors;
- reviewing the quarterly and full year financial statements before submission to the Board particularly in relation to changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, compliance with the SGX-ST and statutory/regulatory requirements;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the interested person transactions;
- evaluating the independence of the external auditors annually and nominate them for re-appointment;
- reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors; and
- undertaking generally such other functions and duties as may be required by law or the Catalist Rules of SGX-ST, and by such amendments made thereto from time to time.

The ARC has explicit authority to investigate any matter within its terms of reference. It has full access to, and has had the full co-operation of the Management. It also has full discretion to invite any Director or any member of the Management to attend its meetings.

Guidelines 12.5

External & Internal Auditors

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

Guideline 12.6

Independence of External Auditors

The ARC also reviews the independence and objectivity of the external auditors and having reviewed the scope and value of non-audit services provided to the Group by the external auditors, BDO LLP. The aggregate amount of audit and non-audit fees paid or payable to the external auditors for 14M 2015 are S\$118,000 and S\$63,700 respectively. The ARC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The ARC has recommended to the Board the nomination of BDO LLP for re-appointment as auditors of the Company at the forthcoming Third AGM. The Group has also complied with Rules 712 and 715(1) of the Catalist Rules of SGX-ST in relation to the appointment of its external auditors.

Guideline 12.7

Whistle Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company implemented a Whistle Blowing Policy. The Policy stipulates 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 directly.

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

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

Whistle Blowing Committee

The WBC consists of Executive Director, Group Financial Controller and Group Human Resource Manager.

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The WBC is empowered to:

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

Guideline 12.8

ARC to Keep Abreast of Changes to Accounting Standards

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

Guideline 12.9

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

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

Principle 13: Independent Internal Audit Function

Guideline 13.1 & 13.2

Internal Auditors

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

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

Guidelines 13.3 & 13.4

Internal Audit Function

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

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

Guidelines 13.5

Adequacy and Effectiveness of Internal Audit Function

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

CORPORATE GOVERNANCE REPORT

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 prepared and approved by the ARC. The ARC also reviews the IA's reports and remedial actions implemented by Management to address any internal control inadequacies identified.

The IA completed three review during 14M 2015 in accordance with the internal audit plan approved by the ARC. The Board has adopted the recommendations of the internal auditors set out in the internal audit report.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITY

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

Principle 14: Shareholder Rights and Responsibilities

Guideline 14.1

Sufficient Information to Shareholders

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

Guideline 14.2

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

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

Guideline 14.3

Proxies for Nominee Companies

The Company has adopted a set of Articles of Association which provided therein to allow not more than two proxies for nominee companies only to attend any general meeting as proxies.

Principle 15: Communication with Shareholders

Guideline 15.1

Communication with Shareholders

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

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

Guideline 15.2

Timely Information to Shareholders

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGXST via SGXNET. Financial results of the Company and the Group were released within 45 days from the half year ended and 60 days from the 14M 2015. In addition, the Annual Report 2015 is distributed to shareholders at least 14 days before the AGM to be held on 30 July 2015.

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.

CORPORATE GOVERNANCE REPORT

Guideline 15.3

Regular Dialogue with Shareholders

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

Guideline 15.4

Soliciting and Understanding Views of Shareholders

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

Guideline 15.5

Dividend Policy

The Company does not have a fixed dividend policy. The Board is recommending 1.05 Singapore cents per ordinary shares for 14M 2015 as the final one-tier tax exempt dividend payable to shareholders, subject to the approval of shareholders at the forthcoming Third AGM. In considering the form, frequency and amount of future dividends on the shares that the Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Board:

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

Principle 16: Conduct of Shareholder Meetings

Guideline 16.1

Shareholders' participation at general meetings

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

Guideline 16.2

Proceedings of General Meetings

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

A shareholder who is entitled to attend and vote may either vote in person or through the appointment of one or two proxies. Voting in absentia and by electronic mail may only be possible following careful study to ensure that the integrity of the information and authentication of the identity of shareholder via the internet is not compromised. Separate resolutions are proposed on each separate issue at general meetings. Shareholders are encouraged to meet and communicate with the Board and to vote on all resolutions.

Guideline 16.3

Attendees at general meetings

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

Guideline 16.4

Minutes of general meetings

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

CORPORATE GOVERNANCE REPORT

Guideline 16.5

Voting by poll at general meetings

The Company conducted poll voting for all resolutions passed at its previous AGM held on 30 May 2014. To accord due respect to the full voting rights of shareholders, the Company will continue to put all resolutions to vote by poll at the forthcoming Third AGM to be held on 30 July 2015.

OTHER CORPORATE GOVERNANCE MATTERS

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

DEALINGS IN SECURITIES

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

The Company has adopted an internal securities code of compliance to provide to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules. During 14M 2015, the Company issues half-yearly circulars to its Directors, officers and employees prohibiting dealing in its shares during the one month before the announcement of the Company's half-year and 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 14M 2015.

INTERESTED PERSON TRANSACTIONS

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

Details of the interested person transactions for 14M 2015 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
<u>Neo Kah Kiat</u>		
(i) GUI Solutions Pte Ltd		
– Cost of goods and services purchased	263	Nil
– Rental and utilities income	28	Nil
(ii) Office premise lease expense	98	Nil
<u>Neo Kah Kiat and Liew Oi Peng</u>		
(i) Office premise lease expense	282	Nil
(ii) Twinkle Investment Pte Ltd		
– Office premise lease expense	98	Nil
– Rental of yacht	280	Nil

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.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

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

Save for the service agreements between the Company and the Executive Directors and disclosures above in the "Interested Person Transactions" as well as except as disclosed in the Directors' Report 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 Catalyst Rules of SGX-ST)

In compliance with Rule 1204(21) of the Catalyst Rules, there were no non-sponsor fees paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch during 14M 2015.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

(Rule 1204(22) of the Catalyst Rules of SGX-ST)

Pursuant to the IPO, the Company received total proceeds of S\$6.60 million and as at the date of this report, the IPO proceeds have been fully utilised as follows:

Intended Usage in accordance with the Offer Document	Allocation (S\$'000)	Amount utilised (S\$'000)	Amount unutilised (S\$'000)
Expand and develop the Food Catering Business and Food Retail Business (which may include acquisitions, joint ventures and/or strategic alliances)	5,000	(5,000)	–
IPO expenses	1,600	(1,600)	–
Total	6,600	(6,600)	–

CODE OF CONDUCT & 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.

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