
UPDATES IN RELATION TO THE CAPITALISATION

1. The board of directors (the “**Board**”) of Neo Group Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the announcement dated 25 January 2017 (the “**Previous Announcement**”) in respect of the Capitalisation. Unless otherwise defined herein, all capitalized terms and references have the same meanings given to them in the Previous Announcement.

Consultation with the SGX-ST

2. Further to the Previous Announcement, the Company and its sponsor, CIMB Bank Berhad, has since consulted with the SGX-ST in accordance with Rule 1007(1) of the Catalist Rules, and based on the information and representations provided by the Company and the sponsor, the Board wishes to announce that the SGX-ST has no objections to the Company’s and the Sponsor’s assessment that the Capitalisation does not fall under Rules 1014 and 1015 of the Catalist Rules based on the reasons set out below:
 - (a) The relative negative figure is not meaningful and should be disregarded. U-Market reported a net loss after tax of approximately S\$4,575,000, which was mainly due to a one-off trade receivables written off of approximately S\$3,946,000, resulting in a normalised net loss for the financial year ended 30 September 2016 of S\$629,000. As the writing-off of bad debts is intended to be one-off and the negative figure for U-Market for the financial year ended 30 September 2016 is not representative of its actual operating income based on the historical track records, the relative figure under Rule 1006(b) is not a meaningful basis of comparison of the financial significance of the Capitalisation to the Group.
 - (b) The Capitalisation is an expansion of the Group’s existing core business. The Capitalisation and acquisition of U-Market represents a strategic investment into the upstream of the supply chain and provides vertical integration to support the Group’s existing core business.
 - (c) The Capitalisation does not change the risk profile of the Group. It will not have a significant adverse impact on the NTA, EPS and gearing of the Group, significantly increase the scale of the Group’s existing operations, result in change of control of the Group and will not result in an expansion of the Group’s business in a new geographical market and/or a new business sector.
3. Accordingly, as the Capitalisation does not fall under Rules 1014 and 1015 of the Catalist Rules, no shareholders’ approval will be required.

MEMBERS OF NEO GROUP



Completion of Capitalisation and Acquisition of New Subsidiary

4. The Board also wishes to announce that following the SGX-ST's response as aforesaid, the Capitalisation was completed on 31 January 2017 and U-Market has taken the necessary steps to issue and allot the 1,500,000 shares in U-Market to the Company pursuant to the capitalisation of a debt of S\$2,500,000 due and owing from U-Market to the Company.
5. Subsequent to the completion of the Capitalisation, U-Market is now a subsidiary of the Company with an issued and paid-up capital of S\$3,000,000 comprising 2,000,000 ordinary shares. The current shareholding structure of U-Market is as follows:

Shareholders	No. of Shares held in U-Market
Neo Group Limited	1,500,000 (75.0%)
Oh Beng Soon	350,000 (17.5%)
Oh Geok Cheng	150,000 (7.5%)
Total	2,000,000 (100%)

Directors' Responsibility Statement

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

BY ORDER OF THE BOARD

Neo Kah Kiat
 Chairman and Chief Executive Officer
 Neo Group Limited
 1 February 2017

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST"), Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

MEMBERS OF NEO GROUP



NEO GROUP LIMITED
1 Enterprise Road, Singapore 629813
Tel : 6896 7757
Fax : 6515 0421
www.neogroup.com.sg
Registration No.: 201207080G



This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Yee Chia Hsing, Head, Catalist. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, telephone: +65 6337 5115.

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