

## NEWS RELEASE

### NEO GROUP COMMENCES QUARTERLY REPORTING; 1Q 2016 REVENUE SOARS 61.7% TO S\$20.7 MILLION

- ***Newly-acquired subsidiary Thong Siek Holdings – parent company of “DoDo fishballs” – contributes S\$3.54 million to 1Q 2016 Group revenue***
- ***Achieves turnaround in net profit to S\$141,000 notwithstanding business expansion costs***

#### Financial Highlights

	1Q 2016 <sup>1</sup>	1Q 2015 <sup>1</sup>	Change (%)
<b>Revenue (S\$’m)</b>	20.7	12.8	61.7
<b>Profit Before Income Tax (S\$’m)</b>	0.2	(0.1)	N.M. <sup>2</sup>
<b>Net Profit (S\$’m)</b>	0.1	(0.1)	N.M.
<b>Earnings Per Share (SGD cents)</b>	0.13 <sup>3</sup>	(0.10) <sup>4</sup>	N.M.
<b>Net Asset Value Per Share (SGD cents)</b>	17.44 <sup>3</sup>	16.79 <sup>5</sup>	8.4

**SINGAPORE, 11 August 2015** – Singapore’s leading caterer, Neo Group Limited ("Neo Group", 梁苑集团有限公司, or together with its subsidiaries, the "**Group**"), announced today its inaugural quarterly report for the financial period ended 30 June 2015 (“**1Q 2016**”) with a 61.7% surge in revenue to S\$20.7 million, from S\$12.8 million in the equivalent quarter last year (“**1Q 2015**”).

<sup>1</sup> 1Q 2016 and 1Q 2015 refers to the financial period from 1 April to 30 June 2015 and 2014, respectively

<sup>2</sup> N.M.: Not meaningful

<sup>3</sup> As at 30 June 2015

<sup>4</sup> As at 30 June 2014

<sup>5</sup> As at 31 March 2015

On the back of its robust revenue, Neo Group reported net profit of S\$0.1 million reversing from a loss of S\$0.1 million in 1Q 2015, as the Group invests for future growth with recent acquisitions.

Newly-acquired, 55%-owned subsidiary Thong Siek Holdings (“**TSH**”) made its maiden revenue contribution to the Group of S\$3.5 million in 1Q 2016, accounted for under a new business segment, Food Manufacturing. Coupled with a 32.4% growth in the Food Catering revenue to S\$11.9 million and a 16.4% rise in Food Retail revenue to S\$4.4 million, the Group’s revenue surged 61.7% from S\$12.8 million in 1Q 2015.

The growth in Food Catering business volume can be attributed to effective print and broadcast advertising as well as well-received SG50 promotions, while the Food Retail business benefitted from promotions and events held during the 2015 SEA Games.

Neo Group’s Founder, Chairman and CEO, Mr Neo Kah Kiat (梁佳吉), said: “We have once again reported a set of stellar results that reflects the effectiveness of our concerted efforts to drive top-line growth by leveraging on our strong brands and market dominance.”

“In just one year, we have added six new brands and made our maiden entry into food manufacturing through the acquisition of TSH. As we invest for our growth to become a fully integrated food and catering solutions provider, inevitably, there will be some impact from higher expenses in the interim. We are confident that our strategy to drive sales, coupled with our value proposition to provide one-stop food and catering solutions through strengthening of our integrated value chain; and driving margin efficiencies through streamlined processes and increased automation at our new Enterprise Road central kitchen, will continue to pay off.”

“Our core Food Catering business has continued its reign as Singapore’s Number 1 while the Food Retail businesses grow steadily especially with a larger delivery fleet riding on the burgeoning demand for deliveries. As reflected in our results, our branding and marketing initiatives have resonated well with consumers as we continue to pursue more venue partnerships and corporate clients and launch innovative new product and service offerings to delight customers.”

“Shortly after acquiring a majority stake in TSH in June, it has started to contribute positively to the Group’s performance. This is in consideration that the S\$3.5 million TSH revenue only represents its first month of consolidation upon the completion of the acquisition on 12 June 2015. With clear strategies in place – integration of critical functions; sourcing of raw materials by the Group’s procurement arm for better cost management; creation of new income streams by leveraging on Neo Group’s Food Retail experience; and expansion into new markets – we believe TSH will contribute meaningful recurring income to us in the near future.”

In tandem with the topline growth, coupled with expenses associated with the acquisition of TSH and costs incurred by its subsidiaries in the post-acquisition integration, the Group reported higher overall expenses.

The Group’s Other Income in 1Q 2016 was 443.7% higher at S\$0.82 million as compared to S\$0.15 million in 1Q 2015 due to a gain on disposal of assets classified as held for sale.

Notwithstanding higher expenses in line with business expansion, the Group reversed from a net loss of S\$0.1 million in 1Q 2015 to a net profit of S\$0.1 million this quarter.

The Group’s earnings per share improved to 0.13 Singapore cent<sup>3</sup> from a loss per share of 0.10 Singapore cent<sup>4</sup>, while net asset value per share was boosted to 17.4 Singapore cents<sup>3</sup> from 16.79 Singapore cents<sup>5</sup>.

## **Creation of New Income Streams for Growth**

On Neo Group's forward strategies, Mr Neo said, "The outlook of the industry which we operate in is expected to remain positive. We will continue to leverage on our strong brands, integrated value chain and streamlined processes to pursue both top and bottomline growth while capturing greater market share and better ride out the challenges presented by the industry."

"With the completion of the acquisition of TSH, we are focused on achieving back-end integration for food manufacturing, paving the way for greater profitability and economies of scale. At the same time, we are actively exploring opportunities to bring TSH's products to new markets, thereby creating new recurring business-to-consumer income streams."

"As for our core Food Catering segment, for each of our brands, we will continue to grow through better product offerings and customers' experience. We have intensified our marketing efforts to boost sales from the various SG50 celebrations, and are in the process of improving our product mix to better suit customers' discerning palates".

Neo Group is consolidating its Food Retail network of 25 umisushi outlets, reviewing its pricing strategy and product offerings to meet customers' needs. It will continue to focus on improving its operational efficiency and monitoring its raw materials costs to improve this segment's performance. At the same time, the Group will also seek to export its proven retail model overseas through its new subsidiaries.

"Concurrently, we are always on the lookout for potential acquisition targets with a strong focus in food that can potentially reap synergies with our core business, strengthen our value chain and solidify our market position in Singapore. We will continue to strengthen our value chain through vertical integration, expansion of customer base or acquiring capabilities, to further enhance value for all shareholders," added Mr Neo.

Barring any unforeseen circumstances, the Group expects to remain profitable for the coming year.

## About Neo Group Limited

Neo Group Limited is a leading food catering group in Singapore. Established since 1992, the Group possesses an award-winning track record and is one of the most recognised brand names in Singapore. The Group has been ranked as the number one events caterer in Singapore since 2010<sup>6</sup> and owns an integrated value chain to provide one-stop food and catering solutions.

The Group is involved in the Food Catering, Food Retail, Food Manufacturing and Food and Catering Supplies businesses, combining their synergistic qualities to bring customers top value in delivering fresh and tasty meals on time.

Under its Food Catering Business, the Group operates four brands – Neo Garden, Orange Clove, Deli Hub and Best Catering. All four brands supply buffets spanning a wide variety of styles and prices to suit a diverse range of occasions, from private, corporate to community functions. In addition, Best Catering offers daily meal delivery services to customers.

For the Food Retail Business, the Group operates a chain of 25 umisushi outlets across Singapore and a licensed outlet in Jakarta, Indonesia, as of 31 March 2015. It serves a variety of high-quality and affordable Japanese food at convenient locations.

The Group also operates *issho izakaya*, a Japanese drinking and dining establishment and NANAMI UDON, which offers well-liked Japanese Tempura and Udon meals at great value and convenience. Recently, the Group opened LJJ Café, a '60s inspired eatery that is located at the quaint neighbourhood shophouse at Circuit Road, and acquired two other brands – Choz and Fu Yuan. Choz provides traditional Chinese wedding cakes and full-month celebration cakes packages whilst Fu Yuan offers assorted *nonya kuehs* and traditional handmade snacks for every occasion.

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<sup>6</sup> As defined in Euromonitor International report, "Events Catering Services in Singapore", dated December 2014 whereby events catering refers to food catering services provided for social or corporate events only

The Group also operates a flowers and gifts business, I DO Flowers & Gifts, which supports buffet settings and provides flowers and gifts through an online platform for a variety of occasions, catering to a wide range of budgets.

Neo Group recently acquired a majority stake in Thong Siek Holdings – manufacturer, distributor and retailer of surimi-based seafood products and the popular “DoDo” brand of fishballs – accounted for under the Food Manufacturing business segment, which supplies its flagship products to the Group’s Food Catering and Food Retail businesses.

To support the logistical needs of its businesses, the Group's Food and Catering Supplies Business sources for ingredients and materials directly from manufacturers and distributors to ensure higher quality control within the Group, as well as timely deliveries. It also supplies ingredients and Japanese food products to third parties.

#### **IMPORTANT NOTICE**

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