

PRESS RELEASE

Neo Group, Singapore's number one events caterer¹, posts 8.7% rise in FY2013 revenue to S\$41.7 million

- *Key growth driver: "umisushi" brand – sales up 31.4% to S\$10.96 million*
- *Final cash dividend of 1.01 Singapore cents per share for the period*
- *Dividend payout ratio of 71.4% for FY2013 is higher than the proposed 60.0% payout ratio announced during its IPO*
 - *Outlook expected to remain positive*

SINGAPORE – 27 March 2013 – Home-grown **Neo Group Limited** ("**Neo Group**" or together with its subsidiaries, the "**Group**") 梁苑集团有限公司, a leading food catering group in Singapore which owns the "Neo Garden Catering", "Orange Clove Catering", "Deli Hub Catering" and "umisushi" brands, today reported a net profit attributable to equity holders of S\$3.02 million on the back of a 8.7% increase in revenue to S\$41.70 million for the 12 months ended 31 January 2013 ("FY2013").

Topline growth during the year was largely supported by a stellar performance from the Group's "umisushi" brand under its Food Retail Business, which grew 31.4% year-on-year to S\$10.96 million, backed by improved delivery and outlets' sales. During the year under review, the Group launched three new outlets located at Ngee Ann Polytechnic, Kallang Bahru and Alexandra Retail Centre; while two outlets at Tiong Bahru Plaza #B1-24 and CityLink Mall were closed. Taking these developments into account, the Group operated a total of 18 "umisushi" outlets across Singapore as at 31 January 2013, compared to 17 outlets a year ago.

"Our "umisushi" brand turned profitable in the first half of 2013 and has continued to grow from strength to strength since. We boosted our delivery capabilities with additional vehicles in FY2013, which helped to meet the increased demand for home deliveries, attesting to the popularity of our "umisushi" brand and its growing acceptance among consumers who value convenience food that is fresh," said Founder, Chairman and CEO Mr Neo Kah Kiat 梁佳吉.

In FY2013, the Group's Food Catering Business contributed S\$30.71 million in revenue, representing a year-on-year growth of 2.5%, thanks to an improved market share enjoyed by the Group for the corporate and government sectors. Higher sales for the Food Catering business were achieved even though FY2013 did not include the full Lunar New Year peak, as compared to FY2012 which enjoyed sales from two Lunar New Year peaks.

Though the Group's bottomline in FY2013 was trimmed by factors that included the one-time IPO expenses of S\$0.90 million, a rise in compliance expenses as well as seasonality factors as explained above, the Group registered an improved revenue and continued to maintain a strong balance sheet with a healthy cash position of S\$8.25 million in FY2013.

Based on its latest set of results, Earnings per Share ("EPS") and Net Asset Value ("NAV") of the Group stood at 2.10 Singapore cents and 12.10 Singapore cents respectively as at 31 January 2013, compared to 3.74 Singapore cents and 7.10 Singapore cents respectively as at 31 January 2012.

Dividend

In addition to the interim cash dividend of 0.49 Singapore cents paid out for 1HFY2013, the Group has proposed a one tier tax-exempt final dividend of 1.01 Singapore cents per share for the current financial period. This brings the total dividend in FY2013 to 1.50 Singapore cents per share, reflecting a dividend payout ratio of 71.4%.

Positive Outlook

The Group expects the outlook for its industry to remain positive. As part of its on-going strategy, the Group aims to grow its revenue for the Food Catering Business by increasing its corporate client segment as well as expanding its social catering through the expansion of its sales team.

Elaborated Mr Neo, "The advertising and marketing activities we undertook last year have delivered positive results. Where it makes sense, we plan to continue to focus on such activities, targeting the heartlands and private housing estates as well as reaching out to corporate and institutions, to further promote our brands and strengthen customer loyalty."

As for its Food Retail Business, the Group is on track to achieve the target of 30 “umisushi” retail outlets by 2016. The Group will also continue to focus its efforts in materials cost control through its Food and Catering Supplies Business, and adopt new strategies to improve operational efficiencies.

Said Mr Neo, “By implementing an improved driving planning system, we boosted the efficiency and utilisation of our full-time drivers and reduced our reliance on part-time and sub-contracted drivers in FY2013. This system has helped Neo Group control our distribution costs during the year and we will continue to explore other avenues to rationalise costs and improve our operational efficiencies.”

Barring unforeseen circumstances, the Group expects to be profitable in the first half of the year.

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About Neo Group Limited

Neo Group Limited’s main businesses comprise the food catering and food retail businesses. In a report dated April 2012, the Group was ranked by Euromonitor International Limited (“Euromonitor”) as the number one events caterer in Singapore¹. Under its Food Catering Business, the Group supplies buffets through its “Neo Garden Catering”, “Orange Clove Catering” and “Deli Hub Catering” brands. Under its Food Retail Business, the Group operates a successful chain of 18 “umisushi” food retail outlets, as at 31 January 2013, offering Japanese convenience foods, mainly near MRT stations and in shopping malls. To support these operations, the Group has central kitchens in four locations in the eastern and western parts of Singapore. As part of its Food and Catering Supplies Business, the Group sources certain food ingredients and catering supplies directly from manufacturers and/or distributors, ensuring a timely supply of quality products to its food catering and food retail businesses. It also supplies food ingredients and Japanese food products to third parties.

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¹ Based on a report entitled “Events Catering Services Singapore” dated April 2012 prepared by Euromonitor International Limited. “Events catering” means food catering services provided for social or corporate events only.

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The document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Benjamin Choy, Director, Corporate Finance. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.