

CIRCULAR DATED 2 September 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Neo Group Limited ("**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular to the purchaser, transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**"), in accordance with Rule 226(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr. Yee Chia Hsing, Head, Catalist, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: (65) 6337 5115.



NEO GROUP LIMITED
(Company Registration Number 201207080G)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS

IMPORTANT DATES AND TIMES

- | | | |
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| Last date and time for lodgement of Proxy Form | : | 21 September 2020 at 10.00 a.m. |
| Date and time of Extraordinary General Meeting | : | 24 September 2020 at 10.00 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) |
| Place of Extraordinary General Meeting | : | The Extraordinary General Meeting will be held by way of electronic means |

CONTENTS

1.	INTRODUCTION.....	4
2.	BACKGROUND.....	5
3.	RATIONALE FOR THE DIVERSIFICATION.....	6
4.	APPLICATION OF CHAPTER 10 OF THE CATALIST RULES.....	7
5.	MANAGEMENT OF THE NEW BUSINESS.....	9
6.	FUNDING FOR THE NEW BUSINESS.....	11
7.	RISK MANAGEMENT PROCEDURES.....	11
8.	RISK FACTORS.....	12
9.	FUTURE PLANS AND PROSPECTS.....	21
10.	CHANGES TO THE BOARD OF DIRECTORS ARISING FROM THE PROPOSED DIVERSIFICATION.....	22
11.	FINANCIAL EFFECTS OF THE PROPOSED DIVERSIFICATION.....	22
12.	DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS.....	22
13.	DIRECTORS' RECOMMENDATIONS.....	23
14.	EXTRAORDINARY GENERAL MEETING.....	23
15.	ACTION TO BE TAKEN BY SHAREHOLDERS.....	23
16.	DIRECTORS' RESPONSIBILITY STATEMENT.....	24
17.	DOCUMENTS AVAILABLE FOR INSPECTION.....	24
	NOTICE OF EXTRAORDINARY GENERAL MEETING.....	N-1
	PROXY FORM	

DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout where the context admits:

"AGM"	:	The annual general meeting of the Company to be convened on 24 September 2020
"Audit Committee"	:	The Audit committee of the Company
"Board"	:	The Board of Directors of the Company
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The SGX-ST Listing Manual Section B: Rules of Catalist as amended, modified or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 2 September 2020 in relation to the Proposed Diversification
"Company"	:	Neo Group Limited
"Companies Act" or "Act"	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
"Constitution"	:	The Constitution of the Company, as at the date of this Circular
"Directors"	:	The directors of the Company as at the date of this Circular
"EGM"	:	The extraordinary general meeting of the Company to be held on 24 September 2020, notice of which is set out on page N-1 of this Circular
"EPS"	:	Earnings per Share
"Existing Business"	:	Shall have the meaning ascribed to it in Section 1.1 of this Circular
"FY2020"	:	Financial year ended 31 March 2020
"Group"	:	The Company and its subsidiaries collectively, as at the Latest Practicable Date
"Latest Practicable Date"	:	18 August 2020, being the latest practicable date prior to the printing of this Circular
"NTA"	:	Net tangible assets
"Proposed Diversification"	:	The proposed diversification of the Group's business into the New Business
"Proxy Form"	:	The proxy form in respect of the EGM as set out in this Circular
"Securities Account"	:	The securities accounts maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent

DEFINITIONS

"Securities and Futures Act" or "SFA"	:	Securities and Futures Act, Chapter 289 of Singapore, as may be amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of Shares except that where the registered holder is CDP, the term " Shareholders " shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares
"Shares"	:	Ordinary shares in the capital of the Company
"Substantial Shareholder"	:	A person who has an interest or interests in one or more voting shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
"S\$" and "cents"	:	Singapore dollars and cents, respectively
"%"	:	percentage or per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and the neuter genders and *vice versa*. References to persons shall, where applicable, include corporations and limited liability partnerships.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, Securities and Futures Act, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, Securities and Futures Act, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in this Circular is made by reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Cautionary Note on Forward Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "expect", "anticipate", "believe", "estimate", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

DEFINITIONS

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. Further, the Company and the Sponsor disclaim any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

NEO GROUP LIMITED
(Company Registration Number 201207080G)
(Incorporated in the Republic of Singapore)

Directors:

Neo Kah Kiat (Chairman and Chief Executive Officer)
Liew Oi Peng (Executive Director)
Yeo Kok Tong (Lead Independent Director)
Tan Lye Huat (Independent Director)
Ng How Hwan, Kevin (Independent Director)

Registered Office:

1 Enterprise Road
Singapore 629813

2 September 2020

To: The Shareholders of Neo Group Limited

Dear Sir/Madam

THE PROPOSED DIVERSIFICATION OF THE GROUP'S EXISTING BUSINESS TO INCLUDE THE NEW BUSINESS

1. INTRODUCTION

1.1 Diversification of the Group's Existing Business to include the New Business

The Company proposes to expand its current core business being that of providing customers with end-to-end food and catering solutions through a comprehensive suite of capabilities and service offerings under four main business segments – food catering, food manufacturing, food retail, and supplies and trading (together, the “**Existing Business**”).

The proposed diversification of the Existing Business will include the activities of property development, property investment and property management (“**New Business**”). Further details on the proposed diversification of the Existing Business to include the New Business (“**Proposed Diversification**”) are set out in Section 2 of this Circular.

1.2 EGM

The Board is convening an EGM to be held on 24 September 2020 to seek Shareholders' approval for the Proposed Diversification.

The Proposed Diversification is set out as an ordinary resolution in the Notice of EGM accompanying this Circular.

The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

1.3 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the abovementioned Proposed Diversification. Shareholders' approval will be sought at the EGM to be held on 24 September 2020, notice of which is set out on page N-1 of this Circular.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholder to whom this Circular is despatched to by the Company) or for any other purpose.

LETTER TO SHAREHOLDERS

Shareholders are advised to read the section entitled “Risk Factors” as set out in Section 8 of this Circular carefully, in relation to the risks involved pursuant to the Proposed Diversification.

2. BACKGROUND

2.1 Introduction

The Group’s Existing Business is principally engaged in the business of providing customers with end-to-end food and catering solutions through a comprehensive suite of capabilities and service offerings under four main business segments – food catering, food manufacturing, food retail, and supplies and trading. The food catering business supplies buffets spanning a wide variety of styles and prices, to suit a diverse range of occasions, from private to corporate to community functions, including daily meal delivery services to customers. The food retail business operates a chain of outlets across Singapore serving a variety of high-quality Japanese food at affordable prices at convenient locations. The food manufacturing and supplies and trading businesses support the needs of the food catering and food retail businesses, giving the Group better control over cost and quality, and at the same time, enabling the Group to be self-reliant and ensuring that its kitchens receive supplies in the most timely and cost-efficient manner.

It is envisaged that the Proposed Diversification will change the existing risk profile of the Company as it is different from the Group’s Existing Business. Accordingly, the EGM is convened by the Company to seek Shareholders’ approval for the Proposed Diversification.

Section 2 of this Circular is intended to provide Shareholders with information relating to, and explain the rationale for, the Proposed Diversification.

2.2 Proposed Diversification

The Group intends to diversify its Existing Business to include the business of property development, property investment and property management as described below, as and when appropriate opportunities arise:

- (a) property development activities including acquisition, development and/or disposal of various types of properties (including but not limited to residential, hospitality, commercial (retail and office), industrial and any other types of properties (including but not limited to mixed development properties and boutique hotels)) (“**Property Related Assets**”), including but not limited to redeveloping existing buildings and undertaking asset enhancement works to add value to the properties acquired for the purposes of increasing capital value and realising such increased capital value with the objective of achieving the sale of the properties;
- (b) invest in or purchase or otherwise acquire or dispose of:-
 - (i) any Property Related Assets; and/or
 - (ii) investments, shares and/or other interests in any entity that holds Property Related Assets and/or is in the business of property development, property investment and property management,

LETTER TO SHAREHOLDERS

including but not limited to holding of Property Related Assets as long term investment for the collection of rent, capital growth potential and/or provision of property related services and facilities; and

- (c) management of Property Related Assets.

(the “**New Business**”)

The Group may also, as part of the New Business, invest in or dispose of shares or interests in any entity that is in the New Business.

The Group does not plan to restrict the New Business to any specific geographical market as each investment will be evaluated and assessed by the Board on its merits. The Group may also explore joint ventures, partnerships, cooperation and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the New Business as and when the opportunity arises.

The decision on whether an investment should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of the respective business, amount of investment required and risks associated with such an investment, nature of expertise required and economic conditions, taking into account the opportunities available.

Subject to Shareholders’ approval for the Proposed Diversification at the EGM, should the Company pursue any of such business opportunities under the New Business, such business activities shall constitute part of the ordinary course of business of the Company (where it does not change the risk profile of the Company), and the Company will make the requisite announcements to update Shareholders in accordance with the requirements of the Catalist Rules.

As at the Latest Practicable Date, save in respect of the JVA (as defined below), the Company is exploring but has not committed to any specific business opportunity or investment under the New Business.

2.3 Legal Adviser

The Company has appointed Atlas Asia Law Corporation as the legal adviser to the Company as to Singapore law in relation to the Proposed Diversification.

3. RATIONALE FOR THE DIVERSIFICATION

In its continued search for new business opportunities, the Group has considered opportunities in the property industry where it provides diversified business and broadens its stream of income and revenue. The Group believes that the New Business will provide the following benefits to the Group:-

- (a) Additional and recurrent revenue streams

The Group is of the view that the New Business is expected to provide additional and recurrent revenue streams for the Group which may include rental fees and management fees from the New Business. The Group will venture into the New Business prudently, with a view of enhancing shareholder value over the long-term and achieving long-term growth.

LETTER TO SHAREHOLDERS

In addition, there are potential and beneficial synergies between the Existing Business and the New Business. There will be opportunities for the Group to take advantage of this collaboration such as leasing the Property Related Assets to the Group's existing businesses, which will reduce potential rental disruption that the Group may have with third-party landlords. With a collaboration amongst these businesses, the Group will be able to provide a full suite of services in the broader service industry, catering to a wider range of customers including venue partners and tenants in the Property Related Assets. In this regard, the Group can leverage on its current networks, experience and knowledge in the operation of food and beverage businesses, such as cafeterias, restaurants, bistros and bars, providing quick service and event management solutions.

- (b) More diversified business and income base, reducing reliance on Existing Business

The Proposed Diversification may provide the Group with a more diversified business and income base for future growth and reduce the Group's reliance on the Existing Business for its revenue streams. As the Group explores into other growth areas, this will facilitate the Group's quest for sustained performance in future.

- (c) Enhance Shareholders' value

The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long term growth. It may provide the Group with additional funds, which can be channelled towards the enhancement of shareholder value over the long-term. Additionally, the Board believes that the Proposed Diversification can offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

4. APPLICATION OF CHAPTER 10 OF THE CATALIST RULES

Upon the approval by Shareholders of the Proposed Diversification, any acquisition which is in or in connection with, the New Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may possibly, in its ordinary course of business, enter into transactions relating to the New Business which do not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek for Shareholders' approval as and when potential transactions relating to the New Business arise, even where they cross the threshold of a "major transaction". As set out in Practice Note 10A of the Catalist Rules, an acquisition that is regarded to be in, or in connection with, the ordinary course of an issuer's business, is not subject to the requirements under Chapter 10 of the Catalist Rules (except for Part VIII on very substantial acquisitions or reverse takeovers). An acquisition can be regarded to be in, or in connection with, the ordinary course of an issuer's business, if: (a) the asset to be acquired is part of the issuer's existing principal business; and (b) the acquisition does not change the issuer's risk profile. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

Pursuant to Rule 1014 of the Catalist Rules, a major transaction is a transaction (as defined in Rule 1002(1) of the Catalist Rules) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules (a) exceeds 75% but is less than 100% (for an acquisition) or (b) exceeds 50% (for a disposal or the provision of

LETTER TO SHAREHOLDERS

financial assistance), and must be made conditional upon approval by shareholders in a general meeting.

In accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first major transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval.

For the avoidance of doubt, notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained:-

- (a) where an acquisition of assets (whether or not the acquisition is deemed in the ordinary course of business of the Company) is one where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules is 100% or more, or is one which will result in the change of control of the Company, the transaction is classified as a very substantial acquisition or reverse takeover and would be subject to Rule 1015 of the Catalist Rules and would be subject to approval of Shareholders;
- (b) Practice Note 10A of the Catalist Rules will apply and Shareholders' approval would be required for any transaction (which falls within the definition as set out in Rule 1002(1) of the Catalist Rules) which changes the risk profile of the Company; and
- (c) where any transaction constitutes an "interested person transaction" as defined under Chapter 9 of the Catalist Rules, Chapter 9 of the Catalist Rules will apply to such a transaction and the Company will comply with the provisions of Chapter 9 of the Catalist Rules. In particular, pursuant to Rule 905 of the Catalist Rules, where any interested person transaction is of a value equal to or more than 3% of the Group's latest audited NTA, or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to or more than 3% of the Group's latest audited NTA, the Group must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year. Pursuant to Rule 906 of the Catalist Rules, where any interested person transaction is of a value equal to or more than 5% of the Group's latest audited NTA, or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to or more than 5% of the Group's latest audited NTA, the Group must obtain shareholder approval for the interested person transaction; and
- (d) the First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval, if applicable.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

LETTER TO SHAREHOLDERS

5. MANAGEMENT OF THE NEW BUSINESS

It is currently envisaged that the New Business and related management will be spearheaded by the executive Directors of the Company and that they will be responsible for overseeing the entire operations of the New Business. The executive Directors and senior management of the Group will oversee the proposed New Business. As the New Business grows, the Group intends to strengthen the management and execution team of the New Business with additional candidates with the credentials and experience relevant to the proposed New Business.

The executive Directors / senior management of the Group overseeing the proposed New Business include the following individuals:

- (a) **Mr Neo Kah Kiat** is the Founder, Chairman and CEO of the Group and an industry veteran with three decades of leadership experience in catering and food and beverage (“F&B”) management. He has been instrumental in leading and growing the Group into Singapore’s largest catering provider and leading events caterer since 2011. The Company was listed on the SGX-ST Catalist in 2012, and since then, under his leadership, the total revenue of the Group has leapt by more than four-times to approximately S\$185.9 million as at the financial year ended 31 March 2020. The Group has in the past years embarked on a business expansion drive resulting in the acquisition of a number of industrial and commercial properties, and actively engaged in a number of additions and alterations to existing and acquired properties and renovated factory and office premises to suit the Group’s business operations, including the recent on-going construction of a 10-storey headquarters at 30B Quality Road. Through these activities, Mr Neo has gained broad and valuable experience in building construction and real estate management. Mr Neo will continue with his current responsibilities and further exercise oversight over the new strategic direction of the Group for the New Business.
- (b) **Ms Liew Oi Peng** is the Executive Director of the Food Catering segment. In addition to being the Head of Catering, Ms Liew oversees and manages the Group’s core functions including Sales & Marketing, Information Technology and Human Resources, and is a key support pillar to the development and growth of the Group. Ms Liew is also involved in various investment projects in relation to properties of the Group, including the recent on-going construction for a 10-storey headquarters at 30B Quality Road. With more than 25 years of experience in the catering industry, Ms Liew has been a key contributor to the Group’s success. Ms Liew will continue with her current responsibilities and further take charge of corporate strategy and execution of business plans for the New Business.
- (c) **Mr Lim Huey Jian** joined the Group in April 2016 and is currently the Group Financial Controller. Mr Lim heads the finance team and is responsible for the overall financial, accounting, reporting, tax, internal controls, legal, compliance and risk management functions across the Group’s businesses. Mr Lim also supports the senior management team on investment, merger and acquisition transactions for the Group. Mr Lim has more than 12 years of experience in audit, accounting and finance profession, including being involved in a number of audit engagements in property development and investment, engineering and construction industries. Mr Lim will continue with his current responsibilities and work alongside with the senior management team to execute business plans for the New Business.

The Group is likely to enter into joint ventures and foster partnerships with various other third parties in the industry to assist it in undertaking the New Business more effectively

LETTER TO SHAREHOLDERS

and efficiently. Such partnerships may be on a case by case basis or on a long-term basis. Where necessary, work may be contracted or sub-contracted to third parties who have expertise in the relevant area(s) in relation to the projects concerned. In selecting its partners, the Company will take into account the specific expertise and competencies necessary for the project(s) in question and the experience, track record and financial standing of the party and/or parties concerned.

To this end, as announced previously, the Company has entered into a joint venture agreement with Boldtek Holdings Limited (“**BHL**”), pursuant to which it is envisaged that a new joint venture company (“**JVC**”) shall be incorporated to operate the New Business (“**JVA**”). As disclosed in the announcement, under the JVA:-

- (i) the JVA and the obligations of the parties thereunder are conditional upon approval having been granted by the Shareholders for the Proposed Diversification. If such condition precedent is not satisfied by 31 December 2020 (or such other date as the Company and BHL may agree in writing) then the JVA shall terminate;
- (ii) upon satisfaction of the condition precedent and pursuant to the JVA, each of the Company and BHL shall subscribe for such number of new shares in the JVC such that upon completion of the subscription, the JVC will have an initial issued and paid-up share capital of S\$1,000,000 divided into 1,000,000 Shares and the shareholding proportion of the JVC shall be as follows:

Name	Number of Shares to be subscribed	Percentage of entire issued share capital
The Company	500,000	50%
BHL	500,000	50%
Total:	1,000,000	100%

- (iii) the purpose of the joint venture (the “**Joint Venture**”) is for the JVC to carry out the business of property development, property investment and property management, or such other businesses as the shareholders of the JVC may agree from time to time; and
- (iv) the shareholders of the JVC agree that upon receipt of any potential opportunity relating to the business of property development, property investment and property management (except for any property development, property investment or property management opportunities in respect of properties used primarily by the Company or BHL or any of their respective wholly-owned subsidiaries for its own business operations), it shall be obliged to immediately refer such opportunity to the JVC and the JVC shall have a first right to undertake and/or participate in such opportunity.

Please refer to the announcement of the Company in relation to the JVA for more details on the joint venture.

The Group will carefully monitor developments and progress in the New Business. Where necessary, it will strengthen the management and execution team of the New Business with additional candidates with the credentials and experience relevant to the proposed New Business. The Group will also continually evaluate the manpower and expertise required for the New Business and will, as and when required, engage suitably qualified external personnel, consultants, industry experts and professionals for the New Business. In making decisions, the Board and senior management will seek the advice of these reputable external consultants and experts where necessary and appropriate. Where

LETTER TO SHAREHOLDERS

necessary, work may be outsourced to these third parties who have expertise in the relevant area.

The Group recognises that the New Business is different from its Existing Businesses. However, the Group is confident of developing and building up the expertise required and a track record for the New Business over time. The Group also notes that the relevant experience and expertise required can be strengthened, acquired and developed by the Group over time as it progresses in the New Business. The Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of the New Business periodically to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

6. FUNDING FOR THE NEW BUSINESS

The proposed diversification into the New Business will be funded primarily through internal funds and/or borrowings from financial institutions. As and when necessary and deemed appropriate, the Company may explore secondary fund-raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

The Company will remain prudent and take into account the financial condition of the Company in deciding the types of projects and related investments it undertakes, and the amounts thereof.

7. RISK MANAGEMENT PROCEDURES

The Board does not have a separate Board risk committee as the Board is currently assisted by the Audit Committee, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies. To address the risks presented by the Proposed Diversification, the members of the Audit Committee will be tasked with the responsibility of overseeing the risk management activities of the Company in relation to the New Business following the Proposed Diversification. The Audit Committee will be required to approve appropriate risk management procedures and measurement methodologies, and be involved in identifying and managing the various business risks for the New Business.

The Company will endeavour to ensure that the risk management systems implemented commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the New Business, and will review such risk management systems periodically to assess adequacy.

The Board and the Audit Committee will adopt internal policies and procedures for the management to consider before tabling proposals for any new projects or investments under the New Business.

Further, investments above an internally-determined threshold (as approved by the Board from time to time) must be specifically approved by the Audit Committee. In addition, the Board and the Audit Committee, which review the risk exposure of the New Business of the Company at regular intervals, will review the risk exposure of the New Business at intervals of not less than annually.

The risk management and internal control systems, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or

LETTER TO SHAREHOLDERS

effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Company and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

8. RISK FACTORS

To the best of the Directors' knowledge and belief, all risk factors which are material in making an informed decision in relation to the Proposed Diversification have been set out below. Shareholders should carefully consider and evaluate the risk factors set out herein and all other information contained in this Circular.

Any of the risks described below could have a material adverse effect on the Company's or the Group's results of operations, financial condition and prospects. In that event, the market price of the Shares may decline, and Shareholders may lose all or part of their investments in the Shares.

The risks declared below are not intended to be exhaustive. New risk factors may emerge from time to time and it is not possible for the management to predict all risk factors, nor can the Company assess the impact of all factors on the New Business or the extent to which any factor or combination of factors may affect the proposed New Business.

Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM. The risks set out below are the material risks which the Group faces following the Proposed Diversification. If any of the following considerations, risks or uncertainties develops into actual events, the business, financial condition, results of operations, cash flow and prospects of the Group may be materially and adversely affected.

Shareholders should consider the risk factors in light of your own investment objectives and financial circumstances and should seek professional advice from your accountants, stockbrokers, bank managers, solicitors or other professional advisers if you have any doubt about the actions you should take.

There may be also other risks associated with the entry into the proposed property development, property investment and property management businesses which are not presently known to the Group, or that the Company may currently deem immaterial and as such, have not been included in the discussion below.

- (a) The Group does not have any proven track record in the New Business and may be dependent on qualified personnel to manage the New Business

The Group does not have a proven track record and the current management of the Group may not have the relevant experience and expertise required in the carrying out or implementation of the New Business. The Group's ability to successfully diversify into the New Business is dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the New Business.

The Group may recruit appropriate management and employees for its New Business to provide guidance, and/or approach investment partners to jointly undertake the projects coming within the New Business. The Company cannot guarantee that it will not experience initial operational difficulties or disputes with its investment partners (including difficulties or disputes in relation to the Joint

LETTER TO SHAREHOLDERS

Venture) or that its operations will achieve the expected level of revenue and profitability. The growth of the New Business will be dependent on the Group's ability to identify, recruit, train and retain qualified management and employees to form a strong team with the requisite technical expertise to oversee and execute the operations of the New Business. The competition for qualified personnel in the New Business may be intense, and there is no assurance that the Group will be able to retain such qualified personnel. The loss of services of one or more of such individuals without adequate replacement, or the inability to attract qualified personnel at a reasonable cost could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may also appoint third party professionals and/or foster partnerships with various third parties to assist in undertaking the New Business more effectively and efficiently. However, there is no assurance that these third parties will be able to deliver and/or that these partnerships will be successful. Accordingly, the Group may not be able to successfully implement the New Business and this may adversely affect the Group's financial performance and profitability.

- (b) The Group may be unable to identify and secure new projects and leases of new sites to grow or develop the New Business

The performance and success of the New Business depends on the Group's ability to identify profitable projects and following such identification, to successfully implement and complete such projects. This ability may be negatively affected by various factors, including, amongst others, competition for new sites from other competitors, and changes to the general economic conditions in countries where the Group intends to operate its New Business. There is thus no guarantee that the Group will always be successful in identifying suitable projects or completing such projects profitably. The Group's inability to identify and secure leases of new sites at commercially acceptable prices could impair its ability to compete with other competitors and materially and adversely affect the Group's plans and growth prospects.

- (c) The Group's performance may be adversely affected by poor consumer demand or a loss or downturn of tenants

The Group's performance may be largely dependent on its ability to secure tenants for its available properties for lease – especially key and regular tenants. There is no assurance that all or any of the Group's tenants, especially its key and regular tenants, will renew or continue to renew their lease agreements with the Group, or that the new or renewed lease terms will be as favourable to the Group as the existing lease.

Any bankruptcy, insolvency, or downturn in the business of the Group's tenants, including their decision not to renew any lease or to terminate any lease before it expires, will therefore adversely affect the New Business. The renewal of the Group's lease agreement with its tenants will also depend on its ability to negotiate lease terms acceptable to all parties involved.

The Group may grant to tenants and customers credit terms, which would then expose it to payment delays and/or defaults by its tenants and customers. Notwithstanding any such payment delays and/or defaults, the Group may continue to incur costs relating to the maintenance and upkeep of the properties leased by them.

LETTER TO SHAREHOLDERS

In the event that any tenant does not renew its lease, the Group will need to find a replacement tenant or tenants, which could subject the Group to periods of vacancy and/or refitting for which the Group would not receive rental income, which in turn could adversely affect its rental income. In addition, there is no assurance that any substitute leases would be on terms that are as favourable as the existing leases.

The Group may also face competition for tenants for its properties. The competitors may be able to offer potential tenants other properties in similar or better locations and/or aggressively reduce their rental prices to compete for tenants. This may result in the Group having to reduce its rental prices, incur additional capital expenditure to increase attractiveness of its properties or engage in competitive strategies that may lower profit margins.

Revenue for the New Business may be derived from property management fees collected from the residents in any developments where the Group provides property management services. The Group's possible range of property management services could include the provision of security, building and equipment maintenance and repairs, cleaning services, facilities management, landscape maintenance and car park management. The Group may hire manpower and purchase the materials and/or equipment required to carry out such services. Should the prices of such manpower and the materials increase and if the Group is unable to pass on such increase in fees to the customers, the results of the Group's operations and financial condition could be materially and adversely affected. The Group cannot make any assurance that it will secure and retain enough customers such that the Group will enjoy significant economies of scale required for any property management business to be economically viable.

(d) The Group's performance may be affected by fluctuations in valuations of the investment properties and other assets

The New Business will require the Group to hold more physical assets, which exposes it to greater risks and valuation fluctuations in the open market that are beyond its control.

The fair values of the investment properties may be subject to reassessment for reporting purposes. Under the Singapore Financial Reporting Standards, gains or losses arising from changes in the fair value of the investment properties are included in the Group's income statement in the period in which they arise. However, fair value gains do not change the Group's overall cash position or liquidity as long as the Group continues to hold such investment properties.

The amount of fair value adjustments may also be subject to market fluctuations. The changes in market conditions may create fair value gains or losses on the Group's investment properties. In particular, the fair value of the investment properties could decline in the event that, among other things, the real estate industry experiences a downturn as a result of government policies aimed at "cooling-off" the real estate market, or any global market fluctuations and economic downturn.

In addition, fair value gains of the Group's properties are based on valuations performed by an independent valuer and are calculated based on assumptions adopted by them. There is no assurance that the assumptions used by the independent valuer will be realised. Any decrease in the fair value of the Group's investment properties could lead to a decrease in fair value gains on investment

LETTER TO SHAREHOLDERS

properties in the Group's income statement which could adversely affect its financial performance.

- (e) The Group may not be able to provide the capital investments needed to undertake the New Business, and may be required to devote significant time and resources to the New Business

The New Business may require strong financial holding power to maintain investment properties until a suitable price can be attained, which will likely require substantial capital investments or cash outlay. There is no assurance that financing, either on a short term or a long term basis, will be made available or, if available, that such financing can be obtained on commercially reasonable terms, in which event the Group's future plans and growth prospects will be adversely affected.

Additional debt funding is also subject to interest payments and interest rate fluctuations, and may also be subject to conditions that restrict or require consent for corporate restructuring, additional financing or fund raising, requirements on the maintenance of certain financial ratios. These conditions may reduce the availability of the Group's cash flow for capital expenditures, working capital and other general corporate purposes. In addition, these conditions may limit the flexibility of the Group in planning for, or reacting to, changes in the business or industry and increase the Group's vulnerability to general adverse economic and industry conditions, and may limit the Company's ability to pay dividends.

Additional equity financing may result in a dilution to Shareholders' equity interests and may, in the case of a rights issue, require additional investments by Shareholders. If such additional equity fundraising activities do not generate a commensurate increase in earnings, the Company's EPS may be diluted, and may result in a decline in Share price. Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by investors. Dilution in Shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price.

Any inability to secure adequate equity or debt financing may adversely affect the Company's business, financial condition, results of operations and prospects.

Further, the Group may be required to devote significant time and resources to the New Business, including but not limited to overseeing any property development, investment or management project or the operations, financial position, compliance with laws, management, and other issues of a subsidiary or associated company involved in the New Business, and/or providing financial support for any property development, investment or management projects, or for liquidity requirements or financial obligations of a subsidiary or associated company involved in the New Business. This may consequentially stretch or reduce the resources available for, and the Group's management's time and focus on, the Existing Business, which may have a negative impact on the Existing Business.

- (f) The Group is dependent on the continued support from its banks for debt funding

The Group is currently in a net current liability position and has a relatively high debt to equity ratio. As such, any additional debt funding in relation to the New Business may worsen its current liability position and increase its debt to equity ratio. In this regard, there may be potential breaches in some financial covenants

LETTER TO SHAREHOLDERS

and that there is no guarantee that the banks will continue to provide credit to the Group.

(g) The Group's performance will be subject to macro-economic risks confronted by New Business

The New Business may be affected by many factors beyond the Group's control. The fluctuating, volatile, and uncertain nature of any of the following factors (several of which are further elaborated below) that affect the economy or property market, whether globally or in any country in which the Group operates in, may adversely affect the business and test the Group's resilience to confront them:-

- (i) economic, political, and social conditions;
- (ii) natural disasters, terrorism, and war;
- (iii) disease outbreaks and pandemics (e.g. COVID-19);
- (iv) legal and regulatory changes;
- (v) liquidity and risk aversion;
- (vi) equity, debt, property, commodity, and other financial markets;
- (vii) interest rates and foreign currency exchange rates;
- (viii) inflation and consumer demand; and
- (ix) investor confidence levels.

The New Business is susceptible to the vagaries of the global financial markets. In the event of a global financial slowdown, crisis or global pandemic, apart from potential lower sales, the customers of the New Business may also not be able to obtain adequate access to credit, which could affect their ability to make timely payments, which causes the Group's accounts receivable and bad debts to potentially increase. In addition, the business, results of operations and financial condition of the New Business may be materially and adversely affected if key suppliers which the New Business relies on are unable to provide the materials needed on a timely basis or on terms that the Group finds acceptable. A global economic downturn could adversely affect the Group's ability to obtain short-term and long-term financing. It could also result in an increase in the cost of the Group's bank borrowings and affect the Group's ability to borrow. The inability to access capital efficiently, on time, or at all, as a result of possible economic difficulties may materially and adversely affect the business, results of operations and financial condition of the New Business.

In the instance of the recent COVID-19 outbreak, there may be significant disruptions in the New Business. The Group may be unable to proceed with any redevelopment or enhancement of acquired properties due to the control orders imposed by the government in view of any outbreak of any contagious disease. In addition, consumer sentiments may be adversely affected and the willingness of tenants to rent the Group's properties will be reduced.

LETTER TO SHAREHOLDERS

As the COVID-19 situation is still evolving rapidly, there can be no assurance that the spread of COVID-19 will be contained in the near term and the duration of the COVID-19 outbreak and its effects cannot be determined with certainty at present. As such, in the event that the containment of COVID-19 is not improved in the near term resulting in a global economy recession, this may have a protracted negative impact on the New Business. This may lead to a fall in demand of products or services under the New Business and/or an impact on the Group's ability to operate the New Business, which could in turn have a material and adverse impact on the Group's business, results of operations, financial condition and prospects.

The New Business will face risks in relation to interest rate movements in particular as a result of the debts intended to be undertaken to finance the New Business. Changes in interest rates will affect the Group's interest income and interest expense from short term deposits and other interest-bearing financial assets and liabilities. This could in turn have a material and adverse effect on the Group's net profits.

(h) The Group is subject to various government regulations in the New Business

The New Business is exposed to the risks posed by current and potential future regulations and legislation that apply to the country or industry in which the Group or its joint venture partners operate and the countries or industries its clients operate. The New Business may require certain statutory and regulatory licences, permits, consents and approvals to operate. These licences, permits, consents and approvals may be granted for fixed periods of time and may need to be renewed after expiry from time to time. The Group may not be able to apply for and obtain the relevant licences, permits, consents and approvals required for its projects or otherwise within the statutory time limits, and there can be no assurance that the relevant authorities will issue any such licences, permits, consents or approvals in time or at all. Failure by the Group to renew, maintain or obtain the required licences, permits, consents or approvals, or cancellation, suspension or revocation of any of its licences, permits, consents or approvals may result in the Group being unable to undertake the relevant segment of the New Business and/or in the interruption of its operations and may have a material adverse effect on its business.

The Group must also comply with the applicable laws and regulations in the New Business, failing which the Group may be subject to penalties, have its licences or approvals revoked, or lose its right to own or manage its properties which may have a material and adverse impact on the Group's business, financial condition, results of operations and prospects. Further, any changes in applicable laws and regulations could result in higher compliance costs and adversely affect the operations of the Group and the financial performance of the Group.

(i) The Group is subject to risks associated with the operation of businesses outside of Singapore

The Group does not plan to restrict the Proposed Diversification to any specific geographical market. As such, there are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding the Group's liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. Any of these risks could adversely affect the Group's overseas operations

LETTER TO SHAREHOLDERS

and consequently, its business, financial performance, financial condition and operating cash flow.

Further, the revenue from the New Business may be generated from overseas markets and in foreign currencies. To the extent that the Group's revenue, purchases and operating costs are not matched in the same currency and to the extent there are timing differences between invoicing and collection of payment, as the case may be, the Group may be exposed to any unfavourable fluctuations of such currencies of the jurisdictions in which the Group will be engaging in to conduct the New Business, and the Group's operating results may be materially or adversely affected.

(j) The Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances

Depending on available opportunities, feasibility and market conditions, the Group may, in addition to the Joint Venture, participate in joint ventures, strategic alliances, acquisitions or other investment opportunities involving numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisitions or opportunities.

Furthermore, the Group is expected to rely on its joint venture partners, including BHL in respect of the Joint Venture, in its foray into the Proposed Diversification and there is a risk that if any of its joint venture partners is unable to, or for any other reason does not, deliver its obligations or commitments under the joint venture (such as failure to perform according to the expertise expected of the joint venture partner or meet the financial obligations), it may result in additional costs to the Group. In such events, the Group's financial performance may be adversely affected.

Following the Proposed Diversification, the Group may, as a matter of business strategy, invest in or acquire entities in the New Business, or enter into other joint ventures or other investment structures in connection with the New Business. Acquisitions that the Group may undertake, along with potential joint ventures and other investments, may expose the Group to additional business and operating risks and uncertainties, including but not limited to the following:-

- (i) the direct and indirect costs in connection with such transactions;
- (ii) the inability to effectively integrate and manage the acquired businesses;
- (iii) the inability of the Group to exert control over the actions of its joint venture partners, including any non-performance, default or bankruptcy of the joint venture partners;
- (iv) the inability of the Group to exert control over strategic decisions made by these companies;
- (v) the time and resources expended to coordinate internal systems, controls, procedures and policies;
- (vi) the disruption in ongoing business and diversion of management's time and attention from other business concerns;

LETTER TO SHAREHOLDERS

- (vii) the risk of entering markets in which the Group may have no or limited prior experience;
- (viii) the potential loss of key employees and customers of the acquired businesses;
- (ix) the risk that an investment or acquisition may reduce the Group's future earnings; and
- (x) exposure to unknown liabilities.

If the Group is unable to successfully implement its acquisition or expansion strategy or address the risks associated with such acquisitions or expansions, or if the Group encounters unforeseen expenses, difficulties, complications or delays frequently encountered in connection with the integration of acquired entities and the expansion of operations, the Group's growth and ability to compete may be impaired, the Group may fail to achieve acquisition synergies and be required to focus resources on integration of operations, rather than on its business. This will have a negative impact on the financial performance of the Group.

Activities to expand its operations may also bring the Group into contact, directly or indirectly, with new entities or new markets. These business activities expose the Group to new and enhanced risks including reputation risks arising from dealing with a range of new counterparties, along with these activities bringing exposure to the range of risks described in this Circular. If these risks materialise, the business, financial condition, results of operations and prospects of the Group will be materially and adversely affected.

- (k) The Group may face intense competition from existing competitors and new market entrants in the New Business

The New Business is highly competitive, with strong competition from established industry participants who may have larger financial resources, command greater market share and/or stronger track records. There is no assurance that the Group will be able to provide comparable services and/or lower prices to compete effectively or respond more quickly to market trends than potential or existing competitors. If so, the Group's business operations, financial performance and financial condition may be adversely affected.

- (l) The Group may not be able to generate adequate returns on its properties held for long-term investment purposes

Property investment is subject to varying degrees of risks. The investment returns available from real estate investments depend primarily on the amount of capital appreciation generated and income earned from the rental of the relevant properties and expenses incurred. The revenue derived from the disposal of such investment properties will depend on market conditions and levels of liquidity, which may be subject to significant fluctuations and therefore test the holding power of the Group.

The revenue derived from the rental of the relevant properties may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, the inability to secure renewal of tenancies from tenants, the inability to collect rent due to bankruptcy or insolvency of tenants and the cost from ongoing maintenance, repair and re-letting. In the event that the

LETTER TO SHAREHOLDERS

Group acquires properties for investment and if the Group is unable to generate adequate returns for such investment properties that it acquires, its financial condition and results of operations may be adversely affected.

Further, invested properties are relatively illiquid, and the Group may be unable to convert real estate asset portfolio into cash on short notice. To facilitate a sale of illiquid property assets on short notice, the Group may have to lower the selling price substantially. Illiquidity of property assets also limits the Group's ability to vary its portfolio in response to changes in economic or other conditions in a timely manner. In the event of any adverse change in market conditions or in the event of a need to lower the prices of properties to effect the sale of properties, the Group may not be able to sell its property projects or property investments at above its costs, resulting in the Group suffering losses on the project or property and adversely affecting the Group's financial position.

- (m) The Group is subject to risks inherent in investing in entities which it does not control and the manner in which it holds its investments and property interests

The Group may hold property investments through or make investments in entities that are not the Group's subsidiary, and over which the Group does not have majority control. The performance of these entities and the Group's share of their results are subject to the same or similar risks relating to the New Business described herein that affect the Group. There is no assurance that the Group will be able to influence management, operation, and performance of these entities through its voting rights in a manner which would be favourable to the Group, or at all. If all or any of these entities were to perform poorly, the Group's overall business, financial condition, results of operations and prospects may be adversely affected.

- (n) The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance

While the Group will, where appropriate, obtain insurance policies to cover losses with respect to its properties, the insurance obtained may not be sufficient to cover all potential losses. Examples of such potential losses include losses arising out of extraordinary events such as natural disasters like earthquakes or floods. Losses arising out of damage to the Group's properties not covered by insurance policies in excess of the amount it is insured would affect the Group's profitability. The Group may also have to commit additional resources, other than to meet the uninsured losses, to complete a project, which would also adversely affect the financial performance of the Group.

- (o) The Group may face potential liability and claims from property development projects (if any) and may be involved in legal and other proceedings arising from its operations from time to time

The time required to complete a property development project depends on various factors, including the size of the project, prevailing market conditions and availability of resources. Delays may arise due to various factors, including adverse weather conditions, natural calamities, power failure, machinery and equipment breakdown, shortage of construction materials, shortage of labour, accidents, cessation of business of the Group's contractors, disputes with contractors, quality and execution issues, and unexpected delays, such as delays in obtaining required approvals. Such delays may result in cost overruns and increased financing costs and accordingly affect the Group's profitability or lead to claims for liquidated damages from purchasers of the properties.

LETTER TO SHAREHOLDERS

Accidents during the course of construction may give rise to personal injuries and third party liability. If accidents occur but are not covered by the Group's insurance policies, or if claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Group will be required to pay compensation and its financial performance may be adversely affected. Such accidents could also have an adverse impact on the Group's operations if the Group is required by regulatory manpower authorities to suspend its operations for a period of time. This may result in fines or delays in project completion and possibly, cost overruns or liquidated damages, which will in turn affect the Group's profitability. Such accidents could damage the Group's reputation and may, as a result, lead to a loss of business.

In addition, the Group may be involved from time to time in disputes with various parties involved in the property development, investment or management projects that the Group undertakes. These parties include contractors, sub-contractors, suppliers, construction companies, purchasers, tenants and other partners.

Claims may also be made against the Group by the owners or occupiers of neighbouring properties in respect of the use and enjoyment of such properties. These disputes may lead to legal and other proceedings. The Group may also have disagreements with regulatory bodies in the jurisdictions in which the Group operates and these may subject the Group to administrative proceedings. In the event that unfavourable decrees are determined by the courts or the regulatory bodies, the Group may suffer not only financial losses but also a delay in the construction or completion of its projects. In such an event, the Group may be liable for damages and incur legal costs, which will have an adverse effect on the Group's financial performance, business reputation and financial condition.

(p) The Group may be exposed to reputational risks in connection with the New Business

Any shift in perception of the New Business caused by media influences, peer perceptions or otherwise, or any report which surfaces in the media relating to the New Business, including but not limited to any issues (actual or alleged) relating to property development, investment or management projects undertaken by the Group (whether due to any issues of quality, timing and/or services of the Group or otherwise), regardless of merits, could expose the Company to reputational harm. The Group's business, financial condition, results of operations and prospects may be materially and adversely affected as a result.

As the New Business is a new area of business to the Company, the Company will face the usual risks, uncertainties and problems associated with the entry into any new business which it has no prior track record in. These risks, uncertainties and problems include financial costs of setting up new operations, capital investment and maintaining working capital requirements, the inability to manage the operations and costs, the failure to provide the results, level of revenue and margins that the Company expects, and the inability to find the suitable joint venture, strategic or other business partners. There is no assurance that the management of the Company will be able to ensure success in undertaking the New Business.

If any of the above risks materialise, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

9. FUTURE PLANS AND PROSPECTS

LETTER TO SHAREHOLDERS

The Group will continue with its Existing Business. The entry into the New Business is intended to be a diversification of the Group's Existing Business as part of the corporate strategy of the Group to provide Shareholders with diversified returns and long-term growth. The Proposed Diversification will offer new business opportunities and provide the Group with new revenue streams so as to enhance Shareholders' value for the Company.

10. CHANGES TO THE BOARD OF DIRECTORS ARISING FROM THE PROPOSED DIVERSIFICATION

There will be no new appointment to the Board of Directors arising from the Proposed Diversification.

11. FINANCIAL EFFECTS OF THE PROPOSED DIVERSIFICATION

As at the Latest Practicable Date, the Company has no affirmative and binding plans in relation to the New Business that is expected to materially impact the net profit, EPS or NTA of the Group.

Should there be any material impact on the Group's NTA per Share and EPS for FY2020 as a result of any developments relating to the New Business, the Company will make the necessary announcements at the appropriate time.

12. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders in the Shares of the Company, as at the Latest Practicable Date, are as follows:-

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Neo Kah Kiat	112,151,850	76.112	8,064,000 ⁽¹⁾	5.473	120,215,850	81.585
Liew Oi Peng	8,064,000	5.473	112,151,850 ⁽²⁾	76.112	120,215,850	81.585
Yeo Kok Tong	92,600	0.063	20,000 ⁽³⁾	0.014	112,600	0.076
Tan Lye Huat	-	-	-	-	-	-
Ng How Hwan, Kevin	-	-	-	-	-	-
Substantial Shareholders						
Neo Kah Kiat	112,151,850	76.112	8,064,000 ⁽¹⁾	5.473	120,215,850	81.585
Liew Oi Peng	8,064,000	5.473	112,151,850 ⁽²⁾	76.112	120,215,850	81.585

LETTER TO SHAREHOLDERS

- (1) Mr Neo Kah Kiat is deemed to be interested in the Shares held by his spouse, Ms Liew Oi Peng.
- (2) Ms Liew Oi Peng is deemed to be interested in the Shares held by her spouse, Mr Neo Kah Kiat.
- (3) Mr Yeo Kok Tong is deemed to be interested in the Shares held by his spouse.

None of the Directors and Controlling Shareholders has any interest, direct or indirect, in the Proposed Diversification, other than through their respective shareholdings in the Company as disclosed above.

13. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, *inter alia*, the rationale for the Proposed Diversification, as set out above in this Circular, are of the opinion that the Proposed Diversification is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

14. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, will be held by electronic means on 24 September 2020 at 10.00 a.m. (or immediately following the conclusion or adjournment of the AGM to be held at 9:30 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without any modification, the Proposed Diversification set out in the Notice of EGM.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in the Republic of Singapore, Shareholders will not be able to attend the EGM in person.

Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

Please refer to the Company's announcement dated 2 September 2020 titled "Notice To Shareholders Regarding The Company's Annual General Meeting And Extraordinary General Meeting On 24 September 2020" for further information, including the steps to be taken by Shareholders to participate at the EGM. This announcement may be accessed on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://www.neogroup.com.sg/investors/announcements.html>.

Printed copies of the Notice of EGM, this Circular and the proxy form will be mailed to Shareholders. The Notice of EGM, this Circular and the Proxy Form have also been uploaded on SGXNet at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://www.neogroup.com.sg/investors/announcements.html>.

LETTER TO SHAREHOLDERS

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 the Circular in its proper form and context.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the current registered office of the Company at 1 Enterprise Road Singapore 629813, during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) The FY2020 Annual Report of the Company; and
- (b) The Constitution of the Company.

Shareholders who wish to inspect these documents at the Company's registered office are required to send an email request to ir@neogroup.com.sg to make an appointment in advance. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one time and such arrangements are subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

Yours faithfully
For and on behalf of the Board of Directors of
NEO GROUP LIMITED

Neo Kah Kiat
Chairman and CEO



NEO GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 201207080G)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Neo Group Limited (the “**Company**”) will be convened and held by electronic means on Thursday, 24 September 2020 at 10.00 a.m. (Singapore time) (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) for the purposes of considering and, if thought fit, passing the resolution set out below.

All capitalised terms used in this notice which are not defined herein shall have the meanings given to them in the circular dated 2 September 2020 to Shareholders (the “**Circular**”).

ORDINARY RESOLUTION - PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF THE GROUP TO INCLUDE THE NEW BUSINESS

That:

- (a) approval be and is hereby given for the diversification by the Group of its Existing Business to include the business of property development, property investment and property management as described in Section 2.2 of the Company’s circular to the Shareholders dated 2 September 2020 (the “**New Business**”), and any other activities related to the New Business;
- (b) the Company be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares or interests in any entity that is in the New Business on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to such investment, purchase, acquisition or disposal; and
- (c) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this ordinary resolution as they or he may think fit.

By Order of the Board
Neo Group Limited

Neo Kah Kiat
Chairman and Chief Executive Officer

2 September 2020

Notes:

- (1) The Extraordinary General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice will be made available by electronic means via publication on the Company’s website at the URL <http://www.neogroup.com.sg/investors/announcements.html> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

- (2) Alternative arrangements relating to attendance at the Extraordinary General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Extraordinary General Meeting, addressing of substantial and relevant questions at the Extraordinary General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Extraordinary General Meeting, are set out in the accompanying Company's announcement dated 2 September 2020. This announcement may be accessed at the Company's website at the URL <http://www.neogroup.com.sg/investors/announcements.html>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (3) Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting if such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting. The accompanying proxy form for the Extraordinary General Meeting may be accessed at the Company's website at the URL <http://www.neogroup.com.sg/investors/announcements.html>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

The Supplementary Retirement Scheme ("SRS") investors who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective SRS Operators to submit their votes at least seven (7) working days before the Extraordinary General Meeting, in order to enable their respective SRS Operators to submit proxy forms on their behalf not less than 72 hours before the time appointed for holding the Extraordinary General Meeting.

- (4) The Chairman of the Meeting, as proxy, need not be a member of the Company.
- (5) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, addressing the envelope to "The Share Registrar of Neo Group Limited"; or
 - (b) if submitted electronically, be sent via email to the Company's Share Registrar at AGM.TeamE@boardroomlimited.com.

in either case not less than seventy-two (72) hours before the time appointed for holding the Extraordinary General Meeting.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.



NEO GROUP LIMITED

Registration Number: 201207080G
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:

1. The Extraordinary General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice will be made available by electronic means via publication on the Company's website at the URL <http://www.neogroup.com.sg/investors/announcements.html> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Extraordinary General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Extraordinary General Meeting, addressing of substantial and relevant questions at the Extraordinary General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Extraordinary General Meeting, are set out in the accompanying Company's announcement dated 2 September 2020. This announcement may be accessed at the Company's website at the URL <http://www.neogroup.com.sg/investors/announcements.html>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting if such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting.**
4. The Supplementary Retirement Scheme ("SRS") investors who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective SRS Operators to submit their votes at least seven (7) working days before the Extraordinary General Meeting, in order to enable their respective SRS Operators to submit proxy forms on their behalf not less than 72 hours before the time appointed for holding the Extraordinary General Meeting.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 2 September 2020.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting.**

I / We, _____ (Name), _____ (NRIC/Passport/Co Reg No.)

of _____ (Address)

being a member/members of Neo Group Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company ("**Extraordinary General Meeting**") of the Company to be convened and held by way of electronic means on Thursday, 24 September 2020 at 10.00 a.m. (Singapore time) (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) and at any adjournment thereof in the following manner:

No.	Resolution	For	Against	Abstain
ORDINARY RESOLUTION				
1.	To approve the Proposed Diversification			

NOTE: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a tick (✓) in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with a tick (✓) in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

* Delete accordingly

Dated this _____ day of _____, 2020

Total Number of Shares Held

.....
Signature(s) of Member(s)/ Common Seal

IMPORTANT: Please read notes overleaf

Notes:-

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. **Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting if such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting.** This proxy form may be accessed at the Company's website at the URL <http://www.neogroup.com.sg/investors/announcements.html>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
SRS investors who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective SRS Operators to submit their votes by 5.00 p.m. on 14 September 2020, in order to enable their respective SRS Operators to submit proxy forms on their behalf not less than 72 hours before the time appointed for holding the Extraordinary General Meeting.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, addressing the envelope to "The Share Registrar of Neo Group Limited"; or
 - (b) if submitted electronically, be sent via email to the Company's Share Registrar at AGM.TeamE@boardroomlimited.com.in either case not less than seventy-two (72) hours before the time appointed for holding the Extraordinary General Meeting. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.
5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The Company shall be entitled to reject an instrument appointing the Chairman of the Meeting a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument appointing the Chairman of the Meeting as proxy which has been lodged or submitted if such member is not shown to have shares entered against his name in the Depository Register at least 72 hours before the time appointed for the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line

**Affix
Postage
Stamp Here**

The Share Registrar of
NEO GROUP LIMITED

BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

