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## ACQUISITION OF ADDITIONAL SHARES IN THONG SIEK GLOBAL PTE. LTD.

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### 1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Neo Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement (“**SPA**”) with Mr Lim Boon Chay (“**Vendor**”) today to acquire an additional 330,000 ordinary shares (“**Sale Shares**”) representing as at the date of this announcement, approximately 25.7% equity interest in Thong Siek Global Pte. Ltd. (“**TSG**” and together with its subsidiaries, the “**TSG Group**”) for a cash consideration of S\$3.85 million (“**Purchase Consideration**”) (“**Acquisition**”).

### 2. BACKGROUND INFORMATION OF THE TSG GROUP

TSG Group is involved in the manufacturing and sale of seafood-based products such as fish balls, crabsticks and other surimi-based products through two production facilities operating in Senoko, Singapore and Johor Bahru, Malaysia. Its products are sold in Singapore, Malaysia, and distributed overseas to other parts of Asia and many other countries (including Australia, Europe and United States of America).

The net profit before income tax, minority interests and extraordinary items of TSG Group for the financial year ended 31 March 2018 (“**FY2018**”) was approximately S\$1.5 million. The net profits attributable to the Sale Shares is therefore approximately S\$0.39 million.

The latest available unaudited book value and net tangible asset value attributable to the Sale Shares as at 30 June 2018 is S\$1.2 million. No independent valuation was conducted on the Sale Shares.

### 3. PURCHASE CONSIDERATION

The Purchase Consideration was based on, *inter alia*, the initial valuation at which the Company invested into TSG, the historical results and net book value of the TSG Group.

S\$2.0 million of the Purchase Consideration has been paid by cheque to the Vendor. The Vendor has nominated subsidiaries of the Purchaser to receive a portion of the Purchase Consideration, in settlement of amounts due from the Vendor to the subsidiaries of the Purchaser (“**Vendor Debt**”). The balance of the Purchase Consideration after deducting the Vendor Debt (“**Remaining Payment**”) shall be made payable to the Vendor by way of a cheque on or about 30 April 2019.

#### 4. RATIONALE FOR THE ACQUISITION

The Acquisition presents an opportunity for the Group to acquire additional shares in its manufacturing business. This would enable the Group to reap a larger share of the synergies between the Group's various businesses and TSG Group's food manufacturing business.

#### 5. SERVICE AGREEMENT

There are no directors proposed to be appointed to the Company in connection with the Acquisition. Accordingly, there are no service contract entered into between the Company and any such person.

#### 6. RELATIVE FIGURES UNDER RULE 1006

<b>Rule 1006(a)</b>	
The net asset value of the assets to be disposed of compared with the Group's net asset value	Not applicable <sup>(1)</sup>
<b>Rule 1006(b)</b>	
The net profit <sup>(2)</sup> attributable to the assets acquired compared with the Group's net profit <sup>(2)</sup>	11.8% <sup>(3)</sup>
<b>Rule 1006(c)</b>	
The aggregate value of the consideration given or received compared with the Company's market capitalisation on 26 October 2018 (based on the total number of issued Shares excluding treasury Shares), being the last market day on which the Shares were traded preceding the date of the SPA	6.1% <sup>(4)</sup>
<b>Rule 1006(d)</b>	
The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable <sup>(1)</sup>

Rule 1006(e)	
The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not an acquisition of such assets	Not applicable <sup>(1)</sup>

**Notes:**

- (1) This basis is not applicable to the Acquisition.
- (2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit before income tax, minority interests and extraordinary items.
- (3) Based on the consolidated net profit attributable to 25.7% of TSG of approximately S\$0.39 million and consolidated net profit of the Group of approximately S\$3.3 million for FY2018.
- (4) Based on the Purchase Consideration of S\$3.85 million and the Company's market capitalization of approximately S\$62.9 million (based on 147,350,959 Shares in issue and the VWAP of S\$0.427 per Share of the Company on 26 October 2018 (being the last market day on which the Shares were traded preceding the date of the SPA).

Based on the above figures, the Acquisition constitutes a "disclosable transaction" under Rule 1010 of the Catalist Rules.

## 7. FINANCIAL EFFECTS OF THE ACQUISITION

The pro forma financial effects are presented for illustrative purposes only and are not intended to reflect the actual future financial position of the Group following the completion of the Acquisition.

### NTA per Share

The financial effects of the Acquisition on the NTA per share in the ordinary share capital of the Group ("**NTA Per Share**") are computed assuming that the Acquisition was completed on 31 March 2018:

	<b><u>Before the Acquisition</u></b>	<b><u>After the Acquisition</u></b>
NTA (S\$'000)	21,315	21,574
Number of Shares	145,907,100	145,907,100
NTA per Share (S\$ cents)	14.61	14.79

## EPS

The financial effects of the Acquisition on the earnings per Share (“EPS”) of the Group are computed assuming that the Acquisition was completed on 1 April 2017:

	<b><u>Before the Acquisition</u></b>	<b><u>After the Acquisition</u></b>
Profit attributable to owners of the Company (S\$'000)	3,630	3,979
Weighted average number of Shares	145,907,100	145,907,100
EPS (S\$ cents)	2.49	2.73

## **8. FINANCING AND COMPLETION**

The Acquisition was funded through internal resources. As a result of the Acquisition, the Company’s equity interest in TSG has increased from 707,143 ordinary shares to 1,037,143 ordinary shares. Accordingly, TSG is now an 80.7%-owned subsidiary of the Company.

## **9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Acquisition (other than through their respective shareholdings in the Company, if any).

## **10. DIRECTORS’ RESPONSIBILITY STATEMENT**

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



## 11. CAUTIONARY STATEMENT

Shareholders of the Company (“**Shareholders**”) are advised to exercise caution when trading in the shares of the Company in relation to this announcement. When in doubt as to the action that they should take, Shareholders should consult their financial, tax or bank or other advisers.

## 12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Company’s registered office at 1 Enterprise Road, Singapore 629813 for three months after the date of this announcement.

By Order of the Board

**Neo Kah Kiat**

Chairman and Chief Executive Officer  
Neo Group Limited

31 October 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore branch (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

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

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