



NEO GROUP LIMITED
(the “Company”)
Company Registration No. 201207080G
(Incorporated in the Republic of Singapore)

- (1) **PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS TO INCLUDE PROPERTY DEVELOPMENT, PROPERTY INVESTMENT AND PROPERTY MANAGEMENT**
 - (2) **JOINT VENTURE**
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1 INTRODUCTION

The Board of Directors (the “Board”) of Neo Group Limited (the “Company”), and together with its subsidiaries (the “Group”), wishes to announce that the Company:

- (a) 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 (the “Proposed Diversification”) will include the activities of property development, property investment and property management; and
- (b) in connection with the Proposed Diversification, has on 28 August 2020 entered into a joint venture agreement (the “JVA”) with Boldtek Holdings Limited (“BHL”, and collectively with the Company, the “Parties”). Pursuant to the JVA, the Parties intend to establish a joint venture company (“JV Company”), to be incorporated in Singapore to carry out the business of property development, property investment and property management, or such other businesses as the Parties may agree from time to time (the “Joint Venture”).

The Company intends to convene an extraordinary general meeting (“EGM”) to seek approval of the shareholders for the Proposed Diversification.

2 PROPOSED DIVERSIFICATION

2.1 Information regarding the 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,

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.

2.2 Rationale for the Proposed 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.

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.

2.3 Shareholders' Approval

The Proposed Diversification will involve a new business which is substantially different from the Existing Business. 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. Pursuant to the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"), shareholders' approval is required for the Proposed Diversification. Accordingly, an EGM will be convened by the Company to seek approval from the shareholders for the Proposed Diversification.

Further details on the Proposed Diversification will be set out in a circular to be issued by the Company to the shareholders in due course, for the purpose of obtaining the approval of shareholders in respect of the Proposed Diversification at the EGM to be convened. The EGM will allow Shareholders the opportunity to communicate their views on the Proposed Diversification, and consider, if thought fit, to approve the Proposed Diversification.

3 JOINT VENTURE

3.1 INFORMATION ON THE JOINT VENTURE PARTNER

BHL and its subsidiaries (the "**BHL Group**") were listed on the Catalist Bourse of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 18 January 2013, and have business interests in general building, precast manufacturing, and properties development and investment in Singapore and/or Malaysia.

In relation to the general building business, BHL Group provides building construction services and interior decoration / fitting out services in Singapore, with more than 25 years' experience in the



construction business in Singapore, having undertaken numerous public and private projects as a main contractor.

For its precast manufacturing business, BHL Group operates a precast manufacturing plant in Malaysia, and products from the precast plant will serve BHL Group's public and private residential, industrial or commercial projects in Singapore and external customers in Singapore and Malaysia.

In relation to the property development and investment business, BHL Group has industrial properties for sale, and holds industrial land, in Malaysia.

BHL Group also has interests in the soil investigation and treatment business, where together with its joint venture partners, it undertakes soil investigation and treatment activities.

Prior to the Joint Venture, BHL and its shareholders were independent and unrelated parties to the Group, and the Company's directors, chief executive officers and controlling shareholders, and have had no prior business, commercial or trade dealings with the Group.

3.2 SALIENT TERMS OF THE JVA

3.2.1 Condition Precedent

The JVA has been entered into in connection with the Proposed Diversification. Accordingly, the JVA is, and the obligations of the Parties under the JVA are, conditional upon approval having been granted by the shareholders of the Company for the proposed diversification of the existing business of the Company to include the business of property development, property investment and property management. If such condition precedent is not satisfied by 31 December 2020 (or such other date as the Parties may agree in writing) then the JVA shall terminate.

3.2.2 Formation of the Company and Share Capital

Upon satisfaction of the condition precedent and pursuant to the JVA, each of the Parties shall subscribe for such number of new shares in the JV Company such that upon completion of the subscription, the JV Company 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 JV Company shall be as follows:

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

3.2.3 Business of the JV Company

The purpose of the joint venture is for the JV Company to carry out the business of property development, property investment and property management, or such other businesses as the Shareholders may agree from time to time.

3.2.4 Potential Opportunities

The shareholders of the JV Company 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 JV Company and the JV Company shall have a first right to undertake and/or participate in such opportunity.

3.3 RATIONALE FOR AND BENEFITS OF THE JOINT VENTURE

The Board believes that the Joint Venture is in the best interests of the Company as it will further the Company's intention to carry out the proposed New Business in connection with the Proposed Diversification, the rationale for which has been explained in paragraph 2.2 above. In addition, the Board believes that the proposed Joint Venture will enable the Group to leverage off the expertise, business networks and resources of BHL, as well as to reduce risks and burden of the proposed New Business on the Group.

3.4 FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

The Proposed Subscription under the JVA, will be funded through internal resources and, at present, is not expected to have any material impact on the net tangible assets per share and

earnings per share of the Group for the current financial year ending 31 March 2021, as the subscription value into JV Company is negligible.

4 INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

None of the directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Diversification and Joint Venture, other than through their respective shareholdings in the Company.

5 SERVICE AGREEMENT

There are no persons who are proposed to be appointed as a Director of the Company in connection with the Proposed Diversification and Joint Venture. Accordingly, no service contract is proposed to be entered into between the Company and such person.

6 EGM AND CIRCULAR TO SHAREHOLDERS

Implementation of the Proposed Diversification and Joint Venture are conditional upon Shareholders' approval of the Proposed Diversification to include the New Business, at the EGM.

A circular containing, *inter alia*, the notice of the EGM and the details of the Proposed Diversification and Joint Venture will be dispatched to Shareholders in due course. The Company will make further announcements at the appropriate time.

7 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 Proposed Diversification and Joint Venture, 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.

8 FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Diversification and the Joint Venture, as appropriate or when there are developments on the same.

9 CAUTION IN TRADING

As at the date of this announcement, shareholders should be cautioned that there is no assurance that the Proposed Diversification or Joint Venture will proceed or proceed on its present terms. The JVA may also be terminated by mutual agreement of the parties thereto.

Shareholders and potential investors are advised to read this announcement, the circular to be issued by the Company and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when trading or dealing in their shares of the Company. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers, if they have any doubts about the actions they should take.

10 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JVA will be available for inspection during normal business hours at the registered office of the Company at 1 Enterprise Road Singapore 629813 for a period of 3 months from the date of this announcement.

Shareholders of the Company who wish to inspect this document 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 this document 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.

BY ORDER OF THE BOARD

Neo Kah Kiat
Chairman and Chief Executive Officer
28 August 2020

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"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes 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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