

NEWS RELEASE

NEO GROUP ACHIEVES NET PROFIT OF S\$2.5 MILLION IN 6M2015 WITH GROWTH IN FOOD CATERING AND FOOD RETAIL BUSINESSES

- **Revenue continues growth to S\$28.0 million in 6M2015, 21.2% higher than in 6M2014;**
- **Food Retail Business widens retail outlets to 27 islandwide;**
- **Doubling of capacity with completion in the expansion of Centralised Kitchen at 1 Enterprise Road;**
- **Proposes interim dividend of 1.05 SGD cents per share, representing a dividend payout ratio of 60.0%.**

SINGAPORE – 10 September 2014 – Neo Group Limited ("Neo Group" or together with its subsidiaries, the "Group") (梁苑集团有限公司), a leading food catering group in Singapore, today reported that it has achieved a net profit of S\$2.5 million for the six months ended 31 July 2014¹ ("6M2015"). Revenue was lifted 21.2% to S\$28.0 million by an increase in sales for the Food Catering Business and Food Retail Business, up from S\$23.1 million for the six months ended 31 July 2013 ("6M2014").

¹ On 16 May 2014, the Board of Directors (the "Board") of Neo Group Limited (the "Company" and together with its subsidiaries, collectively the "Group") announced the change of its financial year end from 31 January to 31 March. Following the change in financial year end, the current financial year will cover a period of 14 months from 1 February 2014 to 31 March 2015 ("FY2015").

Founder, Chairman and CEO Mr Neo Kah Kiat (梁佳吉) said, “The Group has achieved a sturdy bottomline for 6M2015. The appetite for Neo Group’s leading catering services and quality food has grown as part of our efforts in broadening our income streams through the introduction of new menus, brands and concepts. In the last few months, we have added tasty bites through three new brand concepts – Best Catering, isscho izakaya and NANAMI UDON. We have also added several new menus within each of our award-winning brands under Neo Garden, Orange Clove, Deli Hub and umisushi.

“Our Food Catering business continues to do well. For instance, Orange Clove is seeing a strong demand from corporates, with our services being fully booked during peak seasons. In line with our strategy to capture a wide spectrum of market segments, we are delighted that our premium Orange Clove brand has been appointed as one of the official caterers for Singapore Expo and The Star Performing Arts Centre.

“For our Food Retail business, we now have 25 umisushi outlets, 1 isscho izakaya and 1 NANAMI UDON serving more ocean freshness islandwide in Singapore.

“Our new 75,000 square feet premise at 1 Enterprise Road allows us to consolidate and strengthen our operations and logistics, which will bring us greater cost savings and efficiency. Our sizeable increase in space will allow us to purchase new and advanced machineries to drive up productivity and double our business capacity. This will enable us to maintain our consistency in food quality and enhance hygiene standards. We have also strengthened our logistics team with an investment in delivery vehicles. We always believe in investing in our people. In the last 6 months, we have expanded, and will continue to grow our sales, operations, and logistics teams to drive business growth and enable our business to soar to greater heights.”

Financial Performance

Food Catering business grew by 17.3% or approximately S\$3.0 million mainly due to an increase in social catering events and an increase in market share for corporate and government sectors in 6M2015. With higher delivery sales and the commencement of new outlets, our Food Retail business also did well, growing 29.9%. Overall, revenue increased 21.2% to S\$28.0 million in 6M2015.

Net profit in 6M2015 was S\$2.5 million as compared to S\$2.8 million in 6M2014 mainly due to the bottomline not capturing the full length of Chinese New Year season in the period as well as an increase in sales team and in advertising to drive business growth.

Based on its latest set of results, the Group achieved Earnings per Share (“EPS”) of 1.75 SGD cents per share and Net Asset Value (“NAV”) per share of 14.2 SGD cents as at 31 July 2014. Both EPS and NAV are based on 144 million ordinary shares in issue during the period.

Proposed Dividend

In line with the Group’s commitment to recommend and distribute dividends of not less than 60% of its net profits attributable to shareholders in each of FY2013 and FY2014, the Directors are pleased to propose a tax-exempt interim dividend of 1.05 SGD cent per share for 6M2015.

Capacity Increase to Tap on Positive Industry Outlook

Looking ahead, with increasing affluence, completion of new HDB homes and growing MICE events to drive industry demand, the Group remains optimistic of the industry outlook, and has made good progress in the implementation of growth plans.

For its Food Catering Business, the Group will continue to create new business units with new catering brands as well as concepts, which include the enhancement of menus at various pricing levels. For its Food Retail Business, the Group is confident and on track to achieve its target of 30 retail outlets by 2016 in Singapore. The Group will also be exploring joint venture opportunities and increasing its delivery fleet. At the same time, the Food and Catering Supplies Business will consolidate procurement, better manage quality and cost, and increase purchasing of food supplies to further derive cost-savings.

Added Mr. Neo, "I strongly believe that the catering industry is a sunrise industry that is going through a consolidation process, which will benefit especially the bigger players.

"We have an experienced team in Food Catering and Food Retail and a customised technology infrastructure implemented seamlessly across our kitchens, sales offices and delivery network. With the centralised kitchen, we will be able to meet the demand for 15,000 to 30,000 guests each day, create further operational synergies and double our capacity.

"We are able to achieve cost-savings and leverage on existing resources to achieve economies of scale. An instance of this is our newly established subsidiary, I DO Flowers and Gifts, which is staffed by veteran florists with over 20 years of experience. In addition to many cross-selling opportunities with our core Food Catering business, our florists will be able to tap on existing technology and logistical support to provide flowers and gifts for a variety of occasions.

"Given our highly scalable business and the positive drivers of growth in the industry, we are excited about the sustainability and prospects of our business."

Barring unforeseen circumstances and business conditions, the Group expects to remain profitable in FY2015.

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About Neo Group Limited

Neo Group Limited is a leading food catering group in Singapore. Established since 1992, the Group possesses an award-winning track record and is one of the most recognised brand names in Singapore. In 2012, the Group was ranked by Euromonitor as the number one events caterer² in Singapore for 2011.

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

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

For the Food Retail Business, the Group operates a chain of 25 umisushi outlets across Singapore and 1 licensed outlet in Jakarta, Indonesia, as of 31 August 2014. It serves a variety of high-quality Japanese food at affordable prices at convenient locations. The Group also operates issho izakaya, a Japanese drinking and dining establishment and NANAMI UDON, which offers favourite Japanese Tempura and Udon meals at great value and convenience.

To support the logistic needs of its Food Catering and Food Retail businesses, the Group's Food and Catering Supplies Business sources for ingredients and materials directly from manufacturers and distributors to ensure that its kitchens receive its supplies most economically, in a timely manner. It also supplies ingredients and Japanese food products to third parties.

² Based on a report "Events Catering Services Singapore" dated April 2012 prepared by Euromonitor International Limited. "Events Catering" means food catering services provided for social or corporate events only.

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

IMPORTANT NOTICE

This news release 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 relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this document.

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

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079/14/005/NGL

10 September 2014