

NEWS RELEASE

NEO GROUP FY2016 REVENUE SOARS 62.0% TO S\$125.4 MILLION; CONTINUES TO REIGN AS SINGAPORE'S NO. 1 EVENTS CATERER¹

- ***Achieves record revenue following recent synergistic acquisitions***
- ***Market share rises to 14.7% in 2016 from 10.0% in 2014, retains No.1 spot since 2011***
- ***Topline lifted by sustained growth in core Food Catering revenue and maiden contribution from newly-acquired subsidiaries***
- ***Proposes one-tier tax-exempt final cash dividend of 1.00 Singapore cent per share***

Financial Highlights

S\$'M	FY2016 ²	14M 2015 ³	Change (%)
Revenue	125.4	77.4	62.0
Profit before income tax	5.2	8.8	(40.9)
Net profit	4.2	7.4	(42.9)
Earnings per share	4.18	5.14	(18.7)
(SGD cents)	31 Mar 2016	31 Mar 2015	Change (%)
Net asset value per share	20.97	16.79	24.9

¹ As defined in Euromonitor International report, 'Events Catering Services in Singapore', dated April 2016 whereby events catering refers to food catering services provided for social or corporate events only and is based upon customer value sales

² FY2016 refers to the financial year ended 31 March 2016

³ 14M 2015 refers to the 14-month financial period from 1 February 2014 to 31 March 2015

SINGAPORE – 26 May 2016 – Singapore’s leading caterer, Neo Group Limited ("**Neo Group**", 梁苑集团有限公司, or together with its subsidiaries, the "**Group**"), announced today revenue of S\$125.4 million for the 12-month period ended 31 March 2016 ("FY2016"), surpassing its earlier record of S\$77.4 million for the 14-month period ended 31 March 2015 ("14M 2015").

The integrated catering solutions provider also retained its leading market position as Singapore’s No.1 Events Caterer with a rise in its market share to 14.7% in 2016 within a \$409 million catering industry. This compared to its 10.0% market share within a \$360 million industry in 2014, according to a study conducted by Euromonitor dated April 2016.

Neo Group’s Founder, Chairman and CEO Mr Neo Kah Kiat (梁佳吉) said, “We are proud to have successfully crossed the ‘S\$100 million’ benchmark for the first time, a record for us, as we continued to exert dominance in the market. In FY2016, we’ve enhanced our value proposition as an end-to-end food and catering solutions provider through our recent synergistic acquisitions and believe we are better equipped to capture more of the market, and poised to expand overseas, leveraging on TSH Group’s global network.”

Financial Performance

The Group reported a 62.0% topline growth, mainly lifted by S\$37.3 million of maiden 10-month revenue from its Food Manufacturing subsidiary, Thong Siek Holdings Pte Ltd. and its subsidiaries ("TSH Group") – which owns the popular “DoDo” brand of fishballs; and S\$7.5 million of 5-month revenue contribution from Food Trading subsidiary, CT Vegetables & Fruits Pte Ltd and its subsidiaries (“CTVeg Group”).

Consistent revenue growth from its core Food Catering segment also boosted the Group's topline – segment revenue rose 9.4% to S\$62.7 million in FY2016 compared to S\$57.3 million in 14M 2015, driven by effective marketing on broadcast and print advertising, as well as SG50 promotions. On a 12-month annualised basis, from April 2014 to March 2015 (“12M 2015”), Food Catering revenue increased 27.1%.

On an annualised basis, Food Retail revenue rose 3.9% to S\$17.5 million in FY2016 from S\$16.8 million in 12M 2015, driven by growth in delivery sales. The segment was impacted by decreased footfall due to adverse news reports relating to the Group B Streptococcus (GBS) bacterial infection and a prolonged spell of haze.

Neo Group also reported a 246.1% increase in Other Income to S\$7.4 million in FY2016 due to fair value uplift of properties, which resulted in a gain from bargain purchase on the acquisition of CTVeg Group, a gain on disposal of property, increase in government grants and rental income.

With an increase advertising expenses to raise visibility, coupled with a rise in expenses due to consolidation of the newly-acquired subsidiaries and one-off business expansion costs such as professional and legal fees incurred relating to the M&A activities, Neo Group reported FY2016 net profit of S\$4.2 million compared to S\$7.4 million in 14M 2015.

As a result of the above, Neo Group's profit after income tax attributable to the owners of the parent decreased 18.1% to \$6.1 million in FY2016 from S\$7.4 million in 14M 2015, while the net loss attributable to non-controlling interests was S\$1.8 million. On an annualised basis, profit after income tax attributable to the owners of the parent increased 13.9%.

Based on an issued share capital of 145,907,100 ordinary shares, the Group's earnings per share slid to 4.18 Singapore cents from 5.14 Singapore cents in 14M 2015 while net asset value per share was boosted to 20.97 Singapore cents as at 31 March 2016 from 16.79 Singapore cents as at 31 March 2015.

Proposed Dividend

To thank shareholders for their continued support, the Directors have proposed a one-tier tax-exempt final cash dividend of 1.00 Singapore cent per share.

Outlook & Future Strategies

On Neo Group's outlook, Mr Neo commented, "We continue to be very focused in driving organic growth through our strong brands and market leadership, as we work to enhance margin efficiencies through our emphasis on process automation and innovation, especially in this challenging climate. That said, we remain optimistic on our outlook, as we continue to serve up the best versions of ourselves by continually pushing boundaries for greater business excellence. We aim to be a global player in the food industry, beyond being the top caterer in Singapore."

For its core Food Catering business, Neo Group will continue to drive growth and capture more market share through its portfolio of strong brands, and aggressively pursue corporate clients and venue partnerships for sustainable growth.

For its Food Retail segment, the Group is reviewing pricing strategies while watching costs very closely for its outlets, as it looks to consolidate the retail network and streamline processes in stores to optimise margin efficiencies.

To boost business volume, the Group is tailoring its offerings to the unique demographics of each Food Retail store, constantly refreshing product and service mix to engage customers and working with external partners in addition to its existing delivery fleet to drive delivery sales.

The newly-acquired Food Trading business segment has contributed healthy recurring top- and bottom-line and allowed Neo Group to enjoy substantial cost savings of at least 20%. CT Veg Group now meets 100% of Neo Group's fruits and vegetables needs, allowing it to have full control over cost and quality.

On the Food Manufacturing front, Mr Neo said, “TSH has strong market leadership and a global network we can tap on to expand overseas. Our synergistic acquisition of TSH Group has also allowed us to significantly reduce costs for surimi-based products. We are also leveraging on their food manufacturing expertise to gradually fully-automate our kitchen processes for greater consistency and productivity.”

“As with every acquisition, there is a gestation period required to fully achieve back-end integration in order for synergies and economies of scale to start kicking in, and we’ve wasted no time in setting the stage for TSH Group’s turnaround.”

In line with its strategy to improve TSH Group’s performance, Neo Group had announced that TSH Group’s existing facility will be moved to a new enlarged facility that will allow for greater cost savings and operational synergies.

At 14,807.2 square metres, the new facility is almost 2.5 times the size of the existing facility that is almost at maximum utilisation. The added space will allow for automation projects and machinery upgrades, while the existing cold room facility in the new premises is expected to generate significant rental savings.

“Apart from leveraging on Neo Group’s promotional activities and marketing expertise to strengthen its brand and enlarge market share, we are also looking at refining TSH Group’s pricing strategies to optimise margins, as well as exploring opportunities to expand its presence overseas where there is less competition and possibly higher margins. We also intend to scale up our B-to-C initiatives to strengthen TSH Group’s recurring income streams when the new Senoko facility is ready,” Mr Neo said.

Barring unforeseen circumstances and depending on how quickly the Group is able to successfully integrate its new acquisitions, the Directors believe that the Group’s businesses are expected to remain profitable.

Note: This press release is to be read in conjunction with the related mandatory announcement released by Neo Group Limited on SGXNET on 26 May 2016.

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. The Group has been ranked as the number one events caterer in Singapore since 2010⁴ and owns an integrated value chain to provide one-stop food and catering solutions.

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

Under its Food Catering Business, the Group operates four brands – 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, 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 more than 25 outlets across Singapore and a licensed outlet in Jakarta, Indonesia, as of 31 January 2016. It serves a variety of high-quality and affordable Japanese food at convenient locations.

The Group also operates *issho izakaya*, a Japanese drinking and dining establishment and NANAMI UDON, which offers well-liked Japanese Tempura and Udon meals at great value and convenience.

⁴ As defined in Euromonitor International report, 'Events Catering Services in Singapore', dated April 2016 whereby events catering refers to food catering services provided for social or corporate events only and is based upon customer value sales

Neo Group also owns complementary businesses including *Choz* – which offers traditional Chinese wedding and baby full-month celebration cakes, assorted *nonya kuehs* and traditional handmade snacks for every occasion – and specialty 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 of budgets.

To support the logistical needs of its businesses, the Group's Food and Catering Supplies Business sources for ingredients and materials directly from manufacturers and distributors to ensure higher quality control within the Group, as well as timely deliveries. It also supplies ingredients and Japanese food products to third parties.

Through upstream acquisitions of Thong Siek Holdings – manufacturer, distributor and retailer of surimi-based seafood products and the popular “DoDo” brand of fishballs – and CT Vegetables & Fruits Pte Ltd that trades over 300 varieties of fruits and vegetables to a wide customer base, Neo Group is able to enhance its value chain to provide one-stop food and catering solutions to customers.

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 Singapore Exchange Securities Trading Limited (“SGX-ST”), Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this news release.*

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

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