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## DISPOSAL OF PROPERTY AT 14 SENOKO WAY SINGAPORE 758035

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### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of Neo Group Limited (the “**Company**”) wishes to announce that Thong Siek Holdings Pte. Ltd. (“**TSH**”), a 55%-owned subsidiary of the Company through Thong Siek Food Industry Pte. Ltd. (“**TSF**”), a wholly-owned subsidiary of TSH has accepted an offer from Jurong Town Corporation (“**JTC**”) in relation to the disposal of 14 Senoko Way (the “**Property**”) for a cash consideration of S\$10.0 million (the “**Disposal**”) and the Disposal was completed on 1 November 2016.

### 2. INFORMATION OF THE PROPERTY

The Property is located at 14 Senoko Way Singapore 758035 with a total land area of 6,159.8 square metres. The remaining lease (including further term) of the Property with JTC expires in year 2053.

### 3. CONSIDERATION

The total consideration for the Property is S\$10.0 million (the “**Consideration**”) excluding Goods and Services Tax (“**GST**”) which shall be satisfied wholly in cash upon completion of the Disposal.

The Consideration was arrived at pursuant to arm’s length negotiations between TSF and JTC on a willing buyer willing seller basis, after taking into consideration, *inter alia*, the business prospects of TSF, the prevailing economic conditions affecting the property market and the rationale for the disposal as disclosed in paragraph 4 below.

### 4. RATIONALE FOR THE DISPOSAL AND USE OF PROCEEDS

The Company is of the view that the Disposal will be in the best interests of TSF for the following reasons:

- a) Pursuant to the successful completion for the acquisition of property at 22 Senoko Way on 30 June 2016, the existing Property in which TSF is located is no longer required;
- b) The Disposal will enable TSF to realise the value of the Property and improve the overall cash flow position of TSF. There shall be no impact on the daily business operations since TSF will lease back the Property from JTC for a period of 6 months from 1 November 2016 to 30 April 2017 at a concessionary rate, to smoothen the relocation from 14 Senoko Way to 22 Senoko Way;
- c) Existing banking facilities under TSF will be restructured, and at the same time to reduce term loan and monthly interest expenses incurred;
- d) In view of overall property market and business sentiments were likely to be remained subdued, and TSF had tried their best to source for potential buyers in the open market prior to accept JTC offer at a price which is lower than the carrying amount of the Property, since the Property is no longer a core property of the Group; and
- e) The Company intends to utilise the proceeds from the Disposal to reduce our current bank borrowings of the Group.

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## 5. FINANCIAL EFFECTS OF THE DISPOSAL

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2016 (“FY2016”), the carrying amount of the Property as at 31 March 2016 was approximately S\$15,454,000 and the Disposal is expected to result in a loss on disposal of approximately \$5,454,000. The net proceeds from the Disposal was approximately \$3,518,000.

The table illustrates the financial effects of the Disposal on the net tangible assets (“NTA”) per share and the earnings per share (“EPS”) of the Group based on the latest audited consolidated financial statements of the Group for FY2016 and assuming that the Disposal took place, in respect of the consolidated statement of comprehensive income on 1 April 2015, and in respect of the statement of financial position of the Group on 31 March 2016.

### 5.1 NTA per share

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	S\$20,989	S\$15,683
<b>NTA per share (cents)</b>	<b>14.39</b>	<b>10.75</b>

**Note:**

(1) NTA per share is calculated based on the total number of issued ordinary shares as at 31 March 2016.

### 5.2. EPS

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to shareholders (S\$'000)	S\$6,062	S\$756
<b>EPS (cents)</b>	<b>4.18</b>	<b>0.52</b>

**Note:**

(1) EPS is calculated based on the weighted average number of ordinary shares in issue during FY2016.

(2) In arriving at the profit attributable to shareholders after the disposal effected at the beginning of the financial year, adjustment has been made for depreciation expense which was incurred for the Property during the financial year.

## 6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Catalist Rules of the Singapore Exchange Securities Trading Limited are set out below:-

Rule 1006	Basis	The Disposal
Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. <sup>(1)</sup>	28.8%
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. <sup>(2)</sup>	8.1%
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the market capitalisation of the Company based on the total number of issued shares excluding treasury shares. <sup>(3)</sup>	11.8%

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Rule 1006 (d)	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.
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.	Not applicable.

**Note:**

- (1) The net asset value of the Property and the net asset value of the Group as at 31 March 2016 were approximately S\$8,554,000 and S\$30,597,000 respectively.
- (2) The relative figures is computed on the basis of the depreciation and interest expense of the Property of approximately S\$494,000 compared with the Group's net profits of approximately S\$6,062,000 in FY2016.
- (3) The market capitalisation of the Company of S\$84,626,118 is determined by multiplying 145,907,100 ordinary shares in issue as at the date of this announcement by the volume weighted average price of the shares of approximately S\$0.58 per share on 31 October 2016.

Having regard to the above, as the relative figures as computed on the bases as set out under Rule 1006 (a) to (c) in respect of the Disposal does not exceed 50%, the Disposal constitutes a discloseable transaction within the meaning of Chapter 10 of the Listing Manual. As such, no approval from shareholders of the Company will be required for the Disposal.

**7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the disposal, other than through their shareholding interests in the Company.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the letter of offer in respect of the Disposal is available for inspection at the registered office of the Company at 1 Enterprise Road, Singapore 629813 during normal business hours for three (3) months from the date of this Announcement.

**BY ORDER OF THE BOARD**

Neo Kah Kiat  
 Chairman and Chief Executive Officer  
 Neo Group Limited  
 1 November 2016

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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 (the "SGX-ST"), Listing Manual Section B: Rules of Catalyst. 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.*

*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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