

INTERESTED PERSON TRANSACTION – RENEWAL OF TENANCY AGREEMENTS

1. INTRODUCTION

1.1 The Board of Directors of Neo Group Limited (the “**Company**”) wishes to announce that, further to the disclosure at pages 118 to 137 of the prospectus dated 2 July 2012, the Company has on 29 February 2016, its wholly owned subsidiary, Orange Clove Catering Pte Ltd (“**OCC**”), entered into each of the following agreements:

- (a) Mr. Neo Kah Kiat (“**Mr. Neo**”) and Ms. Liew Oi Peng (“**Ms. Liew**”) for the rental of No. 1 Kaki Bukit Road 1, #05-03 Enterprise One, Singapore 415934;
- (b) Mr. Neo for the rental of No. 1 Kaki Bukit Road 1, #05-04 Enterprise One, Singapore 415934;
- (c) Mr. Neo and Ms. Liew for the rental of No. 1 Kaki Bukit Road 1, #05-05 Enterprise One, Singapore 415934; and
- (d) Twinkle Investment Pte Ltd (“**Twinkle Investment**”) for the rental of No. 1 Kaki Bukit Road 1, #05-06 Enterprise One, Singapore 415934,

(each, a “**Tenancy Agreement**” and collectively, the “**Tenancy Agreements**”).

Pursuant to the Tenancy Agreements, OCC will lease units #05-03, #05-04, #05-05 and #05-06 in Enterprise One Singapore 415934 (the “**Premises**”) for a period of 12 months.

1.2 Mr. Neo and Ms. Liew collectively hold an interest in 74.83% of the shares in Company and 100% of the shares in Twinkle Investment. Accordingly, the Tenancy Agreements would constitute Interested Person Transactions (“**IPT**”) under Chapter 9 of Section B: Rules of Catalist of the Listing Rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual (the “**Catalist Rules**”).

2. TENANCY AGREEMENTS AS IPT AND RULE 916(1) OF THE CATALIST RULES

2.1 The estimated rental fees for each of the Premises for the duration of the Tenancy Agreements are as follows:

Lease	Approximate Area (square feet)	Monthly Rental (exclusive of GST) (S\$)
#05-03 Enterprise One	2,196	8,564.40
#05-04 Enterprise One	2,217	8,646.30
#05-05 Enterprise One	2,196	8,564.40
#05-06 Enterprise One	2,303	8,981.70

2.2 The estimated total value of the Tenancy Agreements to the Company amounts to approximately S\$417,081.60 (representing 1.75% of the latest audited net tangible assets (“**NTA**”) of the Company and its subsidiaries (collectively, the “**Group**”). The latest audited NTA as at 31 March 2015 was S\$23,816,316.

MEMBERS OF NEO GROUP



- 2.3 The leases are for a period not exceeding twelve (12) months, with an effective commencement date of 1 July 2015 and an expiry date of 30 June 2016 in respect of the leases relating to units #05-03, #05-04, #05-05 and an effective commencement date of 1 August 2015 and an expiry date of 31 July 2016 in respect of the lease relating to unit #05-06.
- 2.4 The Company had obtained an independent valuation report from GB Global Pte. Ltd. (the “**Independent Valuer**”) dated 29 February 2016 in relation to the Tenancy Agreements which indicated that the current open market rental value of each of the units is in the range of S\$10,000 to S\$10,500 per month. Therefore, based on the independent valuation report:
- (a) the rental charged by Mr. Neo and Ms. Liew for units #05-03 and #05-05 represents a discount of approximately 14.36% and 8.47% to the open market rental value respectively;
 - (b) the rental charged by Mr. Neo for unit #05-04 represents a discount of approximately 13.54% to the open market rental value; and
 - (c) the rental charged by Twinkle Investment for unit #05-06 represents a discount of approximately 14.36% to the open market rental value.

Although the Tenancy Agreements were not entered into on an arm’s length basis, it was beneficial to the Group and the Group intends to continue with such Tenancy Agreements so long as it is beneficial to the Group.

- 2.5 Accordingly, the Tenancy Agreements and the leases thereunder will not require the approval of the shareholders of the Company (the “**Shareholders**”) as exempted under Catalist Rule 916(1).

3. DETAILS OF THE TENANCY AGREEMENTS

Under the Tenancy Agreements, the Premises comprise a floor area of 8,912 square feet. The rental rates were arrived at after negotiation between the Parties and are computed based on a discount to fixed rental rates for similar properties.

4. RATIONALE FOR THE TENANCY AGREEMENTS

The Premises have been used for OCC’s operations. In addition, as the rental comprised in the Tenancy Agreements is lower than the market rate as indicated in the Independent Valuer’s report, entry into the Tenancy Agreements will result in savings in rental costs for the Group. For more details, please refer to pages 118 to 137 of the offer document dated 2 July 2012.

5. CURRENT TOTAL VALUE OF INTERESTED PERSON TRANSACTIONS

The total value of transactions entered into by the Group with Mr. Neo and his for the financial year-to-date is approximately S\$879,181.60, including the subject of this announcement.

The aggregate value of all IPT entered into by the Group from 1 April 2015 to 31 January 2016 (the “Relevant Period”) is set out below:

Name of interested person	Aggregate value of all interested person transactions during the Relevant Period ⁽⁴⁾ \$'000
Neo Kah Kiat	
(i) Office premise lease expenses ⁽¹⁾	103.8
(ii) GUI Solutions Pte Ltd ⁽³⁾	
- Cost of goods and services purchased	192.1
- Rental and utilities income	20.0
Neo Kah Kiat and Liew Oi Peng	
(i) Office premise lease expenses ⁽¹⁾	205.5
(ii) Rental of hostel for staff welfare	10.0
(iii) Twinkle Investment Pte Ltd	
- Office premise lease expense ⁽¹⁾	107.8
- Rental of yacht ⁽²⁾	240.0

Notes:

- (1) The value computed above is the total value of the Tenancy Agreements for a period of 12 months.
- (2) The value computed above is the total value of the rental agreement of the yacht entered into on 1 August 2015 to 31 July 2016.
- (3) Calculated based on the monthly value of the agreement as disclosed in the Company's offer document dated 2 July 2012.
- (4) The above disclosure excludes the following:
 - (i) rental paid on the Premises (save for unit #05-06) from 1 April 2015 to 30 June 2015, as this was under the previous agreements entered into on 1 February 2012 details of which have been disclosed in the Company's offer document dated 2 July 2012;
 - (ii) rental paid on unit #05-06 from 1 April 2015 to 31 July 2015, as this was under the previous agreement entered into on 1 February 2012 details of which have been disclosed in the Company's offer document dated 2 July 2012; and
 - (iii) the rental of the yacht from 1 April 2015 to 31 July 2015.

Save as disclosed above, there are no other IPT entered into between the Company and Mr. Neo and his associates since the beginning of the current financial year ending 31 March 2016.

6. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the Tenancy Agreements and is of the view that the transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for their respective shareholding interests in the Company or as disclosed above, none of the directors and substantial shareholders of the Company has any interest, direct or indirect, in the IPT.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Tenancy Agreements and the independent valuation report issued by GB Global Pte. Ltd. are available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

MEMBERS OF NEO GROUP

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BY ORDER OF THE BOARD

Neo Kah Kiat
Chairman and Chief Executive Officer
4 March 2016

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**"), for compliance with the Catalist Rules. 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, Catalist. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.

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