

**NEWS RELEASE – FINAL**

**NEO GROUP ACHIEVES RECORD SALES AND NET PROFIT IN FY2014**

- **Revenue hits new record at S\$52.4 million mainly from robust growth in Food Catering Business**
- **Achieves record net profit, which more than doubled to S\$6.4 million, mainly with stronger operating profit contribution from Food Catering**
- **Proposes final cash dividend of 1.51 SGD cents per share, bringing total dividends for FY2014 to a record-high of 2.67 SGD cents per share, 78% higher compared to prior year (FY2013 : 1.50 SGD cents)**
- **Centralised kitchen to add three to four times capacity when completed in 2Q 2014**
- **Remains positive and confident about its industry outlook**

**Financial Highlights:**

S\$'million	FY2014	FY2013	% Change
Revenue	52.4	41.7	25.6
Profit before Income Tax	6.9	3.5	94.0
Profit after Income Tax	6.4	3.0	111.9
Per Share Information (S/cents)	31 Jan 14	31 Jan 13	% Change
Earnings per share	4.44	2.87	54.7
NAV per share	14.2	12.1	17.4
Dividend	2.67	1.50	78.0

**SINGAPORE – 27 March 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 record performance for both revenue and net profit for the full year ended 31 January 2014 ("FY2014").

For FY2014, the Group, which owns the "Neo Garden Catering", "Orange Clove Catering", "Deli Hub Catering", "umisushi" and now the all-new "Best Catering"<sup>1</sup> brands, achieved a 111.9% rise in net profit attributable to equity holders to S\$6.4 million compared to S\$3.0 million recorded for the corresponding period last year ("FY2013"). The record bottomline in FY2014 was achieved on the back of robust revenue, which rose by 25.6% to hit a record-high of S\$52.4 million, driven mainly by the Group's Food Catering Business. Revenue from this segment grew by 27.0% to S\$39.0 million, from S\$30.7 million in FY2013, as a result of a higher volume of events which the Group catered for in the social, corporate and government sectors.

Founder, Chairman and CEO Mr Neo Kah Kiat (梁佳吉) said, "We are pleased to have delivered our best performing year since FY2010 as set out in our offer document. Our strong brand recognition, built up through a solid 22-year track record of serving quality and fresh food, has contributed to our leading market position and this sterling performance. We are encouraged to have served a record of 2.50 million guests in FY2014 as compared to 2.13 million guests in FY2013.

"Our good performance was also due to a productivity boost, with the implementation of measures to enhance the Group's overall operational efficiency, coupled with a highly effective cost management system.

"Looking ahead, we will remain firmly attuned to dynamic consumer tastes and preferences as we develop new brands, F&B concepts and exciting menus, including higher value menus within each brand, to capture both the breadth and depth of the market segments that we serve."

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<sup>1</sup> "Best Catering" was launched in March 2014, post YE of 31 January 2014

In FY2014, for the second year running, the Group's "Neo Garden Catering" brand successfully catered to 1,118 orders for the first day of Lunar New Year on 31 January 2014, serving around 30,000 guests and setting a record for the "Highest Number of Events Catered by A Company In One Day" in Singapore's history. This was officially recognised by the Singapore Book of Records as of 28 February 2014. This has surpassed previous 'first day of Lunar New Year' historical highs of 1,005 orders in FY2013 and 818 in FY2012.

The Group's Food Retail Business also did well in FY2014, recording a 15.6% increase in revenue to S\$12.7 million, from S\$11.0 million in FY2013. On the retail front, there was a commendable 9.3% or S\$0.73 million increase in same-outlet sales. At the same time, delivery sales in Singapore continued to be boosted by the Group's newly created Online Order System, which was launched in January 2013. The system brought in an impressive 51.4% growth in delivery sales in FY2014.

Based on its latest set of results, Earnings per Share ("EPS") of the Group improved to 4.44 Singapore cents in FY2014, from 2.87 Singapore cents in FY2013; while Net Asset Value ("NAV") was boosted to 14.2 Singapore cents as at 31 January 2014, compared to 12.1 Singapore cents as at 31 January 2013. Both EPS and NAV are based on 144 million ordinary shares in issue during the period.

### **Proposed Dividend**

In view of the Group's robust performance, the Directors are pleased to propose a tax-exempt final dividend of 1.51 Singapore cents per share for FY2014, bringing total dividends declared for FY2014 to a record-high of 2.67 cents per share, 78% higher as compared to a total dividend of 1.50 Singapore cents per share declared in FY2013. The dividend is 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, FY2014 and FY2015.

### **Capacity Increase to Tap on Positive Industry Outlook**

Looking ahead, the Group remains optimistic of the industry outlook and is making good progress in implementing its growth plans.

For its Food Catering Business, the Group has just launched its fourth brand – ‘Best Catering’ – to cater to the mass market with *Tingkat* services and *economical* buffets.

The Group will continue to expand its social catering segment through the introduction of new catering brands and an expansion of its sales team. At the same time, the Group aims to increase its customer base for the corporate client segment, capitalising on the vibrant Meetings, Incentives, Conferences, and Exhibitions (“MICE”) market in Singapore.

As for its Food Retail Business, the Group is on track to achieve its target of 30 retail outlets by 2016, either directly or through franchises. Following the maiden entry of its first “umisushi” licensed outlet in Jakarta, Indonesia, the Group will look for opportunities to open additional outlets in this country in the future.

Added Mr. Neo, “We strongly believe that the food business is a sunrise industry and coupled with its recession-resistant and defensive nature, remains an attractive segment. To better capture the positive industry trends buoyed by favourable externalities – from an increasing propensity to spend on occasions and events and the expected completion of more HDB flats in 2014 and beyond<sup>2</sup> – we have put in place plans to increase our kitchen capacity to cater to more guests per day. Our new centralised kitchen will offer three to four times increase in capacity, from 10,000 to 15,000 guests/day to 15,000 to 20,000 guests/day and provide greater economies of scale as we grow our business.”

In addition, the Group will continue to focus its efforts on material cost control through its Food and Catering Supplies Business and extend these trading services to external parties to grow its revenue base.

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<sup>2</sup> *MND Budget Debate 2013*

Mr. Neo affirmed, “We remain fully committed to stay ahead of the curve through the creation of new offerings that will appeal to different market segments. This will allow us to cater to a fuller market spectrum as we continue to look for avenues to further broaden our income streams.”

Barring unforeseen circumstances and business conditions, the Group expects to continue to grow its business and remain profitable in the first half of the year.

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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 caterer<sup>3</sup> 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 Catering, Orange Clove, Deli Hub Catering 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 22 umisushi outlets across Singapore and 1 licensed outlet in Jakarta, Indonesia. It serves a variety of high-quality Japanese food at affordable prices at convenient locations.

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.

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<sup>3</sup>Based on a report "Events Catering Services Singapore" dated Apr 2012 prepared by Euromointor International Limited. "Events Catering" means food catering services provided for social or corporate events only.

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 Benjamin Choy, Director, Corporate Finance. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.*

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