



**NEO GROUP LIMITED**  
(the “Company”)  
Company Registration No. 201207080G  
(Incorporated in the Republic of Singapore)

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## **PROPOSED ACQUISITION OF ROYALE INTERNATIONAL FOOD INDUSTRIES PTE. LTD.**

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### **1. INTRODUCTION**

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of Neo Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Thong Siek Global Pte. Ltd. (“**TSG**”) had, on 3 February 2021, entered into a legally binding term sheet (the “**Term Sheet**”) with Ng Soon Koon, Kenny (“**Kenny**”), Melvin Wong Khuang Lii (“**Melvin**”) and Royale International Food Industries Pte. Ltd. (“**RIFI**”) (RIFI, TSG, Kenny and Melvin are collectively, the “**Parties**”).
- 1.2 Pursuant to the Term Sheet, the Parties have agreed that, *amongst others*, Siantan Frenzies Snacks LLP (“**Siantan**”) and Royale International Trading Limited Liability Partnership (“**Royale International Trading**”) (RIFI, Siantan and Royale International Trading are collectively, the “**RIFI Group**”) shall transfer its businesses (including without limitation to all assets, liabilities, licences, contracts, personnel and intellectual property rights) to RIFI, and TSG shall acquire a stake in RIFI by way of an issue and allotment of 105 new ordinary shares in the share capital of RIFI to TSG representing approximately 51% of the total issued and paid-up share capital of RIFI immediately after the completion of the proposed acquisition (the “**Proposed Acquisition**”).
- 1.3 The Term Sheet sets out broadly the key terms and conditions in respect of the Proposed Acquisition which will form the basis for discussion between the Parties for a definitive share subscription agreement (the “**SSA**”) to be signed between them in relation to the Proposed Acquisition by no later than 30 June 2021 or such later date as may be agreed by the Parties. The Company will provide further details of the Proposed Acquisition upon the signing of the SSA, where necessary, in compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).





## 2. BACKGROUND INFORMATION ON RIFI, SIANTAN AND ROYALE INTERNATIONAL TRADING<sup>1</sup>

- 2.1 As at the date of this announcement, Kenny and Melvin are the legal and beneficial owners of the entire issued and paid-up share capital of RIFI, and the existing partners of Siantan and Royale International Trading. Each of Kenny and Melvin is an independent third party unrelated to any of the Directors or controlling shareholders of the Company.
- 2.2 RIFI is a private company limited by shares and incorporated in Singapore in July 2018, with its registered address at 8A Admiralty Street, #07-16, Food Xchange @ Admiralty, Singapore 757437. As at the date of this announcement, RIFI has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares.
- 2.3 Siantan and Royale International Trading are both limited liability partnerships established in Singapore in June 2015 and May 2017 respectively; and have registered addresses at 8A Admiralty Street, #07-16, Food Xchange @ Admiralty, Singapore 757437 and 8A Admiralty Street, #03-16, Food Xchange @ Admiralty, Singapore 757437 respectively.
- 2.4 The RIFI Group is principally engaged in the manufacture of snacks under its flagship brand – “Crusty’s”, which include an extensive selection of ready-to-eat products such as potato chips, fish skin and soy-based snacks. The Crusty products (i.e. the Crusty snacks range) are sold locally and are available in certain supermarket chains, convenience stores, major petrol kiosks and cinemas; and are also exported and sold in overseas markets such as Australia, Canada, China, the United States of America, Thailand and Malaysia.
- 2.5 Based on the unaudited financial statements of the RIFI Group for the financial year ended 31 December 2019, the net tangible asset value was approximately S\$0.8 million and the profit before tax (excluding any extraordinary gain) was approximately S\$0.3 million.
- 2.6 Upon completion of the Proposed Acquisition, the shareholding structure of RIFI will be as follows:

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<sup>1</sup> The information set out in this paragraph 2 was provided by Kenny, Melvin and RIFI, which has been extracted and reproduced herein. In respect of such information, the Directors have not independently verified the accuracy and correctness of the same and the Directors’ responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.





Shareholders	No. of Shares before Completion	No. of Shares after Completion
Thong Siek Global Pte. Ltd.	Nil	105 (51%)
Ng Soon Koon, Kenny	70 (70%)	70 (34%)
Melvin Wong Khuang Lii	30 (30%)	30 (15%)
<b>TOTAL</b>	<b>100 (100%)</b>	<b>205 (100%)</b>

### 3. CONSIDERATION

- 3.1 The aggregate consideration for the Proposed Acquisition is S\$1.02 million (the “**Purchase Consideration**”). The Purchase Consideration shall be fully paid by TSG to RIFI entirely in cash by way of a capital injection after the execution of the SSA.
- 3.2 The Purchase Consideration is based on an agreed valuation of the RIFI Group at S\$2.0 million, and was arrived at on a willing-buyer willing-seller basis, after arm’s length negotiations, and taking into consideration the historical profits, financial position, and goodwill in the branding of RIFI and the prospective business and operational synergies arising from the Proposed Acquisition. No independent valuation was conducted on the RIFI Group.
- 3.3 The Purchase Consideration will be financed by internal cash resources and/or bank borrowings.

### 4. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition would provide the following commercial benefits to the Group:

- (a) The Proposed Acquisition presents a good opportunity for the Group to diversify its business into the snack food market. It would allow the Group to lower its snack manufacturing costs and take advantage of synergies arising from shared manufacturing, marketing, procurement and operational functions.



- (b) The Proposed Acquisition would allow the Group to tap on the existing customers of the RIFI Group to increase TSG's snack sales and to gain a foothold in the fast-growing snack food market and the market consisting of younger generation consumers. As such, the Proposed Acquisition would allow the Group to enhance its market share in the food industry.
- (c) As mentioned in paragraph 2.4 above, the Crusty products are exported overseas to countries such as Australia, Canada, China, the United States of America, Thailand and Malaysia. The Proposed Acquisition would also allow the Group to tap into the expertise of the managers and staff of the RIFI Group as well as its export network for the Crusty products, which will allow the Group to grow and further develop its export network.
- (d) The business of the RIFI Group is profitable. The Proposed Acquisition would therefore provide the Group with the opportunity to acquire a profitable entity and would hopefully be earnings accretive with opportunities for growth.

## 5. FINANCIAL EFFECTS

The Proposed Acquisition is not expected to have any material impact on the Group's consolidated net tangible assets or earnings per share for the current financial year ending 31 March 2021.

## 6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT UNDER RULE 1006 OF THE CATALIST RULES

<b>Rule 1006(a)</b>	
The net asset value of the assets to be disposed of compared with the Group's net asset value	<i>Not applicable</i> <sup>(1)</sup>
<b>Rule 1006(b)</b>	
The net profits attributable to the assets acquired compared with the Group's net profits <sup>(2)</sup>	0.15% <sup>(3)</sup>
<b>Rule 1006(c)</b>	
The aggregate value of the consideration given or received compared with the Company's market capitalisation based	1.31% <sup>(4)</sup>



on the total number of issued shares excluding treasury shares	
<b>Rule 1006(d)</b>	
The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	<i>Not applicable<sup>(5)</sup></i>
<b>Rule 1006(e)</b>	
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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not an acquisition of such assets.	<i>Not applicable<sup>(6)</sup></i>

**Notes:**

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Computed based on the net profit before income tax of the RIFI Group of approximately S\$0.06 million for the six (6)-month period ended 30 September 2020 and the net profit before income tax of the Group of approximately S\$20.10 million for the half year ended 30 September 2020.
- (4) The aggregate value of the Purchase Consideration given for the Proposed Acquisition is S\$1.02 million, compared to the Company's market capitalisation of approximately S\$78.10 million. The market capitalisation of the Company was computed based on the issued share capital of the Company ("**Shares**") of 147,350,959 Shares and the volume weighted average price of S\$0.53 per Share, based on trades transacted on 28 January 2021 (being the last market day on which the Company's Shares were traded preceding the date of the Term Sheet).
- (5) Rule 1006(d) of the Catalist Rules is not applicable as no equity securities are to be issued by the Company as part of the Purchase Consideration for the Proposed Acquisition.
- (6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.





As the applicable relative figures computed based on Rule 1006(b) and 1006(c) of the Catalyst Rules do not exceed 5.0%, the Proposed Acquisition is considered a “non-disclosable” transaction under Chapter 10 of the Catalyst Rules. Accordingly, the disclosure requirements of this announcement have been made in accordance with Rule 1008 of the Catalyst Rules for the voluntary announcement of “non-disclosable” transactions.

## **7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholdings in the Company, if any).

## **8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **9. CAUTIONARY STATEMENT**

Shareholders of the Company are advised to exercise caution when trading in the Shares in relation to this announcement as there is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. When in doubt as to the action that they should take, shareholders of the Company should consult their financial, tax or bank or other advisers.





## 10. FURTHER ANNOUNCEMENTS

The Company will make further announcements where necessary as and when there are any material developments in relation to the Proposed Acquisition.

On Behalf of the Board

### **Neo Kah Kiat**

Chairman and Chief Executive Officer  
Neo Group Limited  
3 February 2021

*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"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Listing Manual Section B: Rules of Catalyst.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes 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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