

FOR IMMEDIATE RELEASE

Neo Group rides on positive earnings momentum as net profit posts S\$0.8 million for 9M2018

- Core Food Catering business strengthens the Group's growth with multi-brand strategy
- Group's Food Manufacturing business continues to contribute positively to the bottom-line
- Group's Food Retail business profitable for two consecutive quarters

SINGAPORE, 7 February 2018 – Neo Group Limited ("Neo Group", 梁苑集团有限公司, or together with its subsidiaries, the "Group") posted a profit after tax of S\$0.8 million for the nine months ended 31 December 2017 ("9M2018") on the back of healthy revenue contribution and cost efficiencies derived from the majority of the Group's business segments.

(S\$'000)	3Q2018	3Q2017	Change (%)	9M2018	9M2017	Change (%)
Revenue	44,707	46,658	(4.2)	130,635	114,091	14.5
Other items of income	758	477	58.9	1,807	3,446	(47.6)
Items of expense	(43,302)	(50,839)	(14.8)	(131,784)	(120,874)	9.0
Profit/(Loss) before income tax	2,163	(3,704)	N.M.	658	(3,337)	N.M.
Profit/(Loss) after income tax	2,461	(1,203)	N.M.	768	(954)	N.M.
Profit attributable to Owners of the Parent	2,083	125	N.M.	885	564	56.9
Earnings per share Basic and diluted based on actual number of ordinary shares (Sing Cents)	-	-	-	0.61	0.39	56.4

	As at 31 December 2017 (Unaudited)	As at 31 March 2017 (Audited)	Change (%)
NAV per ordinary share (Sing cents)	22.40	22.73	(1.5)

Commenting on the Group's results and strategic direction, **Mr. Neo Kah Kiat, Founder, Chairman and CEO of Neo Group Limited**, said:

"As we continue to grow earnings contributions from our flagship Food Catering business, it is heartening to witness a clear turnaround for our Food Manufacturing business as it enters its third consecutive quarter of profitability. Capitalising on its strong brand equity and global distribution network across 25 countries, we have identified overseas markets as the next growth driver for our Food Manufacturing segment. The hallmark of the Group's success stems from the management's hands-on approach, which had also resulted in the turnaround of our Food Retail business. As part of our strategic review, selected non-performing outlets were closed, while improved systems and streamlined menus were introduced to existing outlets to drive operational and financial improvements. Our priority is to achieve bottomline improvements as part of our commitment to maximise shareholder returns."

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Continuing from the previous quarter, strengthening recurring income from our elder-care and childcare catering subsidiary, Gourmetz Pte Ltd (“**Gourmetz**”), continues to drive topline growth as revenue from the Group’s Food Catering business increased by 3.1% yoy from S\$44.0 million for the nine months ended 31 December 2016 (“**9M2017**”) to S\$45.3 million for 9M2018. As a direct result of the Group’s multi-brand strategy to capture growth within different market segments, Gourmetz offsets the impact of seasonality from our other catering brands as it offers a steady stream of income throughout the year.

Following the turnaround since the first quarter ended 30 June 2017, the Group’s Food Manufacturing business has maintained profitability while revenue grew marginally by 2.7% yoy from S\$34.6 million for 9M2017 to S\$35.5 million for 9M2018. Similarly, the Group’s Food Retail business has been profitable for the last two consecutive quarters despite a near-term decline in revenue weighed by the closure of non-performing outlets.

Revenue from the Group’s Supplies and Trading business rose 78.4% yoy from S\$20.4 million for 9M2017 to S\$36.4 million for 9M2018. This growth was driven by revenue contributions from newly acquired subsidiaries, namely U-Market Place Enterprise Pte Ltd (“**U-Market**”) and Hi-Q Plastic Industries Sdn Bhd.

As the Group continues to sharpen its competitive edge by reducing reliance on third-party suppliers, employee benefits expense increased 8.7% yoy to S\$35.7 million for 9M2018 due to the consolidation of new headcount required for the newly acquired subsidiary, U-Market, and newly setup catering subsidiary, Gourmetz. This was however offset by a reduction in the Group’s advertising and promotional activities as advertising expenses decreased 38.4% yoy to S\$2.7 million.

Outlook

On the Food Catering front, the Group intends to expand its product offerings and diversify its customer base so as to achieve sustainable growth. The focus is on pursuing more institutional catering, corporate clients and venue partnerships. Furthermore, it continues to enhance its recurring income streams through the expansion of its non-seasonal catering subsidiaries such as Gourmetz as well as the Group’s newly established Tingkat catering subsidiary, Kim Paradise Pte Ltd. The Group will also consider inorganic growth as it continues with its multi-brand strategy to capture more market segments and increase its market share in the catering industry.

Upon the achievement of cost efficiencies through its in-house cold room amenities and a greater emphasis on automation, turnaround for the Food Manufacturing business is set in motion with growth led by export sales.

In closing, **Mr. Neo Kah Kiat, Founder, Chairman and CEO of Neo Group Limited**, said:

“With our Food Manufacturing and Food Retail segments successfully in the black, we have shifted our focus to chart a strong turnaround for our Supplies and Trading business. Within this segment, we continue to engage in active efforts to realign procurement practices and streamline operations, as well as reduce storage and logistics costs. The culmination of our strategic initiatives has set a solid foundation to steer the turnaround and build a sustainable and profitable business model for the long term.”



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Note: This press release is to be read in conjunction with the related financial announcement released by Neo Group Limited on SGXNET on 7 February 2018.

About Neo Group Limited

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Neo Group Limited is an integrated food solutions provider in Singapore. Established since 1992, the Group possesses an award-winning track record and is one of the most recognised brand names locally, most famous for its flagship Neo Garden Catering brand. The Group has been named the number one events caterer in Singapore and provides one-stop food and catering solutions.

The Group prides itself in providing convenience to customers through its vertically-integrated value chain via five business segments in Food Catering, Food Retail, Food Manufacturing, Supplies and Trading and Other Businesses. Through these synergistic opportunities, Neo Group is well placed to bring customers top value in delivering fresh and tasty meals conveniently.

The Group supplies a large variety of quality food and buffets appealing to various market segments through its strong portfolio of brands, including Neo Garden Catering, Orange Clove Catering, Umisushi, DoDo fish balls, Joo Chiat Kim Choo traditional rice dumplings, amongst others. Its food retail network spans 26 outlets islandwide.

Through its subsidiaries, Neo Group has a trading network of 35 countries worldwide. Its operations are supported by the East and West central kitchens, manufacturing facilities, warehouses and over 1,400 dedicated employees.

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 (the "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. 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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