

## NEWS RELEASE

### NEO GROUP'S 2Q2016 REVENUE SURGES 88.8% TO S\$31.3 MILLION; 1H2016 REVENUE RISES 77.0% TO S\$52.0 MILLION

- *Lifted mainly by S\$11.5 million revenue contribution from recently-incorporated subsidiary, Thong Siek Holdings – parent company of popular ‘DoDo’ brand of fishballs, and stronger Food Catering performance*
- *Bottomline takes impact from business expansion costs as Group integrates value chain*
- *Maiden financial consolidation of newly-acquired subsidiary, CT Vegetables, to commence next financial quarter*

### Financial Highlights

S\$'M	2Q2016	2Q2015	Change (%)	1H2016	1H2015	Change (%)
Revenue	31.3	16.6	88.8	52.1	29.4	77.0
Profit Before Income Tax	0.01	1.9	(99.6)	0.2	1.8	(86.5)
Net (Loss) / Profit	(0.4)	1.5	N.M. <sup>1</sup>	(0.2)	1.4	N.M. <sup>1</sup>
Earnings Per Share (SGD cents)	0.05	1.07	(95.3)	0.18	0.97	(81.4)
	<b>As at 30 September 2015</b>			<b>As at 31 March 2015</b>		
Net Asset Value Per Share (SGD cents)	18.23			16.79		

<sup>1</sup> N.M.: Not meaningful

**SINGAPORE, 14 November 2015** – Singapore’s leading caterer, Neo Group Limited ("**Neo Group**", 梁苑集团有限公司, or together with its subsidiaries, the "**Group**"), announced today an 88.8% rise in revenue to S\$31.3 million and a 77.0% increase in revenue to S\$52.1 million, for the three-month ("**2Q2016**") and six-month ("**1H2016**") periods ended 30 September 2015, respectively.

The stronger topline compared to S\$16.6 million in 2Q2015 and S\$29.4 million in 1H2015 was lifted mainly by improved Food Catering performance and contributions of S\$11.5 million and S\$15.0 million from recently-incorporated Food Manufacturing subsidiary, Thong Siek Holdings Pte. Ltd. ("**TSH**"), across the comparative periods respectively.

Neo Group’s Founder, Chairman and CEO, Mr Neo Kah Kiat (梁佳吉), said: “Our consistently strong topline growth is a testament of our robust business fundamentals, strong brand and market share, and revenue-accretive acquisition strategy. We have strengthened our suite of capabilities through a focused vertical integration strategy that will allow us to provide customers with turnkey food and catering solutions and maintain our position as Singapore’s No. 1 Events Caterer<sup>2</sup>.”

## **Financial Review**

Apart from contribution from the Food Manufacturing segment, improved performance across various business segments also lifted the Group’s topline. While Food Catering reported a 31.1% and 31.6% improvement in 2Q2016 and 1H2016 revenue, respectively, due to effective marketing and well-received SG50 promotions Food Retail revenue rose 1.1% and 8.2% across the same comparative periods.

Other income decreased 51.4% to S\$0.4 million in 2Q2016 due to an absence of a property disposal gain in the equivalent quarter a year ago. On the other hand, this increased 27.1% to S\$1.2 million in 1H2016 due to a gain in disposal of property.

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<sup>2</sup> As defined in Euromonitor International report, “Events Catering Services in Singapore”, dated December 2014, whereby events catering refers to food catering services provided for social or corporate events only

2Q2016 marks the maiden full quarter consolidation of TSH financials, which resulted in a rise in expenses relating to purchases and consumables, delivery, employee benefits, operating lease and utilities. The Group also saw an increase in professional and legal fees, training expenses and IT expenses due to its business expansion activities in 1H2016.

“TSH has continued to contribute strong revenue to the Group, and we look forward to the maiden contribution from newly-acquired subsidiary, CT Vegetables, in the next financial quarter. Although these business expansion activities will inevitably incur higher expenses in the near-term, we are investing in the long-term sustainable growth of the Group and will remain on the lookout for such revenue-accretive and synergistic acquisition opportunities to enhance shareholder value.

“We are currently in the early stage of integrating our newly-acquired subsidiaries, and will work towards boosting their respective sales performance. We believe economies of scale will start kicking in once processes have been streamlined and enhanced,” Mr Neo added.

Neo Group had announced on 3 November 2015 its acquisition of a 90%-stake in CT Vegetables & Fruits Pte Ltd (“**CT Vegetables**”) for S\$5.4 million, which currently trades over 300 varieties of fruits and vegetables to a wide customer base consisting of local hospitals, foreign cruise ships and ship chandlers.

This acquisition will allow Neo Group to grow its Food and Catering Supplies business and lower food supply costs while ensuring quality and timeliness of delivery, as well as enhancing self-sufficiency in its catering and manufacturing businesses. This will enable the Group to pursue business opportunities from external parties and create new income streams.

Due to increased expenses in line with business expansion, Neo Group reported a loss of S\$349,000 and S\$208,000 in 2Q2016 and 1H2016, respectively. The Group’s 1H2016 earnings per share stood at 0.18 Singapore cent and reported net asset value per share of 18.23 Singapore cents as at 30 September 2015.

## **Outlook**

On Neo Group's forward strategies, Mr Neo commented, "While we pursue inorganic growth, we will continue to raise the bar of our food quality and service standards, as well as increase branding efforts to grow our core businesses organically and capture greater market share.

"As we remain focused on enhancing our product and service offerings to boost customers' experience for our core Food Catering business, we will also continue to fine-tune our Food Retail business strategies for greater margin efficiency. With the recent acquisition of TSH, we are also exploring value creation opportunities, through productivity enhancement, procurement efficiencies and bringing its products to new markets."

Barring any unforeseen circumstances, the Group expects to be profitable for the full financial year ending 31 March 2016<sup>3</sup>.

## **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. The Group has been ranked as the number one events caterer in Singapore since 2010<sup>4</sup> and owns an integrated value chain to provide one-stop food and catering solutions.

The Group is involved in the Food Catering, Food Retail, Food Manufacturing and Food and Catering Supplies businesses, combining their synergistic qualities to bring customers top value in delivering fresh and tasty meals on time.

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<sup>3</sup> Subject to the Group being able to successfully execute its integration of its new acquisitions

<sup>4</sup> As defined in Euromonitor International report, "Events Catering Services in Singapore", dated December 2014, whereby events catering refers to food catering services provided for social or corporate events only

Under its Food Catering Business, the Group operates four brands – Neo Garden, Orange Clove, Deli Hub 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, 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 24 umisushi outlets across Singapore and a licensed outlet in Jakarta, Indonesia, as of 31 March 2015. It serves a variety of high-quality and affordable Japanese food at convenient locations.

The Group also operates *issho izakaya*, a Japanese drinking and dining establishment and NANAMI UDON, which offers well-liked Japanese Tempura and Udon meals at great value and convenience. In 2014, the Group acquired two other brands – Choz and Fu Yuan. Choz provides traditional Chinese wedding cakes and full-month celebration cakes packages whilst Fu Yuan offers assorted *nonya kuehs* and traditional handmade snacks for every occasion.

The Group also operates a flowers and gifts business, I DO Flowers & Gifts, which supports buffet settings and provides flowers and gifts through an online platform for a variety of occasions, catering to a wide range of budgets.

To support the logistical needs of its businesses, the Group's Food and Catering Supplies Business sources for ingredients and materials directly from manufacturers and distributors to ensure higher quality control within the Group, as well as timely deliveries. It also supplies ingredients and Japanese food products to third parties.

Through upstream acquisitions of Thong Siek Holdings – manufacturer, distributor and retailer of surimi-based seafood products and the popular “DoDo” brand of fishballs – and CT Vegetables & Fruits Pte Ltd that trades over 300 varieties of fruits and vegetables to a wide customer base, Neo Group is able to enhance its value chain to provide one-stop food and catering solutions to customers.

**IMPORTANT NOTICE**

*This news release has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST"), Listing Manual Section B: Rules of Catalyst. 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.*

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