

NEWS RELEASE

NEO GROUP 3Q 2016 REVENUE MORE THAN DOUBLES TO S\$37.8 MILLION

- **Strong 30.1% growth from core Food Catering segment with effective marketing efforts**
- **Newly-acquired CTVeg Group contributes maiden two-month revenue of S\$2.9 million**
- **3Q 2016 net profit grows 204.6% to S\$4.1 million**

Financial Highlights

S\$'M	3Q 2016	3Q 2015	Change (%)	9M 2016	9M 2015	Change (%)
Revenue	37.8	18.2	107.5	89.9	47.6	88.7
Profit/(Loss) Before Income Tax	4.6	1.7	173.1	4.8	3.5	39.6
Net Profit/(Loss)	4.1	1.3	204.6	3.9	2.7	42.0
Earnings Per Share (SGD cents)	3.34	0.94	255.3	3.52	1.90	85.3
SGD cents	As at 31 December 2015			As at 31 March 2015		
Net Asset Value Per Share	22.23			16.79		

SINGAPORE, 4 February 2016 – 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 a 107.5% rise in revenue to S\$37.8 million for the three-month period ended 31 December 2015 ("3Q 2016").

The strong topline performance was achieved on the back of a 30.1% growth in its core Food Catering segment revenue, S\$2.9 million maiden two-month contribution from its newly-acquired 90%-owned Food Trading subsidiary, CT Vegetables & Fruits Pte Ltd and its subsidiaries (“**CTVeg Group**”), and S\$12.2 million contributed by 55%-held Food Manufacturing subsidiary, Thong Siek Holdings Pte. Ltd. and its subsidiaries (“**TSH Group**”).

The Group also recorded a 204.6% growth in 3Q 2016 net profit to S\$4.1 million due mainly to a S\$4.6 million increase in other income that was boosted by a fair value uplift of properties from the acquisition of CTVeg Group in 3Q 2016.

Neo Group’s Founder, Chairman and CEO, Mr Neo Kah Kiat (梁佳吉), said: “We have achieved a commendable performance mainly driven by robust growth of our core Food Catering business, lifted by a ‘dual-prong’ revenue growth – both organically and through strong contributions from our recent acquisitions. The results reflect the effectiveness of our focused business strategies, strong brand name and market leadership.

“While the acquisitions of TSH Group and CTVeg Group are still relatively new, we are seeing a smooth progress in the integration of our processes to harness greater synergies and economies of scale. At the same time, we believe our enhanced vertically-integrated value chain sharpens our competitive edge, allowing us to better serve our customers by providing turnkey food and catering solutions. These efforts will lay the solid foundations for the Group’s long-term, sustainable growth.”

Neo Group completed the acquisitions of TSH Group and CTVeg Group in June and November 2015, respectively, both market leaders in their respective industries. TSH Group is Singapore’s largest fishball manufacturer and owns the popular “DoDo” brand of fishballs while CTVeg Group trades over 300 varieties of fruits and vegetables to a wide customer base consisting of local hospitals, foreign cruise ships and ship chandlers.

In line with its strategy to improve TSH Group's performance, Neo Group recently announced that TSH Group's existing facility will be moved to a new enlarged facility that was acquired for S\$15.0 million. At 14,807.2 square metres, the new facility is almost 2.5 times the size of the existing facility that is almost at maximum utilisation.

"The enlarged facility will give TSH Group the additional production capacity it requires to meet the growing business demand, and a larger space necessary for greater automation of its processes to boost efficiency. The new premises also has a cold room facility that will generate substantial rental savings for TSH Group, apart from other operational cost savings, synergies and economies of scale it can benefit from the move," added Mr Neo.

Financial Review

Apart from contributions from the Food Manufacturing and Food Trading businesses, improved performance across other business segments also led to the stronger topline in 3Q 2016.

Revenue from the Food Catering business grew 30.1% to S\$17.9 million, driven by effective marketing efforts and promotions to boost sales during the nation's year-long SG50 celebrations in 2015.

The Food Retail business reported 3.4% higher revenue in 3Q 2016 to S\$4.4 million led by stronger delivery sales, despite headwinds in the F&B sector due to rising operational costs and lower footfall due to the recent Group B Streptococcus bacteria infection relating to the consumption of raw freshwater fish.

A rise in expenses, mostly due to the consolidation of costs incurred by the newly-acquired businesses, and losses from the Food Manufacturing and Food Retail businesses were mitigated by the fair value uplift of properties from the acquisition of CTVeg Group.

As a result of the above, the Group reported a 204.6% growth in net profit of S\$4.1 million. The Group reported 3Q 2016 earnings per share of 3.34 Singapore cents and net asset value per share of 22.23 Singapore cents as at 31 December 2015.

For the nine-month period ended 31 December 2015 (“**9M 2016**”), Neo Group reported an 88.7% growth in revenue to S\$89.9 million, from S\$47.6 million a year ago. Net profit also improved 42.0% to S\$3.9 million from S\$2.7 million over the same comparative periods.

Outlook & Future Strategies

On Neo Group’s future strategies, Mr Neo said, “Armed with a strong portfolio of brands and market leadership, we remain optimistic on the prospects of our Food Catering business. That said, we will continue to raise the bar of service excellence and pursue more corporate clients to grow a more sustainable income stream for the segment, while aiming to increase our market share.

“Recognising the challenging operating environment for the Food and Beverage sector, we are adopting a prudent approach to ensure the resilience of our Food Retail segment. While we seek to expand this business segment, we are constantly refining our business model to enhance margin efficiencies and introduce fresh new dining concepts to engage consumers.”

In view of rising rental and operating costs, Neo Group is monitoring costs closely while refining and customising product offerings and concepts at each store to better meet the demands of the demographics it serves. The Group is also collaborating with external vendors to boost delivery sales while adopting the use of technology and retraining its staff to enhance service standards.

In line with the Group’s strategy to create new B-to-C income streams in its effort to turnaround the profitability of TSH Group, a new retail concept was launched in November 2015, serving healthy value-for-money traditional noodles using minced fish instead of minced meat. The Group targets to launch a second store in the first six months of 2016.

In addition, TSH Group has launched new product lines in 3Q 2016 to lift its topline performance – SG50 commemorative fishballs featuring four unique flavours representing each major race; Fischeon, a healthier option to luncheon meat; and a premium fishball range, “Dilettas”.

Barring any unforeseen circumstances and depending on how quickly the Group is able to successfully integrate its new acquisitions, the core catering business is expected to continue being profitable for the full financial year ending 31 March 2016 (“FY2016”). The Group’s overall financial performance for FY2016 may be adversely affected by losses incurred by its newly-acquired Food Manufacturing business.

Note: This press release is to be read in conjunction with the related mandatory announcement filed by Neo Group Limited on SGXNET on 4 February 2016.

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 2010¹ 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.

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.

¹ 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

For the Food Retail Business, the Group operates a chain of more than 25 outlets across Singapore and a licensed outlet in Jakarta, Indonesia, as of 10 December 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 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 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. 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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