



# SHENG SIONG GROUP LTD.

## 1Q FY2024 Business Update

### A. Consolidated Statement of Profit or Loss and Other Comprehensive Income

	The Group		
	1 <sup>st</sup> Quarter Ended		
	31 Mar 2024	31 Mar 2023	Change
	S\$'000	S\$'000	+/- (%)
Revenue	376,194	356,545	5.5%
Cost of sales	(265,526)	(253,714)	4.7%
<b>Gross profit</b>	<b>110,668</b>	<b>102,831</b>	7.6%
Other income	3,998	2,745	45.6%
Selling & Distribution expenses	(58,073)	(54,175)	7.2%
Administrative expenses	(14,499)	(12,541)	15.6%
<b>Results from operating activities</b>	<b>42,094</b>	<b>38,860</b>	8.3%
Finance income	3,343	2,741	22.0%
Finance expenses	(1,258)	(1,043)	20.6%
<b>Profit before tax</b>	<b>44,179</b>	<b>40,558</b>	8.9%
Tax expense	(7,851)	(7,206)	9.0%
<b>Profit for the period</b>	<b>36,328</b>	<b>33,352</b>	8.9%
<b>Other comprehensive income</b>			
<b>Item that is or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences – foreign operations	160	33	384.8%
<b>Total comprehensive income for the period</b>	<b>36,488</b>	<b>33,385</b>	9.3%



# SHENG SIONG GROUP LTD.

## 1Q FY2024 Business Update

	The Group		
	1 <sup>st</sup> Quarter Ended		Change + / (-)%
	31 Mar 2024	31 Mar 2023	
	S\$'000	S\$'000	
<b>Profit net of tax for the period attributable to:</b>			
Owners of the Company	36,319	33,243	9.3%
Non-controlling interest	9	109	(91.7%)
	<b>36,328</b>	<b>33,352</b>	8.9%
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	36,415	33,263	9.5%
Non-controlling interest	73	122	(40.2%)
	<b>36,488</b>	<b>33,385</b>	9.3%



### B. Statements of Financial Position

	The Group		The Company	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
Property, plant and equipment	282,779	283,658	-	-
Right-of-use assets	101,692	101,797	-	-
Investment in subsidiaries	-	-	82,261	82,261
<b>Non-current assets</b>	<b>384,471</b>	<b>385,455</b>	<b>82,261</b>	<b>82,261</b>
Inventories	87,968	91,802	-	-
Trade and other receivables	24,606	28,535	202,333	202,317
Cash and cash equivalents	352,329	324,401	326	354
<b>Current assets</b>	<b>464,903</b>	<b>444,738</b>	<b>202,659</b>	<b>202,671</b>
<b>Total assets</b>	<b>849,374</b>	<b>830,193</b>	<b>284,920</b>	<b>284,932</b>
<b>Equity</b>				
Share capital	235,373	235,373	235,373	235,373
Merger reserve	(68,234)	(68,234)	-	-
Foreign currency translation reserve	(599)	(695)	-	-
Statutory Reserve	218	218	-	-
Accumulated profits	363,432	327,113	49,106	49,159
<b>Equity attributable to owners of the Company</b>	<b>530,190</b>	<b>493,775</b>	<b>284,479</b>	<b>284,532</b>
Non-controlling interest	3,276	3,203	-	-
<b>Total equity</b>	<b>533,466</b>	<b>496,978</b>	<b>284,479</b>	<b>284,532</b>
<b>Liabilities</b>				
Deferred tax liabilities	2,664	2,306	-	-
Lease liabilities	66,562	66,920	-	-
<b>Non-current liabilities</b>	<b>69,226</b>	<b>69,226</b>	-	-
Trade and other payables	181,021	199,943	436	393
Current tax payable	30,513	29,638	5	7
Lease liabilities	35,148	34,408	-	-
<b>Current liabilities</b>	<b>246,682</b>	<b>263,989</b>	<b>441</b>	<b>400</b>
<b>Total liabilities</b>	<b>315,908</b>	<b>333,215</b>	<b>441</b>	<b>400</b>
<b>Total equity and liabilities</b>	<b>849,374</b>	<b>830,193</b>	<b>284,920</b>	<b>284,932</b>



### C. Consolidated Statement of Cash Flows

	<b>The Group</b>	
	<b>1st Quarter ended</b>	
	<b>31 Mar 2024</b>	<b>31 Mar 2023</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit for the period	36,328	33,352
Adjustments for:		
Depreciation of:		
- property, plant and equipment	4,405	4,493
- right-of-use assets	9,019	8,572
(Gain)/loss on disposal of property, plant and equipment	(1)	2
Unrealised exchange loss/(gain)	202	(3)
Interest income	(3,343)	(2,741)
Interest expense	1,258	1,043
Tax expense	7,851	7,206
	<b>55,719</b>	<b>51,924</b>
Changes in:		
- inventories	3,834	12,866
- trade and other receivables	3,929	7,228
- trade and other payables	(18,922)	(45,791)
<b>Cash generated from operations</b>	<b>44,560</b>	<b>26,227</b>
Taxes paid	(6,618)	(10,332)
<b>Cash flows from operating activities</b>	<b>37,942</b>	<b>15,895</b>
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	6	68
Purchase of property, plant and equipment	(3,455)	(2,023)
Interest received	3,343	2,741
<b>Cash flows (used in)/from investing activities</b>	<b>(106)</b>	<b>786</b>
<b>Financing activities</b>		
Interest paid	(1,194)	(990)
Payment of lease liabilities	(8,620)	(8,108)
<b>Cash flows used in financing activities</b>	<b>(9,814)</b>	<b>(9,098)</b>
<b>Net increase in cash and cash equivalents</b>	<b>28,022</b>	<b>7,583</b>
Cash and cash equivalents at beginning of the period	324,401	275,499
Effect of exchange rate changes on balances held in foreign currencies	(94)	32
<b>Cash and cash equivalents at end of the period</b>	<b>352,329</b>	<b>283,114</b>



### D. Notes to Consolidated Financial Statements

#### 1. Significant items

	Note	The Group	
		1 <sup>st</sup> Quarter ended	
		31 Mar 2024	31 Mar 2023
		S\$'000	S\$'000
Depreciation of property, plant and equipment		(4,405)	(4,493)
Depreciation of right-of-use assets	1	(9,019)	(8,572)
Gain on disposal of property, plant and equipment		(1)	(2)
Staff costs	2	(55,705)	(50,927)
Contribution to defined contribution plans, included in staff costs		(3,804)	(3,490)
Interest income	3	3,343	2,741
Interest expense	4	(1,258)	(1,043)
Finance income/(expense), net		2,085	1,698
<b>Other income:</b>			
Rental income		929	964
Sale of scrap materials		536	464
Government grants	5	947	653
Exchange gain		410	311
Miscellaneous income	6	1,176	353
		3,998	2,745

#### Notes

1. New leases of new stores in Singapore and China in FY2023 and FY2024 resulted in higher depreciation of right-of-use assets.
2. The increase in staff costs was due to the increment of staff variable bonuses owing to better financial performance.
3. Higher interest income resulted from more fixed deposits being placed during 1Q FY2024.
4. Interest expense pertained to the interest on lease liabilities.
5. Higher government grants mainly resulted from receipts of grant related to an IT project and the Progressive Wage Credit Scheme.
6. Higher miscellaneous income was mainly attributed to the advertisement income received from suppliers and the collections from the Disposable Carrier Bag Charges which will be donated to social and/or environmental causes.



### 2. Reclassification

During the financial year ended 31 December 2023, the Group reclassified certain expenses to reflect the economic substance of the expenses. The following table summarises the impact of the reclassification of the relevant items:

	<b>As previously announced in 1Q FY2023</b>	<b>Reclassification</b>	<b>After reclassification for 1Q FY2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Other gains	2,434	311	2,745
Selling and distribution expenses	(1,879)	(52,296)	(54,175)
Administrative expenses	(63,241)	50,700	(12,541)
Other expenses	(1,285)	1,285	-

**E. Performance Review of the Group****1. Consolidated Statement of Profit or Loss and Other Comprehensive Income****Overview**

	<b>The Group</b>		
	<b>1<sup>st</sup> Quarter ended</b>		
	<b>31 Mar 2024</b>	<b>31 Mar 2023</b>	<b>Increase</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Sales	376,194	356,545	5.5%
Profit for the period	36,328	33,352	8.9%

For the first 3 months ended March 2024, revenue increased by 5.5% year-on-year to S\$376.2 million mainly attributed to the longer sales period prior to Lunar New Year which fell in February 2024 as compared to last year. The net profit for the period increased by 8.9% to S\$36.3 million.

Comparable same store revenue in Singapore for 1Q FY2024 increased by 8.0%, offset by a 2.6% revenue reduction from the new stores. China's revenue increased marginally by 0.1%.

	<b>31 Mar 2024</b>	<b>31 Mar 2023</b>
Number of stores	70 (Singapore) 5 (China)	68 (Singapore) 4 (China)
Retail area (sq ft) *	623,677	613,075
Revenue for the period (S\$'000)	S\$376,194	S\$356,545

\* Singapore's operations only.

<b>Revenue</b>	<b>No. of stores</b>	<b>Revenue 1Q FY2024 vs 1Q FY2023</b>
New stores – Singapore #	3	(2.6%)
Comparable same store – Singapore	67	8.0%
China	5	0.1%
Total	75	5.5%

# New stores consist of 2 that opened in FY2023 and 1 that opened in 1Q FY2024.



## 1Q FY2024 Business Update

### Gross Profit and Margin

1Q FY2024	1Q FY2023
S\$110.7 million	S\$102.8 million
29.4%	28.8%

Gross profit increased to S\$110.7 million compared to 1Q FY2023. Gross profit margin increased by 0.6% due to the improvement in sales mix but also to address the rising staff costs and utility expenses.

### Other Income

Other income increased to S\$4.0 million in 1Q FY2024 from S\$2.7 million in 1Q FY2023. The variance analysis is provided on page 5.

### Administrative Expenses

Administrative expenses for 1Q FY2024 increased by 15.6% or S\$2.0 million from S\$12.5 million to S\$14.5 million. The variance of the expenses is tabled below:

	1Q FY2024 vs 1Q FY2023	Remarks
	S\$'million	
Administrative Staff cost	1.0	Staff variable bonuses increased due to better financial performance.
Others	1.0	
<b>Total</b>	<b>2.0</b>	

### Selling and Distribution Expenses

For 1Q FY2024, selling and distribution expenses increased by 7.2% or S\$3.9 million to S\$58.1 million from S\$54.2 million in 1Q FY2023. The fluctuation of the expenses is tabled below:

	1Q FY2024 vs 1Q FY2023	Remarks
	S\$'million	
Supermarket and Operations Staff cost	3.0	Staff variable bonuses increased due to better financial performance.
Others	0.9	
<b>Total</b>	<b>3.9</b>	

### Tax Expenses

The effective tax rate of 1Q FY2024 is 17.8%. It is higher than the corporate tax rate of 17.0% as certain expenses are not tax deductible.

### Foreign Operations - China

China operations accounted for 2.3% of the total revenue in 1Q FY2024, and are profitable for the quarter.





### Consolidated Statement of Financial Position

Current assets increased by S\$20.2 million to S\$464.9 million as at 31 March 2024. It was mainly due to S\$27.9 million increase in cash and cash equivalents. Trade and other receivables declined by S\$3.9 million primarily due to less prepayment made for the purchases. Inventories reduced by S\$3.8 million because of the higher sell off of stock prior to Lunar New Year.

Non-current assets decreased by S\$1.0 million. Property, plant and equipment decreased by S\$0.9 million due to the depreciation of S\$4.4 million, offset by the additions of S\$3.5 million. Right-of-use assets remain largely unchanged.

As of 31 March 2024, current liabilities were reduced by S\$17.3 million to S\$246.7 million from S\$264.0 million reported end of FY2023. This is largely due to the decrease in the trade and other payables by S\$18.9 million to S\$181.0 million as the accrued staff bonuses were paid in 1Q FY2024.

### Consolidated Statement of Cash Flows

Cash generated from operations was S\$37.9 million in 1Q FY2024, up by S\$22.0 million registered a year ago, partially due to more payments being made to the vendors in 1Q FY2023. Additionally, the Directors' incentive bonus for FY2023 was only paid in April 2024.

Owing to the higher fixed deposit placements, an interest income of S\$3.3 million was recorded during the quarter. The Group used S\$3.5 million to purchase fixed assets. Cash flow used in investing activities was S\$0.1 million.

The S\$9.8 million used in financing activities for 1Q FY2024 comprised lease payments of S\$8.6 million and interest paid of S\$1.2 million.

The Group's cash balance increased by S\$27.9 million to S\$352.3 million as at 31 March 2024 from S\$324.4 million reported end of FY2023.

### Looking Forward

Inflation in Singapore is expected to remain elevated through 2024. GST hikes, rising public transport fares, electricity and water tariffs, and labor costs continue to add pressure to the inflation <sup>(1)</sup>. Increasing costs of living may prompt consumers to adopt cost-cutting measures, such as preparing meals at home, shopping at supermarkets that provide more value-for-money, and opting for more affordable house brand products. Consumers who used to shop at high-end markets may now turn to budget-friendly supermarkets to manage their expenses. The Assurance Package and the government's continued commitments to defray the GST hike for lower to middle-income groups, will continue to bolster consumer spending, giving supermarket retailers a boost.

The risk of supply chain disruption persists. The attack on the Red Sea has caused shipping companies to avoid the Suez Canal, opting for longer trade routes at higher costs. The prolonged drought in the Panama Canal disrupted global trade. Erratic weather events continue to increase climate-related risks to threaten the supply chain and agriculture yields, potentially driving up food prices. Heavily relying on international trade, Singapore is vulnerable to these disruptions. To mitigate the risk, the Group will continue to diversify our sources of supply and collaborate closely with our suppliers.

(1) <https://www.businesstimes.com.sg/singapore/economists-expect-unchanged-monetary-policy-january-even-december-core-inflation-edges-33>



## 1Q FY2024 Business Update

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Singapore's labor market remains tight, presenting a significant challenge for the retail industry due to a shortage of manpower, putting an upward pressure on labor costs as the industry strives to attract and retain qualified personnel. Enhanced sustainability and climate reporting obligations are also expected to increase operating costs.

Competition in the supermarket remains keen. Higher operating costs and aggressive promotional activities by competitors may result in lower margins.

The Group will continue its effort to improve its sales mix and focus on strengthening its core competencies to improve operational efficiency and productivity.

The Group opened two new stores in FY2023, and one new store in 1Q 2024, and is expecting the announcement on the results of four tenders that closed in February 2024. In early April, we expanded the retail floor space of one of our stores by connecting the newly leased space at Blk 159 Bukit Batok to our existing store at Blk 154 Bukit Batok. The supply pipeline of HDB housing is strong. It is expected that HDB will be putting up another six stores for tender in the next six months<sup>(2)</sup>. The Group remains proactive in seeking new store opportunities, particularly in areas where it currently lacks a presence. In China, plans are underway to open the 6th store in 2Q FY2024.

**Lim Hock Chee**  
Chief Executive Officer

25 April 2024