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FOR IMMEDIATE RELEASE

Sheng Siong Group reports S$27.3 million net profit for FY2011

- Revenue declined 8.0% yoy due to closure of two outlets, offset partially by the opening of four new outlets during the year
- Operating profit margin (excluding one-off income and expenses*) remained stable
- Net profit down 36.1% yoy, mainly due to absence of one-off investment gains
- Proposed dividend of 1.77 cents per share, at a payout ratio of around 90%
- FY2012 performance to be boosted by contribution from new outlets and a S$10.4 million gain from the sale of the Marsiling warehouse

Singapore, 23 February 2012 – Sheng Siong Group Ltd. ("Sheng Siong", and together with its subsidiaries, the "Group"), one of the largest supermarket chains in Singapore, reported a net profit of S$27.3 million on sales of S$578.4 million for the 12 months ended 31 December 2011 ("FY2011"). The Board of Directors has recommended a cash dividend of 1.77 cents per share, amounting to a payout ratio of around 90%.

(S$'000)	FY2011	FY2010	% Change
Revenue	578,443	628,432	(8.0)
Gross profit	127,848	136,757	(6.5)
Gross margin	22.1%	21.8%	*0.3p.p***
Operating profit (excluding one-off income and expenses*)	36,085	38,213	(4.4)
Operating profit (excluding one-off income and expenses*) margin	6.2%	6.1%	0.1p.p**
Net profit	27,256	42,635	(36.1)
Net profit margin	4.7%	6.8%	*(2.1p.p**)*

* *One-off other income and expenses includes: Cash grants from Jobs Credit scheme, gains on disposal of other investments, dividend income and IPO expenses*

** *p.p denotes percentage points*

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Revenue dipped 8.0% yoy ("year-on-year") to S$578.4 million, due to the closure of Ten Mile Junction (25,000 sq. ft.) in November 2010 and Tanjong Katong (16,949 sq. ft.) in September 2011 as both buildings were sold for re-development. However, the Group added four new outlets – Elias Mall in January 2011, Teck Whye in May 2011 and Woodlands Industrial Park and Thomson Imperial Court in November 2011. The Group ended the year with 25 outlets, an increase of two outlets over the previous year and expanding retail area by 3.3% yoy to around 348,000 sq. ft..

Gross profit margin improved to 22.1%, from 21.8% for FY2011, as a result of lower purchasing costs arising from increased direct and bulk purchasing made possible by the move to the Mandai Link Distribution Centre, which was completed in May 2011 at a cost of S$65 million. Nevertheless, gross profit dipped 6.5% yoy to S$127.8 million, due to the lower revenue.

Net profit was down 36.1% yoy to S$27.3 million, due to a reduction in other income of S$12.7 million, one-off IPO expenses of S$1.8 million and higher income tax of S$0.9 million. The decline in other income was attributable to several one-off income including a S$9.6 million gain from the divestment of listed equities in 2010 prior to the Group's listing in August 2011 and the loss of retail rental of S$1.5 million from the Ten Mile Junction outlet. Excluding one-off other income items and IPO expenses*, operating margin maintained at 6.2% in FY2011.

Business Outlook

Mr. Lim Hock Chee, Chief Executive Officer of Sheng Siong Group Ltd., commented, ***"We expect the retail market in Singapore to remain challenging, in view of the uncertain global economic outlook, limited population growth and continuing competition. However, we expect our FY2012 performance to be boosted by contribution from new outlets and a one-off gain of S$10.4 million from the sale of our Marsiling warehouse."***

The Group is in final negotiations for three new outlets which are expected to conclude by the end of 2QFY2012. Together with a small outlet which was recently secured, these new outlets will contribute an additional 33,500 sq. ft., or 10% of existing retail space. The small outlet is targeted to commence operations by 2QFY2011.

The Group sold the Marsiling warehouse on 20 January 2012 for S$15.0 million, resulting in a gain of S$10.4 million. The warehouse was no longer required after the Group moved its warehouse and logistics operations to the new and larger Mandai Link Distribution Centre. The divestment gain will be recognised in FY2012.

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About Sheng Siong Group Ltd.

Sheng Siong Group Ltd. is one of Singapore's largest retailers. Principally engaged in operating the Sheng Siong Groceries Chain, including 25 outlets all across the island, the Group's outlets are primarily located in retail locations in the heartlands of Singapore. The outlets are designed to provide its customers with both "wet and dry" shopping options, including a wide assortment of live, fresh and chilled produce, such as seafood, meat and vegetables, in addition to processed, packaged and or preserved food products as well as general merchandise such as toiletries and essential household products.

Sheng Siong has developed a selection of housebrands to offer customers quality alternatives to national brands at substantial savings. Sheng Siong offers over 300 products under its 10 housebrands, ranging from food products to paper goods.

For more information, please refer to: http://www.shengsiong.com.sg

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