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FOR IMMEDIATE RELEASE

Sheng Siong Group's net profit grew 7.6% yoy to S$18.4 million for 2Q2019

- Revenue increased by 11.8% to S$238.2 million in 2Q2019 mainly because of new stores
- The Group remains committed to expand the retail network in Singapore, especially in areas where the Group's potential customers reside
- Declare interim dividend of 1.75 cent per share

Singapore, 29 July 2019 – Sheng Siong Group Ltd. ("Sheng Siong", together with its subsidiaries, the "Group" or "昇菘集团"), one of the largest supermarket chains in Singapore, reported a 7.6% year-on-year ("yoy") increase in net profit to S$18.4 million for the 3 months ended 30 June 2019 ("2Q2019") mainly due to increase in gross profit arising from higher revenue, slightly improved gross margin, and higher other income but was partially offset by higher operating and net interest expense. The effect of adopting SFRS (I) 16 Leases with effect from 1 January 2019 was a reduction of the Group's 1H2019's net profit by $1.0 million compared with 1H2018.

Financial Highlights (S$ 'million)	3 months ended 30 June 2019 (2Q2019)	3 months ended 30 June 2018 (2Q2018)	Change	6 months ended 30 June 2019 (1H2019)	6 months ended 30 June 2018 (1H2019)	Change
Revenue	238.2	213.0	11.8%	489.6	441.3	11.0%
Gross profit	65.2	58.1	12.2%	130.7	117.9	10.9%
Gross profit margin	*27.4%*	*27.3%*	0.1p.p	*26.7%*	*26.7%*	-
Other Income	1.9	1.6	15.4%	4.3	4.0	6.7%
Net profit	18.4	17.1	7.6%	37.8	35.4	6.8%
Net profit margin	*7.7%*	*8.0%*	(0.3p.p)	*7.7%*	*8.0%*	(0.3p.p)
EPS (cents)#	1.23	1.14	7.9%	2.51	2.36	6.4%

p.p denotes percentage points
 # Based on weighted average number of 1,503,537,000 shares for 2Q2018, 2Q2019, 1H2018 and 1H2019.

Revenue increased by 11.8% in 2Q2019 of which 11.3 percentage points was contributed by the 13 new stores but was offset by comparable same store sales which slipped by 0.3 percentage points mainly due to cautious consumers' sentiments, probably caused by the uncertain economic conditions both globally and locally. However, comparable same store sales improved from a contraction of 1.0 percentage points in 1Q2019 to 0.3 percentage points in 2Q2019. Revenue from the first store in

Kunming China grew at a healthy pace. As the second store was just opened, contribution to the top line from this store was not significant.

Gross margin increased slightly to 27.4% in 2Q2019 compared with 27.3% in 2Q2018 mainly because of an improvement in the sales mix of fresh produce versus non-fresh produce. Selling prices were generally stable.

Administrative expenses increased by S$5.4 million in 2Q2019 compared with 2Q2018. The increase was mainly due to higher staff costs as additional headcount was required to operate the new stores, depreciation arising from the fitting out of the new stores and the purchases of IT equipment and a higher provision for bonus because of the better financial performance which was partially offset by decrease in rental upon the adoption of the new Accounting Standard, SFRS (I) 16 Leases. Administrative expenses as a % of sales were higher at 17.3% in 1H2019 compared with 17.1% in 1H2018 as revenue at new stores will require time to pick up to its normal levels.

Cash generated from operating activities before working capital changes and payment of tax amounted to S$32.6 million in 2Q2019, mainly because of the increased volume of business and the adoption of SFRS(I) 16 Leases, where rent which were previously treated as an expense is now replaced by depreciation of the right-of-use assets, a non-cash element.

Cash used for capital expenditures amounted to S$12.2 million consisting mainly of payments for fitting out the new stores and IT equipment for the supermarket operations of $7.4 million, additional or replacement of some of the equipment in the distribution centre totalling $1.0 million, extension of the warehouse for S$3.5 million and S$0.3 million incurred by the supermarkets in China.

The Group's balance sheet remained healthy with cash of S$82.9 million as at 30 June 2019.

Business Outlook

Competition in the supermarket industry is expected to remain keen and challenging among the traditional brick and mortar operators and e-commerce platforms. Local demand may be affected as consumers' sentiments turned bearish because of the unfavorable global and local economic outlook.

Core inflation, more particularly food inflation has remained generally subdued but the risks of unpredictable weather or disruptions to the supply chain could increase input prices.

The Group is still looking for suitable retail spaces in areas where it does not have a presence. However, competition for new HDB shops is still keen but bidding has become more rational. In the past few months it appeared that some of the players in the industry are re-organizing their portfolio of stores as there were some store closures, which were subsequently released by HDB for re-tendering.

The Group has tendered for six HDB shops and is awaiting the outcome.

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On the future plans of the Group, **Mr Lim Hock Chee, the Group's Chief Executive Officer**, added, ***"We are delighted to open three new HDB shops at Bukit Batok Block 292, Anchorvale Road Block 351 and Sumang Lane Block 231 in May 2019, expanding our total retail square footage in Singapore to 512,000 sq ft and increasing our store count to 57.***

Moving ahead, we remain focused on widening our reach by continuously looking for suitable retail space, particularly in areas where our customers reside but we do not have a presence. Besides nurturing the growth of our new stores in Singapore and China, we strive to enhance our gross margin and improve cost efficiency via higher sales mix of fresh produce and more efficiency gains in the supply chain.

To reward shareholders for their unwavering support, we are pleased to declare an interim cash dividend of 1.75 cent per share."

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About Sheng Siong Group Ltd.

Sheng Siong Group Ltd. is one of the largest supermarket chains in Singapore. Principally engaged in operating the Sheng Siong Groceries Chain, consisting of 57 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 1200 products under its 18 housebrands, ranging from food products to paper goods.

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

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