SHENGSIONG

... all for you!

2Q2014

Results Presentation

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Financial Highlights for 2Q2014

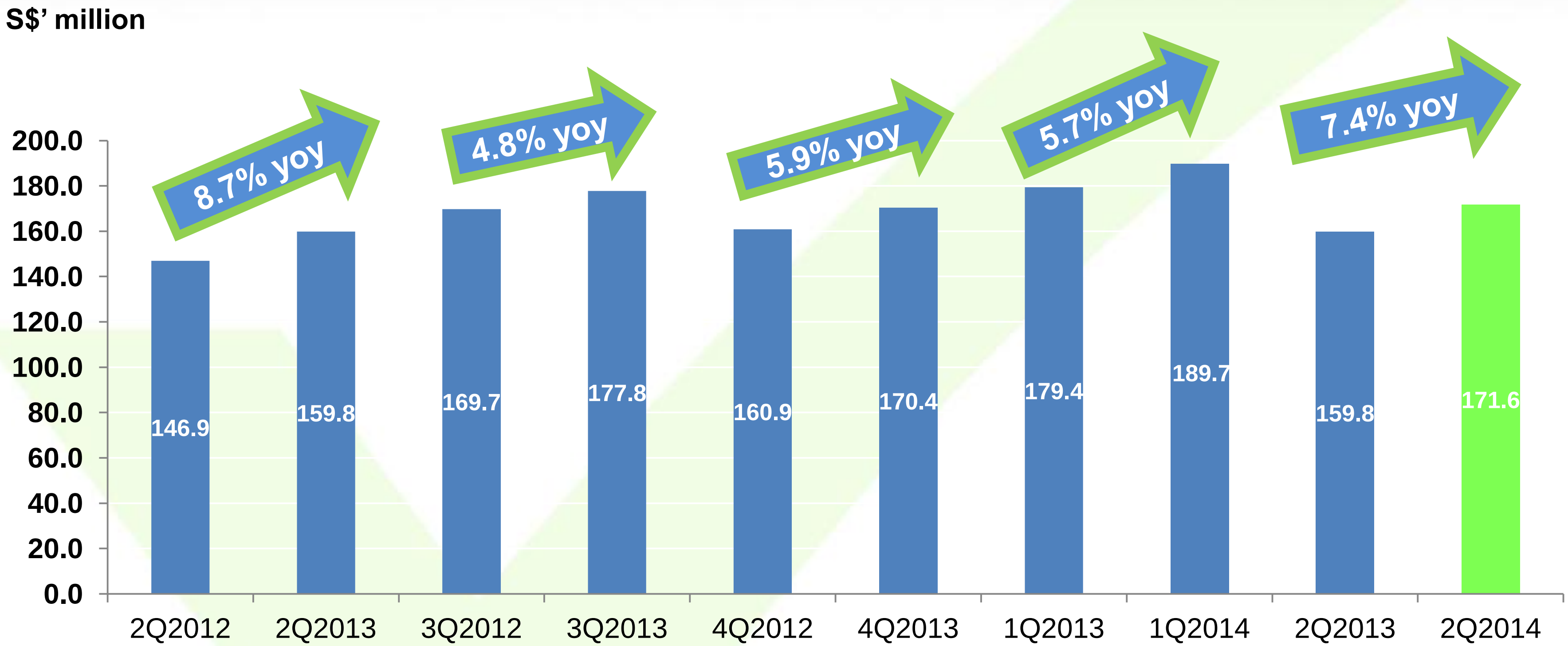
Revenue	7.4% yoy	**S$171.6 million**
Gross profit margin	1.5 pp*	**24.7%**
Operating profit margin	1.4pp*	**7.8%**
Net profit	30.3% yoy	**S$11.1 million**
Retail area	Maintained	**400,000 sqft**

* *pp denotes percentage points*

Outlets Opening and Closing

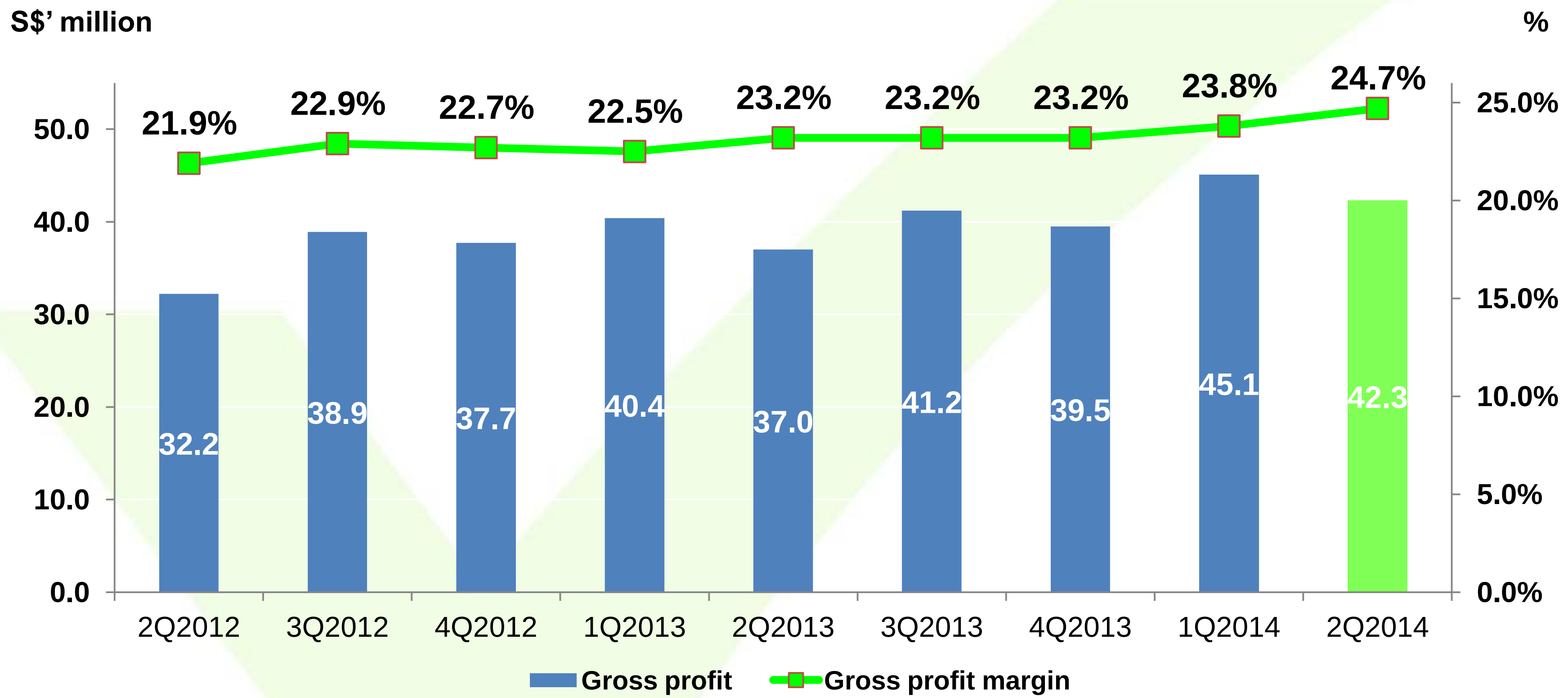
- Total outlets maintained at 33 as at 30 June 2014, total retail area at around 400,000 sq. ft.
- The key driver of our strategy will be to expand retail space in Singapore, particularly in areas that we do not have a presence

Revenue Trend



- Revenue increased 7.4% yoy to S$171.6 million for 2Q2014, of which
  - 2.7% was contributed by the eight new stores which were opened in 2012; and
  - 4.7% by comparable same store sales.
  - Comparable same store sales would have increased by 5.0% if the stores at Bedok Central and The Verge, affected by construction work in the vicinity, were excluded
- The increase in comparable same store sales was the result of refurbishment work done to some stores, longer operating hours and marketing initiatives

Gross Profit Trend



- The Group's gross margins increased to 24.7% in 2Q2014 compared with 23.2% in 2Q2013, due to lower input costs derived from the Mandai Distribution Centre.
- Although competition remained keen, selling prices were stable, but with a slight downward bias.

Net Profit

S$' 000	2Q2014	2Q2013	Change	1H2014	1H2013	Change	Reason(s) for change
Gross profit	**42,318**	**37,035**	**14.3%**	**87,374**	**77,444**	**12.8%**	Increase in gross profit as a result of higher turnover and cost efficiencies derived from the Mandai Distribution Centre.
Operating expenses#	(29,892)	(27,685)	8.0%	(61,394)	(57,245)	7.2%	Increases in staff cost were attributable mainly to a higher provision for bonus as a result of the higher operating profit. Rental of retail outlets increased mainly because of the increases in rental rates on renewal of leases but as a percentage of sales, rental remained at 2.8%. The increase in depreciation was mainly because of capital expenditure incurred in refurbishing some of the outlets as well as replacement of plant and machinery and computers.
Operating profit	**13,398**	**10,210**	**31.2%**	**28,452**	**22,626**	**25.7%**	
Net finance (expense)/ income	178	135	31.9%	352	337	4.5%	
Profit before income tax	**13,576**	**10,345**	**31.2%**	**28,804**	**22,963**	**25.4%**	
Income tax expense	(2,501)	(1,843)	35.7%	(5,198)	(3,958)	31.3%	
Net profit	**11,075**	**8,502**	**30.3%**	**23,606**	**19,005**	**24.2%**	Higher revenue and better gross margin

 # Refers to distribution, administrative and other expenses

*

Balance Sheet Highlights

S$' 000	As at 30 Jun 2014	As at 31 Dec 2013
Inventories	38,514	45,566
Trade and other payables	79,047	88,243
Property, plant and equipment (PPE)	94,621	90,756
Cash and cash equivalents	95,643	99,678

- Inventories decreased by S$7.0 million because a higher level of inventory was carried at 31 December 2013 to cater for Chinese New Year sales in January 2014.
- The decrease in trade and other payables as by S$9.2 million was attributable mainly to trade payables declining by S$8.3 million arising mainly from the lower level of purchases.
- 1H2014 capital expenditure of S$9.2 million included:
  - Progress payment for the retail shops at Junction 9 - S$6.1 million; and
  - Solar panel – S$1.0 million

Outlook

Business Outlook

- Competition in the supermarket industry is likely to remain keen.
- The Group expects to see pressure on food and manpower costs going forward.

Growth strategy

- Continue expanding network of outlets in Singapore especially in areas without presence in
- Expect revenue from the 8 new stores opened in FY2012 to contribute positively to the Group’s financial performance in 2014

Continue margin enhancement initiatives

- Increase direct sourcing and bulk handling
- Improve sales mix of higher margin products
- Increase selection and types of housebrand products

E-commerce initiatives

- Commenced pilot project in 4Q2013

Questions & Answers

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