



SHENG SIONG GROUP LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 201023989Z)

INTERESTED PERSON TRANSACTION - THE PROPOSED JOINT VENTURE IN THE PEOPLE'S REPUBLIC OF CHINA WITH KUNMING LUCHEN GROUP CO., LTD (昆明绿辰集团有限责任公司)

1. INTRODUCTION

The Board of Directors ("**Board**") of Sheng Siong Group Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcements made on 21 August 2014 and 27 December 2014 (the "**Announcements**") in relation to the Company's proposed joint venture ("**Proposed Joint Venture**") with Kunming LuChen Group Co., Ltd (昆明绿辰集团有限责任公司) ("**LuChen Group**") to operate supermarkets in the People's Republic of China ("**PRC**"). Capitalised terms used but not otherwise defined in this announcement shall have the same meanings ascribed to them in the Announcements.

The Board is pleased to announce that the Company has on 13 May 2015 received all necessary approvals from the relevant authorities in the PRC for the investment by the Parties (as defined below) in, and the incorporation of, Sheng Siong (China) Supermarket Co., Ltd. (昇崧(中国)超市有限公司) (the "**JVC**"), including the JVC's business licence.

2. DETAILS OF THE PROPOSED JOINT VENTURE

A summary of certain terms of the Conditional JVA dated 27 December 2014 between the Company, the LuChen Group and the Company's Executive Director, Mr. Tan Ling San, (each a "**Party**" and collectively, the "**Parties**") in respect of the Proposed Joint Venture, is set out below:

2.1 Capital

The JVC will have a registered capital of US\$10 million, and the Parties have agreed to contribute capital as follows:

- (a) the Company will subscribe for 60% of the equity interest in the JVC, for a cash consideration of US\$6 million;
- (b) the LuChen Group will subscribe for 30% of the equity interest in the JVC, for a cash consideration of US\$3 million; and
- (c) Mr. Tan Ling San, the Company's Executive Director, will subscribe for 10% of the equity interest in the JVC, for a cash consideration of US\$1 million.

The capital contributions are to be provided by the Parties within 90 days of the issuance of the JVC's business licence, or such earlier date as may be decided by the JVC's board, taking into account the JVC's capital requirements.

2.2 JVC's board of directors

The JVC's board of directors shall be the JVC's only decision-making body. The JVC shall not make decisions via shareholders' meetings. The JVC's board shall comprise three (3) directors. Two (2) directors (including the chairman of the JVC's board) shall be appointed by the Company, and one (1) director shall be appointed by the LuChen Group as deputy chairman of the JVC's board.

2.3 Reserved matters

Certain matters require unanimous approval of all of the directors of the JVC's board. Such matters include, but are not limited to: (a) amendments to the JVC's articles of association; (b) changes to the JVC's registered capital; (c) suspension, dissolution or liquidation of the JVC; (d) merger by the JVC with one or more entities; (e) division of the JVC into two (2) or more entities; (f) the JVC carrying out any action which is not on arm's length commercial terms, or not in the ordinary course of business; or (g) the JVC making any fundamental change to its trade or business.

2.4 JVC's legal representative

The chairman of the JVC's board shall be the JVC's legal representative, failing which, the deputy chairman or such other director as appointed by the JVC's board, shall serve as the JVC's legal representative.

2.5 Term of the JVC

The JVC shall have a term of 40 years commencing from the date of its business licence. Should the Parties intend to extend the JVC's term, the Parties shall submit an extension application to the relevant PRC authorities at least 12 months prior to the expiry of the JVC's term, and shall comply with laws, rules and regulations applicable at the relevant time.

2.6 Profits allocation

The profits of the JVC shall be allocated in accordance with the equity interest held by the Parties, i.e. the Company shall be allocated 60% of the JVC's profits, the Luchen Group shall be allocated 30% of the JVC's profits, and Mr. Tan Ling San shall be allocated 10% of the JVC's profits.

2.7 Termination

Any Party may terminate the Conditional JVA by written notice to the other Parties in any of the following situations: (a) if the other Party has committed a serious breach of the JVA which has not been cured within ninety (90) days of one Party notifying the Party in breach; (b) if the JVC is unable to operate effectively due to a *force majeure* event which has lasted for six (6) months and which is likely to continue in the foreseeable future; (c) if the JVC has suffered losses for five (5) consecutive years; or (d) if the Parties are unable to achieve the objectives for the operation of the JVC and there is no prospect for the JVC's future development; (e) any other situation prescribed by PRC law and/ or under the Conditional JVA.

2.8 Governing law and dispute resolution

The Conditional JVA is governed by PRC law. Any dispute arising out of or in connection with the Conditional JVA shall be referred to and finally resolved by arbitration in Singapore in accordance with the Arbitration Rules of the Singapore International Arbitration Centre.

3. **RATIONALE FOR THE PROPOSED JOINT VENTURE**

The Company continually seeks opportunities for the development and growth of the Company's business and operations, and views the Proposed Joint Venture as a promising avenue for the Company to diversify into a new geographical market with a large population. The Proposed Joint Venture will enable the Group to venture into the PRC market and leverage on the collective strengths of the Group and its joint venture partner, the Luchen Group.

4. **THE PROPOSED JOINT VENTURE AS AN INTERESTED PERSON TRANSACTION**

Mr. Tan Ling San, as the Company's Executive Director, is regarded as an "interested person" within the meaning of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"). Accordingly, the Proposed Joint Venture will be regarded as an interested person transaction and the requirements of Chapter 9 of the Listing Manual are applicable.

5. **TOTAL VALUE OF ALL INTERESTED PERSON TRANSACTIONS**

The current total value of all interested person transactions, excluding transactions which are less than S\$100,000, with (a) Mr. Tan Ling San; and (b) all interested persons of the Company, for the period from 1 January 2015 to the date of this announcement (prior to and including the Proposed Joint Venture), and the percentage of the Group's audited net tangible assets ("**NTA**") as at 31 December 2014 represented by such values, are as follows:

	Prior to the Proposed Joint Venture		Including the Proposed Joint Venture	
	Amount (S\$'000)	Percentage of audited NTA of the Group (%)	Amount (S\$'000)	Percentage of audited NTA of the Group (%)
Total value of all transactions with Mr. Tan Ling San	Nil	Nil	8,031 ⁽¹⁾	3.4
Total value of all transactions with all interested persons of the Company	867	0.37	8,898	3.8

Note:

(1) Based on the exchange rate of US\$1 : S\$1.3385.

6. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company, having considered the terms of the Conditional JVA and the Proposed Joint Venture, is of the view that the risks and rewards of the Proposed Joint Venture are in proportion to the equity of each joint venture partner and the terms of the Proposed Joint Venture are not prejudicial to the interests of the Company and its minority shareholders.

7. FINANCIAL EFFECTS OF THE PROPOSED JOINT VENTURE

The Proposed Joint Venture is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 31 December 2015.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr. Tan Ling San, none of the directors, controlling or substantial shareholders of the Company has any interest, direct or indirect, in the Conditional JVA and/ or the Proposed Joint Venture.

By Order of the Board

Lim Hock Chee
Chief Executive Officer

14 May 2015