



# SHENG SIONG GROUP LTD.

Business Update for the Third Quarter ended 30 September 2024

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

	The Group			The Group		
	3 months ended		Change	9 months ended		Change
	30 Sep 2024	30 Sep 2023		30 Sep 2024	30 Sep 2023	
S\$'000	S\$'000 Reclassified	+/- (-)	S\$'000	S\$'000 Reclassified	+/- (-)	
Revenue	363,245	345,820	5.0%	1,077,445	1,036,299	4.0%
Cost of sales	(249,465)	(240,869)	3.6%	(748,624)	(726,200)	3.1%
Gross profit	113,780	104,951	8.4%	328,821	310,099	6.0%
Other income	6,264	3,187	96.5%	13,547	8,195	65.3%
Selling and distribution expenses	(59,077)	(55,500)	6.4%	(172,606)	(165,214)	4.5%
Administrative expenses	(15,288)	(13,190)	15.9%	(43,153)	(37,603)	14.8%
<b>Results from operating activities</b>	<b>45,679</b>	<b>39,448</b>	<b>15.8%</b>	<b>126,609</b>	<b>115,477</b>	<b>9.6%</b>
Finance income	3,217	2,825	13.9%	9,808	8,282	18.4%
Finance expenses	(1,285)	(904)	42.1%	(3,747)	(2,925)	28.1%
<b>Profit before tax</b>	<b>47,611</b>	<b>41,369</b>	<b>15.1%</b>	<b>132,670</b>	<b>120,834</b>	<b>9.8%</b>
Tax expense	(8,523)	(6,600)	29.1%	(23,617)	(20,542)	15.0%
<b>Profit for the period</b>	<b>39,088</b>	<b>34,769</b>	<b>12.4%</b>	<b>109,053</b>	<b>100,292</b>	<b>8.7%</b>
<b>Other comprehensive income</b>						
Item that is or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences – foreign operations						
	(299)	127	n.m	(145)	(77)	88.3%
<b>Total comprehensive income for the period</b>	<b>38,789</b>	<b>34,896</b>	<b>11.2%</b>	<b>108,908</b>	<b>100,215</b>	<b>8.7%</b>

n.m denotes not meaningful.



# SHENG SIONG GROUP LTD.

Business Update for the Third Quarter ended 30 September 2024

	The Group			The Group		
	3 months ended		Change	9 months ended		Change
	30 Sep 2024	30 Sep 2023		30 Sep 2024	30 Sep 2023	
	S\$'000	S\$'000 Reclassified	+/- (-)	S\$'000	S\$'000 Reclassified	+/- (-)
<b>Profit/ net of tax for the period attributable to:</b>						
Owners of the Company	39,097	34,722	12.6%	109,009	100,085	8.9%
Non-controlling interest	(9)	47	n.m	44	207	(78.7%)
<b>Profit after tax</b>	<b>39,088</b>	<b>34,769</b>	<b>12.4%</b>	<b>109,053</b>	<b>100,292</b>	<b>8.7%</b>
<b>Total comprehensive income for the period attributable to:</b>						
Owners of the Company	38,917	34,798	11.8%	108,922	100,039	8.9%
Non-controlling interest	(128)	98	n.m	(14)	176	n.m
<b>Total comprehensive income</b>	<b>38,789</b>	<b>34,896</b>	<b>11.2%</b>	<b>108,908</b>	<b>100,215</b>	<b>8.7%</b>
<b>Earnings per share</b>						
Basic and diluted (cents)	2.60	2.31	12.6%	7.25	6.66	8.9%

n.m denotes not meaningful.



# SHENG SIONG GROUP LTD.

Business Update for the Third Quarter ended 30 September 2024

## B. Interim Statements of Financial Position

	The Group		The Company	
	30 Sep	31 Dec	30 Sep	31 Dec
	2024	2023	2024	2023
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
Property, plant and equipment	281,328	283,658	-	-
Right-of-use assets	90,382	101,797	-	-
Investment in subsidiaries	-	-	82,261	82,261
<b>Non-current assets</b>	<b>371,710</b>	<b>385,455</b>	<b>82,261</b>	<b>82,261</b>
Inventories	87,372	91,802	-	-
Trade and other receivables	26,962	28,535	153,870	202,317
Cash and cash equivalents	350,093	324,401	234	354
<b>Current assets</b>	<b>464,427</b>	<b>444,738</b>	<b>154,104</b>	<b>202,671</b>
<b>Total assets</b>	<b>836,137</b>	<b>830,193</b>	<b>236,365</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	(782)	(695)	-	-
Statutory Reserve	218	218	-	-
Accumulated profits	339,896	327,113	708	49,159
<b>Equity attributable to owners of the Company</b>	<b>506,471</b>	<b>493,775</b>	<b>236,081</b>	<b>284,532</b>
Non-controlling interest	3,189	3,203	-	-
<b>Total equity</b>	<b>509,660</b>	<b>496,978</b>	<b>236,081</b>	<b>284,532</b>
<b>Liabilities</b>				
Lease liabilities	56,679	66,920	-	-
Deferred tax liabilities	1,978	2,306	-	-
<b>Non-current liabilities</b>	<b>58,657</b>	<b>69,226</b>	<b>-</b>	<b>-</b>
Trade and other payables	203,653	199,943	277	393
Current tax payable	29,625	29,638	7	7
Lease liabilities	34,542	34,408	-	-
<b>Current liabilities</b>	<b>267,820</b>	<b>263,989</b>	<b>284</b>	<b>400</b>
<b>Total liabilities</b>	<b>326,477</b>	<b>333,215</b>	<b>284</b>	<b>400</b>
<b>Total equity and liabilities</b>	<b>836,137</b>	<b>830,193</b>	<b>236,365</b>	<b>284,932</b>



# SHENG SIONG GROUP LTD.

Business Update for the Third Quarter ended 30 September 2024

## C. Interim Consolidated Statement of Cash Flows

	The Group		The Group	
	3 months ended		9 months ended	
	30 Sep	30 Sep	30 Sep	30 Sep
	2024	2023	2024	2023
	SS'000	SS'000	SS'000	SS'000
<b>Operating activities</b>				
Profit for the period	39,088	34,769	109,053	100,292
Adjustments for:				
Depreciation of:				
– property, plant and equipment	4,302	4,414	13,032	13,451
– right-of-use assets	9,317	8,793	27,595	26,012
Gain on disposal of property, plant and equipment	(29)	(6)	(27)	(5)
Unrealised exchange (gain)/loss	(1,163)	120	(857)	(124)
Interest income	(3,217)	(2,825)	(9,808)	(8,282)
Interest expense	1,285	904	3,747	2,925
Tax expense	8,523	6,600	23,617	20,542
	58,106	52,769	166,352	154,811
Changes in:				
– inventories	(2,896)	(938)	4,430	16,774
– trade and other receivables	(517)	(3,988)	1,573	761
– trade and other payables	13,053	16,055	3,710	(11,270)
<b>Cash generated from operations</b>	67,746	63,898	176,065	161,076
Taxes paid	(8,666)	(9,001)	(23,957)	(28,336)
<b>Cash flows from operating activities</b>	59,080	54,897	152,108	132,740
<b>Investing activities</b>				
Proceeds from disposal of property, plant and equipment	49	12	53	82
Purchase of property, plant and equipment	(4,513)	(2,150)	(10,836)	(7,650)
Interest received	3,217	2,825	9,808	8,282
<b>Cash flows (used in)/from investing activities</b>	(1,247)	687	(975)	714
<b>Financing activities</b>				
Dividends paid	(48,113)	(45,858)	(96,226)	(92,017)
Payment of lease liabilities	(9,045)	(8,606)	(26,443)	(25,029)
Interest paid on lease liabilities	(1,222)	(852)	(3,558)	(2,763)
<b>Cash flows used in financing activities</b>	(58,380)	(55,316)	(126,227)	(119,809)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(547)	268	24,906	13,645
Cash and cash equivalents at beginning of the period	349,653	288,993	324,401	275,499
Effect of exchange rate changes on balances held in foreign currencies	987	(36)	786	81
<b>Cash and cash equivalents at end of the period</b>	<b>350,093</b>	<b>289,225</b>	<b>350,093</b>	<b>289,225</b>

**D. Notes to the Consolidated Financial Statements**
**1. Significant items**

	<u>Note</u>	<b>The Group</b>		<b>The Group</b>	
		<b>3 months ended</b>		<b>9 months ended</b>	
		<b>30 Sep 2024</b>	<b>30 Sep 2023</b>	<b>30 Sep 2024</b>	<b>30 Sep 2023</b>
		<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation of property, plant and equipment		4,302	4,414	13,032	13,451
Depreciation of right-of-use assets		9,317	8,793	27,595	26,012
Gain on disposal of property, plant and equipment		(29)	(6)	(27)	(5)
Staff costs	(a)	56,105	50,146	163,606	150,390
Contribution to defined contribution plans, included in staff costs		3,949	3,355	11,346	10,320
Interest income	(b)	(3,217)	(2,825)	(9,808)	(8,282)
Interest expense	(c)	1,285	904	3,747	2,925
Finance income, net		(1,932)	(1,921)	(6,061)	(5,357)
<b>Other income:</b>					
Operating lease income	(d)	948	864	2,807	2,677
Sale of scrap materials	(e)	658	407	1,681	1,336
Government grants	(f)	4,052	815	5,756	1,703
Exchange (loss)/gain		(169)	321	713	1,081
Miscellaneous income	(g)	775	780	2,590	1,398
		6,264	3,187	13,547	8,195
<b>Tax expense:</b>					
Current year tax		8,523	6,957	23,617	20,899
Reversal of prior year tax	(h)	-	(357)	-	(357)
		8,523	6,600	23,617	20,542

**Notes**

- (a) Staff costs increased due to a higher bonus provision arising from better financial performance, increased wages during the year, and increased number of employees due to more stores.
- (b) Higher interest income was mainly attributed to more fixed deposits being placed during the period.
- (c) Interest expense pertained to the interest on lease liabilities.
- (d) Operating lease income derived from excess retail space rented out.
- (e) The increase in the sale of scrap materials resulted from higher market price of recyclable paper.



# SHENG SIONG GROUP LTD.

## Business Update for the Third Quarter ended 30 September 2024

- (f) Higher government grants were mainly due to the receipt of progressive wage credit scheme grant in 3Q FY2024.
- (g) The increase in miscellaneous income was mainly due to the advertisement income received from suppliers and the Disposal Carrier Bag Charge collections. The net proceeds from the Disposable Carrier Bag Charge will be donated to support social and/or environmental causes.
- (h) Reversal of prior year tax pertained to the under-recognition of temporary differences arising from capital allowances in 3Q FY2023.

### 2. Earnings per share

Basic earnings per share is computed by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	<b>The Group</b>		<b>The Group</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 Sep 2024</b>	<b>30 Sep 2023</b>	<b>30 Sep 2024</b>	<b>30 Sep 2023</b>
Basic earnings per share (Singapore cents)	2.60	2.31	7.25	6.66
	<b>No. of shares</b>			
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Total number of shares in issue at the end of the period	1,503,537	1,503,537	1,503,537	1,503,537
Weighted average number of shares during the period	1,503,537	1,503,537	1,503,537	1,503,537

There were no potential dilutive shares during the period reported on.

### 3. Net asset value

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 Sep 2024</b>	<b>As at 31 Dec 2023</b>	<b>As at 30 Sep 2024</b>	<b>As at 31 Dec 2023</b>
Net asset value per ordinary share (Singapore cents)	33.69	32.84	15.70	18.92
Number of shares as at end of period/year ('000)	1,503,537	1,503,537	1,503,537	1,503,537

#### 4. 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>The Group</b>			
	<b>As previously reported for 3 months ended 30 Sept 2023</b>	<b>Reclassification</b>	<b>After reclassification for 3 months ended 30 Sept 2023</b>	<b>3 months ended 30 Sept 2024</b>
	<b>S\$'000</b>		<b>S\$'000</b>	<b>S\$'000</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Other income	2,866	321	3,187	6,264
Selling and distribution expenses	(2,080)	(53,420)	(55,500)	(59,077)
Administrative expenses	(64,958)	51,768	(13,190)	(15,288)
Other expenses	(1,331)	1,331	-	-

	<b>The Group</b>			
	<b>As previously reported for 9 months ended 30 Sept 2023</b>	<b>Reclassification</b>	<b>After reclassification for 9 months ended 30 Sept 2023</b>	<b>9 months ended 30 Sept 2024</b>
	<b>S\$'000</b>		<b>S\$'000</b>	<b>S\$'000</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Other income	7,114	1,081	8,195	13,547
Selling and distribution expenses	(5,777)	(159,437)	(165,214)	(172,606)
Administrative expenses	(192,246)	154,643	(37,603)	(43,153)
Other expenses	(3,713)	3,713	-	-

#### 5. Capital commitments

The Group's subsidiary Sheng Siong Supermarket Pte. Ltd. entered into a conditional sale and purchase agreement, on 27 September 2024 to purchase 25,000,000 ordinary shares representing 100% of the issued and paid up capital of Jelita Property Pte Ltd (“**Target Company**”). The consideration is the net asset value of the Target Company which is adjusted on the basis that the value of the properties held by the Target Company is fixed at S\$50.2 million. As at 30 September 2024, S\$5,020,000 has been paid to the vendor. The remaining amount payable will be subject to confirmation based on the completion accounts to be prepared following the completion of the acquisition.



# SHENG SIONG GROUP LTD.

Business Update for the Third Quarter ended 30 September 2024

## E. Performance Review of the Group

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

#### Revenue

For the third quarter ended 30 September 2024, revenue increased by 5.0% year-on-year to S\$363.2 million on the back of new stores opening and improvements in comparable same store sales.

For the nine-month period, revenue increased by S\$41.1 million or 4.0% to S\$1.1 billion this year.

	Number of stores		Breakdown of Revenue Growth %	
	30 Sep 2024	30 Sep 2023	3Q FY2024 vs 3Q FY2023	9M FY2024 vs 9M FY2023
New stores and Comparable New Stores*	6	2	3.2%	2.1%
Comparable same stores #	67	67	1.5%	1.8%
China (opened 1 store in 9M FY2024)	6	5	0.3%	0.1%
Total	79	74	5.0%	4.0%

\* This consists of 4 new stores that opened in 9M FY2024 and 2 comparable new stores that opened in 9M FY2023.

# 4 stores that opened in FY2022 were classified as new stores a year ago have been reclassified to comparable same stores in 9M FY2024.

	30 Sep 2024	30 Sep 2023
Number of stores	73 (Singapore) + 6 (China)	69 (Singapore) + 5 (China)
Retail area (sq ft) **	642,234	618,349
Revenue for the period	S\$1.08 billion	S\$1.04 billion

\*\* Retail area of Singapore stores only.

#### Gross Profit

Gross profit margin recorded 31.3% for 3Q FY2024 compared to 30.3% for 3Q FY2023. The gross profit margin for 9M FY2024 increased to 30.5% compared to 29.9% in the previous year which is primarily attributable to continual improvements in the sales mix and also to addressing rising business costs.





# SHENG SIONG GROUP LTD.

## Business Update for the Third Quarter ended 30 September 2024

	3Q FY2024	3Q FY2023	9M FY2024	9M FY2023
Gross profit	S\$113.8 million	S\$105.0 million	S\$328.8 million	S\$310.1 million
Gross profit margin	31.3%	30.3%	30.5%	29.9%

### Administrative expenses

Administrative expenses increased by S\$5.6 million to record S\$43.2 million in 9M FY2024 mainly due to higher staff costs. The fluctuation of the expenses is tabled below:

	3Q FY2024 vs 3Q FY2023	9M FY2024 vs 9M FY2023	Remarks
	S\$'million	S\$'million	
Staff costs	1.7	3.6	Higher staff costs resulted from higher variable bonuses due to better financial performance, increased wages, and increased number of employees due to more stores.
Others	0.4	2.0	Others include provision for the donation related to the proceeds received from Disposable Carrier Bag Charges, and the higher bank charges, agent fees, etc.
Total	2.1	5.6	

### Selling and Distribution Expenses

For 9M FY2024, selling and distribution expenses increased by S\$7.4 million to S\$172.6 million from S\$165.2 million in 9M FY2023. The fluctuation of the expenses is tabled below:

	3Q FY2024 vs 3Q FY2023	9M FY2024 vs 9M FY2023	Remarks
	S\$'million	S\$'million	
Staff costs	3.5	7.5	Higher staff costs resulted from higher variable bonuses due to better financial performance, increased wages, and increased number of employees due to more stores.
Others	0.1	(0.1)	
Total	3.6	7.4	



### **China Operations**

China operations contributed 2.6% of total revenue for 3Q FY2024 with profits turning negative for the quarter due to the costs incurred with the opening of a new store in June 2024. It remains profitable for 9M FY2024.

### **Net Profit**

Net profit after tax for 3Q FY2024 was S\$39.1 million, an increase of 12.4% or S\$4.3 million from S\$34.8 million reported a year ago.

### **Consolidated Statement of Financial Position**

As at 30 September 2024, current assets amounted to S\$464.4 million, increased by S\$19.7 million from last year. Inventories balance decreased by S\$4.4 million from S\$91.8 million as at 31 December 2023 as inventories were built up in December 2023 in anticipation of higher sales during the Lunar New Year in January 2024. Trade and other receivables were reduced by S\$1.6 million, mainly due to the higher amounts due from banks in relation to the credit and debit cards in the holiday season last year. These were offset by the increase in the cash and cash equivalents by S\$25.7 million.

Non-current assets decreased by S\$13.7 million. Property, plant and equipment decreased by S\$2.3 million mainly due to the depreciation of S\$13.0 million, offset by the additions of S\$10.8 million. Right-of-use assets declined by S\$11.4 million largely owing to an amortisation of S\$27.6 million, offset by the additions of S\$16.2 million.

Current liabilities rose by S\$3.8 million to record S\$267.8 million as at 30 September 2024, mainly due to higher trade and other payables by S\$3.7 million. Trade payables increased by S\$9.9 million mainly due to higher purchases because of more supermarket stores in 9M FY2024 and higher goods and service tax (GST) payable due to the increase in GST rate. These increases were offset by the reduction of other payables by S\$6.2 million primarily because the accrued bonus relating to FY2023 were paid in 9M FY2024.

### **Consolidated Statement of Cash Flows**

Cash generated from operating activities for 3Q FY2024 increased by S\$4.2 million to S\$59.1 million from S\$54.9 million reported a year ago, mainly attributable to higher profit in 3Q FY2024. Cash used in investing activities for 3Q FY2024 amounted to S\$1.2 million, mainly due to S\$4.5 million used in purchasing property, plant and equipment, offset by the receipt of interest income of S\$3.2 million.

For the 9M FY2024, the cash generated from operating activities increased to S\$152.1 million, compared to S\$132.7 million recorded a year ago. This is because more funds were used to pay accrued bonuses in the previous year, and also due to higher profit in 9M FY2024.



### Looking Forward

The overall Singapore Retail Sales Index grew by 0.6% with the Supermarket and Hypermarket segment increasing marginally by 2.2% in August from the same month a year ago <sup>(1)</sup>. Though the retail market remains in the doldrums, we are hopeful to see improvement in the remainder of FY2024. The reduction of the US interest rate may potentially drive domestic interest rate downwards, which will provide relief to the household budget on the back of lower mortgage costs.

Excluding accommodation and private transport, Singapore's core inflation has stepped down and is expected to decline further to around 2% by the end of 2024<sup>(2)</sup>. However, risks to the inflation outlook persist, as fresh geopolitical shocks, widening Middle East conflict, adverse weather events, and transportation disruptions worldwide could exert upward pressure on global energy and food commodity prices, as well as shipping costs. The elevated costs of living continue to drive consumer price sensitivity. We anticipate a continual shift towards value-driven grocery shopping, with a rise in demand for budget-friendly supermarkets and house brand products. Government initiatives, including the Assurance Package and continued support for lower-to-middle-income groups, are expected to maintain consumer spending momentum.

Singapore's labour market remains tight, presenting a significant challenge for the retail industry. This translates to ongoing manpower shortages, putting upward pressure on labour costs as businesses compete for qualified personnel. Additionally, enhanced sustainability and climate reporting requirements are anticipated to further increase operational expenses. Competition within the supermarket sector remains intense. Rising operating costs, coupled with aggressive promotional strategies by competitors, are likely to exert pressure on profit margins.

To navigate this environment, the Group will prioritise improving its sales mix, focusing on its core competencies to optimise operational efficiency and productivity. This will include diversifying supplier networks to mitigate supply chain risks and strengthen our competitive position.

The Group is actively pursuing expansion opportunities, particularly in areas where we currently lack a presence. In the 3<sup>rd</sup> quarter of 2024, we opened two new stores, and more recently one new store at Bishan in October 2024, bringing the total number of new stores to five this year. The acquisition of Jelita Property Pte Ltd is nearing completion and is scheduled to be completed by end October 2024. Upon completion, the Group plans to open another new store at Toa Payoh before end of this year. Meanwhile, we are expecting the tender results of four stores that were released for tender by HDB previously.

**Lim Hock Chee**  
Chief Executive Officer

29 October 2024

(1) <https://www.straitstimes.com/business/economy/singapore-retail-takings-up-06-in-august-thanks-again-to-car-sales>

(2) <https://www.channelnewsasia.com/singapore/singapore-monetary-policy-unchanged-mas-inflation-singdollar-4672676>