



# SHENG SIONG GROUP LTD.

Business Update for the Third Quarter ended 30 September 2022

## 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 2022	30 Sep 2021		30 Sep 2022	30 Sep 2021	
	S\$'000	S\$'000	+/- (-)	S\$'000	S\$'000	+/- (-)
Revenue	333,498	348,099	(4.2%)	1,010,249	1,029,774	(1.9%)
Cost of sales	(235,359)	(247,158)	(4.8%)	(713,041)	(736,317)	(3.2%)
Gross profit	98,139	100,941	(2.8%)	297,208	293,457	1.3%
Other income	2,625	2,496	5.2%	8,108	10,042	(19.3%)
Selling and distribution expenses	(2,072)	(2,178)	(4.9%)	(6,006)	(5,738)	4.7%
Administrative expenses	(58,926)	(58,194)	1.3%	(174,865)	(171,548)	1.9%
Other expenses	(1,341)	(1,365)	(1.8%)	(3,940)	(4,087)	(3.6%)
<b>Results from operating activities</b>	<b>38,425</b>	<b>41,700</b>	<b>(7.9%)</b>	<b>120,505</b>	<b>122,126</b>	<b>(1.3%)</b>
Finance income	991	331	199.4%	1,784	815	118.9%
Finance expenses	(729)	(589)	23.8%	(2,197)	(1,667)	31.8%
<b>Profit before tax</b>	<b>38,687</b>	<b>41,442</b>	<b>(6.6%)</b>	<b>120,092</b>	<b>121,274</b>	<b>(1.0%)</b>
Tax expense	(5,800)	(7,019)	(17.4%)	(19,703)	(20,760)	(5.1%)
<b>Profit for the period</b>	<b>32,887</b>	<b>34,423</b>	<b>(4.5%)</b>	<b>100,389</b>	<b>100,514</b>	<b>(0.1%)</b>
<b>Other comprehensive income</b>						
Item that is or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences – foreign operations	(235)	(46)	410.9%	(516)	(237)	117.7%
<b>Total comprehensive income for the period</b>	<b>32,652</b>	<b>34,377</b>	<b>(5.0%)</b>	<b>99,873</b>	<b>100,277</b>	<b>(0.4%)</b>



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	3 months ended		Change	9 months ended		Change
	30 Sep 2022	30 Sep 2021		30 Sep 2022	30 Sep 2021	
	S\$'000	S\$'000	+/- (-)	S\$'000	S\$'000	+/- (-)
<b>Profit net of tax for the period attributable to:</b>						
Owners of the Company	32,767	34,364	(4.6%)	100,140	100,298	(0.2%)
Non-controlling interest	120	59	103.4%	249	216	15.3%
<b>Profit after tax</b>	<b>32,887</b>	<b>34,423</b>	<b>(4.5%)</b>	<b>100,389</b>	<b>100,514</b>	<b>(0.1%)</b>
<b>Total comprehensive income for the period attributable to:</b>						
Owners of the Company	32,626	34,233	(4.7%)	99,831	100,052	(0.2%)
Non-controlling interest	26	144	(81.9%)	42	225	(81.3%)
<b>Total comprehensive income</b>	<b>32,652</b>	<b>34,377</b>	<b>(5.0%)</b>	<b>99,873</b>	<b>100,277</b>	<b>(0.4%)</b>
<b>Earnings per share</b>						
Basic and diluted (cents)	2.18	2.29		6.66	6.67	



# SHENG SIONG GROUP LTD.

Business Update for the Third Quarter ended 30 September 2022

## B. Interim Statements of Financial Position

	The Group		The Company	
	30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
Property, plant and equipment	294,277	302,883	-	-
Right-of-use assets	77,007	79,505	-	-
Investment in subsidiaries	-	-	82,261	82,261
<b>Non-current assets</b>	<b>371,284</b>	<b>382,388</b>	<b>82,261</b>	<b>82,261</b>
Inventories	85,619	98,383	-	-
Trade and other receivables	11,889	11,604	154,026	200,721
Cash and cash equivalents	228,606	246,642	185	308
<b>Current assets</b>	<b>326,114</b>	<b>356,629</b>	<b>154,211</b>	<b>201,029</b>
<b>Total assets</b>	<b>697,398</b>	<b>739,017</b>	<b>236,472</b>	<b>283,290</b>
<b>Equity</b>				
Share capital	235,373	235,373	235,373	235,373
Merger reserve	(68,234)	(68,234)	-	-
Foreign currency translation reserve	(408)	(98)	-	-
Accumulated profits	252,535	246,365	802	47,551
<b>Equity attributable to owners of the Company</b>	<b>419,266</b>	<b>413,406</b>	<b>236,175</b>	<b>282,924</b>
Non-controlling interest	2,958	2,916	-	-
<b>Total equity</b>	<b>422,224</b>	<b>416,322</b>	<b>236,175</b>	<b>282,924</b>
<b>Liabilities</b>				
Lease liabilities	43,820	48,945	-	-
Deferred tax liabilities	2,585	3,229	-	-
<b>Non-current liabilities</b>	<b>46,405</b>	<b>52,174</b>	-	-
Trade and other payables	170,865	212,391	299	361
Current tax payable	26,324	25,381	(2)	5
Term loan	-	5,000	-	-
Lease liabilities	31,580	27,749	-	-
<b>Current liabilities</b>	<b>228,769</b>	<b>270,521</b>	<b>297</b>	<b>366</b>
<b>Total liabilities</b>	<b>275,174</b>	<b>322,695</b>	<b>297</b>	<b>366</b>
<b>Total equity and liabilities</b>	<b>697,398</b>	<b>739,017</b>	<b>236,472</b>	<b>283,290</b>



# SHENG SIONG GROUP LTD.

Business Update for the Third Quarter ended 30 September 2022

## 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
	2022	2021	2022	2021
	SS'000	SS'000	SS'000	SS'000
<b>Operating activities</b>				
Profit for the period	32,887	34,423	100,389	100,514
Adjustments for:				
Depreciation of:				
– property, plant and equipment	4,862	5,157	14,861	15,246
– right-of-use assets	8,550	7,589	24,798	22,812
Gain on disposal of property, plant and equipment	(16)	(82)	(15)	(154)
Unrealised exchange (gain)/loss	(375)	(12)	(893)	20
Interest income	(991)	(331)	(1,784)	(815)
Interest expense	729	589	2,197	1,667
Tax expense	5,800	7,019	19,703	20,760
	51,446	54,352	159,256	160,050
Changes in:				
– inventories	(1,887)	(3,921)	12,764	(982)
– trade and other receivables	(2,506)	(1,231)	(285)	9,202
– trade and other payables	10,523	7,020	(41,526)	(22,786)
<b>Cash generated from operations</b>	57,576	56,220	130,209	145,484
Taxes paid	(6,846)	(10,460)	(19,404)	(29,326)
<b>Cash flows from operating activities</b>	50,730	45,760	110,805	116,158
<b>Investing activities</b>				
Proceeds from disposal of property, plant and equipment	42	83	132	185
Purchase of property, plant and equipment	(1,451)	(3,926)	(6,614)	(9,340)
Interest received	991	331	1,784	815
<b>Cash flows used in investing activities</b>	(418)	(3,512)	(4,698)	(8,340)
<b>Financing activities</b>				
Dividends paid	(47,361)	(46,610)	(93,971)	(91,716)
Repayment of term loan	-	-	(5,000)	(10,000)
Payment of lease liabilities	(8,186)	(7,547)	(23,697)	(22,739)
Interest paid on lease liabilities	(678)	(539)	(2,041)	(1,510)
<b>Cash flows used in financing activities</b>	(56,225)	(54,696)	(124,709)	(125,965)
<b>Net decrease in cash and cash equivalents</b>	(5,913)	(12,448)	(18,602)	(18,147)
Cash and cash equivalents at beginning of the period	234,270	247,980	246,642	253,901
Effect of exchange rate changes on balances held in foreign currencies	249	(34)	566	(256)
<b>Cash and cash equivalents at end of the period</b>	228,606	235,498	228,606	235,498



# SHENG SIONG GROUP LTD.

Business Update for the Third Quarter ended 30 September 2022

## D. Notes to the Consolidated Financial Statements

### 1. Significant items

	<u>Note</u>	<u>The Group</u>		<u>The Group</u>	
		<u>3 months ended</u>		<u>9 months ended</u>	
		<u>30 Sep</u>	<u>30 Sep</u>	<u>30 Sep</u>	<u>30 Sep</u>
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Depreciation of property, plant and equipment		4,862	5,157	14,861	15,246
Depreciation of right-of-use assets		8,550	7,589	24,798	22,812
Exchange gain, net		(128)	(154)	(621)	(423)
Gain on disposal of property, plant and equipment		(16)	(82)	(15)	(154)
Staff costs		47,686	48,484	141,160	144,476
Contribution to defined contribution plans, included in staff costs		2,183	1,916	6,348	5,457
Interest income		(991)	(331)	(1,784)	(815)
Interest expense		729	589	2,197	1,667
Finance (income)/ expense, net		(262)	258	413	852
<b>Other income:</b>					
Operating lease income	1.1	831	818	2,186	2,306
Sale of scrap materials		729	887	2,359	2,050
Government grants	1.2	584	762	2,007	4,418
Miscellaneous income	1.3	481	29	1,556	1,268
		2,625	2,496	8,108	10,042

#### Note

- 1.1 We lease excess retail spaces to external parties and Interested Persons, the latter accounted for 24.1% of the 3Q FY 2022 rental income.
- 1.2 In view of improved COVID-19 situation, the Government reduced its grants and support in Year 2022.
- 1.3 Miscellaneous income consists of IT consultancy services rendered to a third party to automate its warehousing system via an Interested Person. We invoiced the interested person \$210,000 for the work done.



# SHENG SIONG GROUP LTD.

## Business Update for the Third Quarter ended 30 September 2022

### 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 2022</b>	<b>30 Sep 2021</b>	<b>30 Sep 2022</b>	<b>30 Sep 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Basic earnings per share (Singapore cents)	2.18	2.29	6.66	6.67
	<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 at 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 2022</b>	<b>As at 31 Dec 2021</b>	<b>As at 30 Sep 2022</b>	<b>As at 31 Dec 2021</b>
	Net asset value per ordinary share (Singapore cents)	27.89	27.50	15.71
Number of shares as at end of period/year ('000)	1,503,537	1,503,537	1,503,537	1,503,537

**E. Performance Review of the Group****Consolidated Statement of Profit or Loss and Other Comprehensive Income****Revenue**

For 3 months ended September 2022, revenue declined by 4.2 per cent year-on-year to \$333.5 million due to a high base in FY 2021, underpinned by elevated demand in the first nine months of FY 2021 due to the COVID-19 measures being in place, the closure of Jurong Fishery Port for two weeks in July 2021 and the Pasir Panjang Wholesale Centre in September 2021.

For the nine months ended 30 September 2022, revenue decreased by \$19.5 million or 1.9 per cent from \$1.0 billion last year.

COVID-19 measures were lifted during April-September 2022 period that resulted in increased dining out and overseas travel. As a result, revenue continues to taper to a new normal. Comparable same store revenue in Singapore for 3Q FY 2022 decreased by 7.2 per cent which was partially offset by 2.6 per cent revenue contribution from four new stores.

China's revenue in 3Q FY 2022 increased by 0.4 per cent year-on-year, mainly due to two stores which were opened in end August 2021 and mid-November 2021.

	<b>Number of stores</b>	<b>3Q FY2022 vs 3Q FY2021</b>	<b>9M FY2022 vs 9M FY2021</b>
New stores	4	2.6%	1.5%
Comparable same stores (#)	62	(7.2%)	(4.1%)
China	4	0.4%	0.7%
Total	70	(4.2%)	(1.9%)

	<b>30 Sep 2022</b>	<b>30 Sep 2021</b>
Number of stores	# 66 (Singapore) + 4 (China)	63 (Singapore) + 3 (China)
Retail area (sq ft) *	602,451	571,150
Revenue for the period	\$1.0 billion	\$1.0 billion

\* Retail area of Singapore stores only.

# A store located at Yishun Central was closed in July 2022 as the lease expired.



# SHENG SIONG GROUP LTD.

## Business Update for the Third Quarter ended 30 September 2022

### Gross Profit

Gross profit margin improved marginally to record 29.4 per cent for the 3 months ended September 2022 compared to 29.0 per cent last year, mainly attributable to the change in sales mix.

	3Q FY 2022	3Q FY 2021
Gross profit	\$98.1 million	\$100.9 million
Gross profit margin	29.4%	29.0%

### Operating Expenses

The total operating expenses increased by \$0.6 million from \$61.7 million in 3Q FY 2021 to \$62.3 million in 3Q FY 2022. Administrative expenses accounted for 94.5 per cent of the total operating expenses, and the increase was mainly due to higher energy cost as compared to the corresponding quarter.

### China Operations

China operations contributed 2.6 per cent of total revenue for 3Q FY 2022. Full three-month operations of two stores opened in Year 2021 accounted for 33.8 per cent of 3Q FY 2022 revenue of China. It remains profitable.

### Net Profit

Net profit after tax for 3Q FY 2022 was \$32.9 million, a decline of 4.5 per cent or \$1.5 million from \$34.4 million reported a year ago, mainly on account of 4.2 per cent decline in revenue.

### Consolidated Statement of Financial Position

As at 30 September 2022, current assets amounted to \$326.1 million, down by \$30.5 million from last year. The decline was mainly attributable to inventory down by \$12.8 million and cash and cash equivalents decreased by \$18.0 million.

Current liabilities fell by \$41.8 million to record \$228.8 million as at 30 September 2022. The decline was mainly due to the prompt settlement of trade and other payables and repayment of term loan. Accordingly, the trade and other payables decreased to \$170.9 million from \$212.4 million as at 31 December 2021.

### Consolidated Statement of Cash Flows

As at 30 September 2022, total cash and cash equivalents valued at \$228.6 million, registering a reduction of \$6.9 million from \$235.5 million a year ago. The decline was mainly attributable to high opening balance of cash and cash equivalents in January 2021 while the applications of funds remain relatively the same for both periods.





### Looking Forward

Vaccinated differentiated measures (VDS) would be fully lifted in October 2022, giving a boost to F&B outlets and hawker centers, and large-scale events. We expect the elevated demand in 2021 to continue to taper to a new normal as Singapore moves towards endemic living with COVID-19. However, COVID-19 continues to pose a risk to Singapore, and the global economy. More recently, the XBB strain is causing a significant rise in new cases and re-infection cases in Singapore, and MOH does not rule out reinstating some COVID-19 measures if necessary.

Ongoing geopolitical tensions continue to drive inflationary pressures that push the central banks worldwide to tighten monetary policy, which will exacerbate the drag on economic activity, and in turn, give rise to recessionary risks and potential reduction in household income and travel budget.

With a higher cost of living, consumers are taking a cautious approach on their spending priorities and their shopping behavior, looking for ways to stretch their dollar – preference to dine-in at home, shop at supermarkets that provide more value-for-money and purchase house brand products which are more affordable amid record inflation. Our government has also recently announced an additional support package to provide relief for Singaporean households, especially for the lower- to middle- income groups.

Competition in the supermarket industry is expected to remain keen particularly in this heightened inflationary environment. Higher input costs such as energy expenses and excessive promotions by competitors could result in lower margins.

Risk of supply chain disruptions arising from global inflationary pressures, new COVID-19 variants, higher cost of borrowing, and climate change and geo-political events, still exists. The Group will work closely with its suppliers from sourcing to production and shipping and intensify our efforts to widen our sources of supply to minimize disruptions. The Group remains committed to meet its consumers' expectation – value-for-money products at competitive price and quality, and excellent service.

The Group will continue to look for retail space in new and existing housing estates, particularly in estates where the Group has no presence.

We will continue to monitor the performance of existing and new outlets closely by working on core competencies to improve our operational efficiency and productivity.

On behalf of the Board of Directors

**Lim Hock Chee**  
Chief Executive Officer

27 October 2022