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FOR IMMEDIATE RELEASE

Sheng Siong Group's net profit grew 18.7% yoy to S$14.5 million for 3Q2015

- Revenue increased 7.3% yoy to S$200.0 million in 3Q2015 largely due to sales from new stores.
- Gross profit margin increased marginally to 24.3% in 3Q2015 from 24.2% in 3Q2014.
- Higher other income.
- Committed to expanding retail network across Singapore and nurturing growth of new stores.

Singapore, 22 October 2015 – 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 18.7% year-on-year ("yoy") increase in net profit to S$14.5 million for the 3 months ended 30 September 2015 ("3Q2015"), mainly because of higher revenue, improved gross margin, higher other income and tight control over operating expenses.

Financial Highlights (S$ 'million)	3 months ended 30 Sep 2015 (3Q2015)	3 months ended 30 Sep 2014 (3Q2014)	Change	9 months ended 30 Sep 2015 (9M2015)	9 months ended 30 Sep 2014 (9M2014)	Change
Revenue	200.0	186.4	7.3%	577.3	547.6	5.4%
Gross profit	48.7	45.1	8.0%	142.2	132.4	7.4%
Gross profit margin	*24.3%*	*24.2%*	*0.1p.p*	*24.6%*	*24.2%*	*0.4p.p*
Other Income	2.8	1.3	109.1%	7.3	3.8	92.3%
Net profit	14.5	12.2	18.7%	42.2	35.8	17.8%
Net profit margin	*7.2%*	*6.5%*	*0.7p.p*	*7.3%*	*6.5%*	*0.8p.p*
EPS (cents)[#]	0.96	0.86	11.6%	2.81	2.56	9.8%

p.p denotes percentage points
[#] Based on weighted average number of 1,503,537,000 shares for 3Q2015 and 9M2015 respectively (1,423,537,000 and 1,396,870,000 shares for 3Q2014 and 9M2014 respectively)

Revenue increased by 7.3% yoy in 3Q2015 of which 6.2% was contributed by the five new stores, and 1.1% by comparable same store sales from the old stores. Retail sales in Singapore had been unexciting, and unsurprisingly sales at supermarket remained tepid. Against such lackluster demand, comparable same store sales grew by only 1.1% because of (a) contraction in the Woodlands store probably due to a weakening Malaysian Ringgit; (b) lower footfalls at the store in Loyang Point which was inconvenienced by ongoing renovation works in the vicinity; (c) a drastic fall in the sale of liquor at the store in Geylang after the imposition of new restrictions on the sale of alcohol; and (d) lower sales in some of the older stores. However, these contractions were offset by healthy growth in some of the other stores, which were either opened in 2011 and 2012, or renovated in the last three years. Growth was also restored in the Bedok Central store now that renovation works in the vicinity is completed. On a quarter-on-quarter basis, comparable same store sales growth from the old stores for 3Q2015 of 1.1% was an improvement compared with a growth of 0.3% for 2Q2015.

Gross margin was stable and increased marginally to 24.3% in 3Q2015 compared with 24.2% in 3Q2014, despite keener competition in 3Q2015 arising from SG 50 celebrations and cautious spending because of the general economic uncertainties. However, compared with 2Q2015, selling prices were a shade lower and input prices were slightly higher for some of our fresh offerings because of the strong US dollar and disruption to supply caused by weather conditions. Consistent with seasonal trends, gross margin was lower in 3Q2015 compared with 2Q2015 (25.2%) as retailers pushed for volume to capitalise on festive demand arising from the celebration of the Lunar Seventh Month. On a year-on-year basis, gross margin improved to 24.6% in 9M2015 from 24.2% in 9M2014 mainly because of the efficiency gains derived from the central distribution centre in Mandai and lower purchasing prices in the first half of 2015.

Administrative expenses increased by 6.6% to S$32.0 million in 3Q2015, mainly attributable to the increase in staff costs, rental of stores and depreciation expenses. Increases in staff cost were attributable mainly to the additional headcount required to operate the new stores and a higher provision for bonus as a result of the higher operating profit. Rental of retail stores was also higher because of the new stores. Operating costs were tightly controlled and administrative expenses as a percentage of revenue remained stable at 16.0% in 3Q2015.

Despite the stronger performance, cash generated from operating activities of S$25.4 million for 3Q2015 was slightly lower than the S$26.6 million generated in 3Q2014 due mainly to the a large change in trade and other payables of S$11.4 million in 3Q2014, which was caused by the timing of payments.

The Group's balance sheet remained strong with cash and cash equivalents of S$126.0 million as at 30 September 2015.

Business Outlook

Competition in the supermarket industry is expected to remain keen and with the uncertain economic conditions, consumers would continue to be even more cost conscious.

The restriction on the hiring of foreign workers is unlikely to be eased and the Group expects pressure on manpower cost to continue.

Weather conditions may affect the supply of fresh which may drive up the Group's input costs. Electricity tariffs have been lowered because of lower oil prices and this would continue to benefit the Group.

A lease was signed with the HDB for a new store of approximately 4,300 sq. ft at Dawson Road and this new store should be operational in November 2015. The store at Block 506 Tampines could be expanded to approximately 20,000 sq. ft by the end of next year when most of the leases with the existing tenants would have expired, allowing the Group to proceed with re-configuring the retail layout.

The store at Block 258 Loyang Point with an area of approximately 6,000 sq. ft will be closed in the second quarter of 2016 as the HDB is renovating the complex. The store is expected to re-open in the third quarter of 2017 when the renovation is completed, with a larger area of approximately 8,000 sq. ft.

The Group is still looking for suitable retail space particularly in areas where the Group does not have a presence. However, competition for retail space is expected to remain keen.

The Group and its other partner are still looking at potential sites in Kunming to operate the first supermarket.

On the future plans of the Group, **Mr Lim Hock Chee, the Group's Chief Executive Officer**, added, ***"We are pleased to sign a lease with the HDB for a new store at Dawson Road, which should be operational in November 2015. This will bring the total number of our stores to 39 and allow us to widen our presence. The five new stores opened in 2015 and December 2014 will continue to contribute to our revenue growth and bottom line. In addition, the potential expansion of our store at Block 506 Tampines to approximately 20,000 sq. ft by the end of 2016 and the re-configuration of the retail layout should allow us to capture more footfall in the area and serve our customers' needs better.***

Going forward, we will stay focused on expanding our retail network across Singapore, particularly in areas where we do not have a presence while being mindful of the prevailing uncertainties in the business environment. Nurturing the growth of the new stores remains one of our key priorities as well. We will also focus on increasing direct and bulk purchasing and capitalising on our Mandai Distribution centre to further drive costs down."

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About Sheng Siong Group Ltd.

Sheng Siong Group Ltd., one of the largest supermarket chains in Singapore, is principally engaged in operating the Sheng Siong Groceries Chain, which consists of 38 stores all across the island. Primarily located in retail locations in the heartlands, the stores 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 400 products under its 10 housebrands, ranging from food products to paper goods.

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

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