6 Mandai Link Singapore 728652
Tel: +65 6895 1888 Fax: +65 6269 8265 Web: www.shengsiong.com.sg

FOR IMMEDIATE RELEASE

Sheng Siong Group's net profit grew 22.3% yoy to S$47.6 million for FY2014

- Revenue increased 5.6% yoy to S$726.0 million in FY2014 largely due to higher new stores and comparable same store sales growth.
- Gross profit margin increased from 23.0% in FY2013 to 24.2% in FY2014 mainly due to lower input costs derived from the distribution centre, better sales mix and stable selling prices.
- Proposed final dividend of 1.5 cents per share, bringing the total dividend to 3.0 cents per share. Total payout amounted to 91% of FY2014's net profit.
- Board reiterates commitment to continue distributing up to 90% of net profit after tax for FY2015 and FY2016.
- Continue to seek new retail space in areas where the Group does not have a presence in, and derive greater cost efficiencies from Mandai distribution centre.

Singapore, 25 February 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 22.3% year-on-year ("yoy") increase in net profit to S$47.6 million for the full year ended 31 December 2014 ("FY2014"), mainly because of higher turnover and improved gross margin.

Financial Highlights (S$ 'million)	3 months ended 31 Dec 2014 (4Q2014)	3 months ended 31 Dec 2013 (4Q2013)	Change	Full year ended 31 Dec 2014 (FY2014)	Full year ended 31 Dec 2013 (FY2013)	Change
Revenue	178.4	170.4	4.7%	726.0	687.4	5.6%
Gross profit	43.3	39.5	9.4%	175.7	158.2	11.0%
Gross profit margin	*24.3%*	*23.2%*	*1.1p.p*	*24.2%*	*23.0%*	*1.2p.p*
Other Income	0.9	1.3	(33.7%)	4.7	4.9	(4.3%)
Net profit	11.8	9.3	26.5%	47.6	38.9	22.3%
Net profit margin	*6.6%*	*5.5%*	*1.1p.p*	*6.6%*	*5.7%*	*0.9p.p*
EPS (cents)#	0.78	0.67	16.4%	3.34	2.81	18.9%

p.p denotes percentage points
 # Based on weighted average number of 1,503,537,000 and 1,423,537,000 shares for 4Q2014 and FY2014 respectively (1,383,537,000 shares for 4Q2013 and FY2013)

Revenue increased by 5.6% yoy in FY2014 of which 2.3% was contributed by the new stores which were opened in 2012, and 3.3% from comparable same store sales for the old stores. The increase in revenue was driven mainly by growth in the new stores, longer operating hours, marketing initiatives and renovation to some of the old stores. Most of the new stores, which are now in their third year of operation, continued to grow within expectations. Revenue contraction in the Bedok and Tekka stores appeared to have bottomed out in 4Q2014, despite growth remaining negative for the full year, though of a lesser magnitude compared with FY2013.

Gross margins increased to 24.2% in FY2014 compared with 23.0% in FY2013, driven mainly by lower input costs derived from the distribution centre, better sales mix, and stable selling prices.

Administrative expenses increased by S$6.4 million in FY2014 compared with FY2013, mainly because of the increase in staff costs. The increase in staff costs came from salary adjustments as well as a higher provision for bonus arising from the improved financial performance of the Group in FY2014. The increase in bonus was in line with the increase in net profit. Rental expenses remained at about 2.7% of revenue, despite an overall increase of 3.2% in rent compared with FY2013. Operating costs were tightly controlled and administrative expenses as a percentage of revenue remained stable at 16.2% in FY2014.

The Group continued to generate healthy cash flow from operating activities in FY2014, with cash flow from operating activities of S$71.7 million being higher than FY2013's operating cash flow of S$45.1 million. This was mainly due to the higher level of operating profits and cash generated from working capital changes. Total cash outflow in FY2014 for property plant and equipment of S$80.9 million comprised of the purchase of Block 506 Tampines, progress payments for Yishun Junction 9 which is still under construction and maintenance capital expenditures. On 9 September 2014, the Company issued, by way of a private placement of 120 million new shares raising a net amount of S$79.0 million, which will be utilized to purchase retail space to expand the grocery retailing business in Singapore.

The Group's balance sheet remained strong with cash of S$130.5 million as at 31 December 2014.

Business Outlook

The Monetary Authority of Singapore said in their policy statement dated 28 January 2015 that the mixed outlook for the global economy will weigh on the external-oriented sectors (of Singapore's economy) while the domestic sectors should stay broadly resilient. They added that the outlook for inflation had shifted significantly largely due to the decline in global oil prices, with imported inflationary pressures receding as global oil prices are likely to remain subdued in FY2015.

Against this backdrop, the supermarket industry is expected to remain competitive. In December 2014, the Group opened a new store in Penjuru and another in January 2015, following the completion of the purchase of Block 506 Tampines. Finding retail space to open outlets remains challenging and the plan to open new stores in areas, where the Group does not have a presence in, could be hampered if suitable retail space cannot be found. All the eight new stores which were opened in different months in FY2012 would be entering into their third year of operation, and growth is expected to normalize.

Besides competitive pressures, gross margin, which had improved steadily throughout FY2014, could be affected if input cost is increased due to food inflation resulting from disruption to the supply chain or other factors. The Government's restriction on the supply of foreign labour would continue to put upward pressure on manpower cost and increase operating expenses. However, the Group expects some savings in utility charges arising from a lower oil price.

The Group will start to derive property income from the units in Block 506 Tampines which are rented out to non-related parties. The net income arising from this activity is not expected to be significant in FY2015. The Group will look into re-configuring the building to expand and/or re-position the store when most of these tenancies expire in FY2016.

The Group has entered into a conditional Joint Venture Agreement with LuChen group Co. Ltd to set up a joint venture to operate supermarkets in Kunming, People's Republic of China. Applications for licenses and registration of the joint venture with the relevant authorities in China are being made and it is envisaged that, in view of the pending approvals and grant of the licenses, operation will not commence till the second half of FY2015. The Group's will hold a 60% stake, amounting to US$6 million in the joint venture. The joint venture is not expected to be profitable in FY2015, but the financial impact on the Group is not expected to be significant either.

On the future plans of the Group, **Mr Lim Hock Chee, the Group's Chief Executive Officer**, added, ***"We are pleased to be back on track for our store expansion plans with the recent opening of two new stores in Penjuru and Tampines in December 2014 and January 2015 respectively. Looking ahead, we will continue to expand our retail network in Singapore, particularly in areas where we do not have a presence. In light of the uncertain economic environment, we will remain prudent and firmly focused on improving our operating margins by leveraging on our Mandai Distribution Centre to lower input costs, optimising our sales mix and improving productivity to deal with the tight labour situation.***

To reward shareholders for their continued support, we are pleased to declare a final cash dividend of 1.5 cents per share, taking our total dividend for FY2014 to 3.0 cents per share. The total payout amounted to about 91% of our net profit after tax. We also remain committed to distributing up to 90% of our net profit for FY2015 and FY2016."

- End -

6 Mandai Link Singapore 728652
Tel: +65 6895 1888 Fax: +65 6269 8265 Web: www.shengsiong.com.sg

About Sheng Siong Group Ltd.

Sheng Siong Group Ltd. is one of the largest supermarket chains in Singapore. Principally engaged in operating the Sheng Siong Groceries Chain, consisting of 35 outlets all across the island, the Group's outlets are primarily located in retail locations in the heartlands of Singapore. The outlets 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

---

Issued for and on behalf of Sheng Siong Group Ltd.
by Financial PR Pte Ltd
Mark LIN, marklin@financialpr.com.sg
Kamal SAMUEL, kamal@financialpr.com.sg
Tel: (65) 6438 2990 Fax: (65) 6438 0064