



**SHENG SIONG GROUP LTD.**

(Incorporated in the Republic of Singapore)

(Company Registration No. 201023989Z)

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**OPTION TO PURCHASE THE PROPERTY AT  
BLOCK 506 TAMPINES CENTRAL 1 #01-361 SINGAPORE 520506**

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**1. INTRODUCTION**

The Board of Directors of Sheng Siong Group Ltd. (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Sheng Siong Supermarket Pte Ltd (the "**Purchaser**"), has been granted an option by S-11 Wan Jin Investment Pte Ltd (the "**Vendor**") dated 30 May 2014 (the "**Option**") to purchase a three-storey Housing and Development Board ("**HDB**") commercial property (the "**Property**") at Block 506 Tampines Central 1 #01-361 Singapore 520506 (the "**Proposed Acquisition**") for an aggregate consideration of S\$65 million (the "**Consideration**"). The Option may be exercised within 14 days from the date of the Option, and the Purchaser has exercised the Option on 9 June 2014.

The Property has a gross floor area of approximately 3,876 square metres with a leasehold tenure of 99 years commencing from 1 January 1991. The Property will be acquired subject to existing tenancies which will expire at various dates between 2014 and 2018 ("**Existing Tenancies**").

**2. CERTAIN PRINCIPAL TERMS OF THE OPTION**

**2.1 Consideration**

The Consideration was arrived at on a willing-buyer, willing-seller basis, taking into consideration, *inter alia*, the market value of the Property, and will be funded by internal funds and/or bank borrowings.

An option fee of S\$650,000, representing 1% of the Consideration, was paid to the Vendor on the grant of the Option. A further S\$5,850,000, representing 9% of the Consideration, is payable to the Vendor's solicitors, as stakeholders pending completion of the Proposed Acquisition ("**Completion**"), on the exercise of the Option. The remaining 90% of the Consideration is payable to the Vendor or to the Vendor's solicitors as the Vendor's agent, on Completion.

**2.2 Completion**

The Proposed Acquisition is subject to, *inter alia*:

- (a) HDB's approval for the Proposed Acquisition, and the various uses of the Property units by its existing tenants;
- (b) receipt by the Purchaser of HDB's written confirmation that there is no existing breach(es) by the Vendor;
- (c) the results of the due diligence investigations on the Property being satisfactory to the Purchaser;

- (d) the Property not being affected by HDB's selective en-bloc redevelopment scheme on or before Completion; and
- (e) receipt by the Purchaser from the Vendor of copies of, *inter alia*, the Temporary Occupation Permit and the Certificate of Statutory Completion in respect of the Property on or before the date of Completion.

If (i) HDB's approval as set out in paragraph (a) is not obtained within 12 weeks from the date of acceptance of the Option on grounds other than the default of either party; or (ii) any of the requirements set out in paragraph (c), (d) or (e) above is not fulfilled, all monies paid by the Purchaser under the Option shall be refunded to the Purchaser.

The Proposed Acquisition shall be completed:

- (a) within 12 weeks from the date of exercise of the Option;
- (b) within four (4) weeks from the grant by HDB of its approval for the Proposed Acquisition;
- (c) if provisional approval is granted by HDB, within three (3) weeks from the receipt of HDB's letter confirming that all unauthorised works in the Property have been rectified by the Vendor (if applicable);
- (d) within three (3) weeks from the receipt of the approval of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (if required); or
- (e) within three (3) weeks from the receipt of the approval of the Company's shareholders (if required),

whichever is the latest.

### 3. RATIONALE

The Proposed Acquisition will allow the Group to establish a presence in Tampines, a large potential market in Singapore. The Group has expended significant time and resources in sourcing suitable locations with sufficiently large retail areas, in order to extend the Group's chain of supermarkets. After extensive consideration of the options available to the Group, the Board is of the view that purchasing the Property and gradually converting various segments of the Property (which are currently being utilised by individual tenants) as and when the relevant leases expire, into consolidated retail space for a new supermarket, presents the optimal opportunity for a sizable new store for the Group.

The Property is located in Tampines Central, in close proximity to the Tampines MRT station, a transportation hub, and Tampines is one of Singapore's largest residential districts.

It is envisioned that the Group's new store, which will be approximately 910 square metres, will be opened in the first quarter of 2015, and will be incrementally enlarged in tandem with the scheduled expiry of various Existing Tenancies in 2016 and 2017. The Group will take into account the prevailing market conditions in its operational decisions.

### 4. FINANCIAL EFFECTS

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2013, the financial effects of the Proposed Acquisition are estimated as follows:

#### 4.1 Net tangible assets per share

Assuming that the Proposed Acquisition had been completed on 31 December 2013:

	Before	After
<b>Net tangible assets (S\$'000)</b>	149,771	149,771
<b>Number of issued shares</b>	1,383,537,000	1,383,537,000
<b>Net tangible assets per share (cents)</b>	10.83	10.83

#### 4.2 Earnings per share

Assuming that the Proposed Acquisition had been completed on 1 January 2013:

	Before	After
<b>Profits after tax attributable to equity holders of the Company (S\$'000)</b>	38,907	40,357 <sup>(1)</sup>
<b>Weighted average number of shares</b>	1,383,537,000	1,383,537,000
<b>Earnings per share (cents)</b>	2.81	2.91

Note:

(1) Based on an estimated annual net property income of approximately S\$2.1 million for the Existing Tenancies less interest income forgone on the Consideration (being S\$65 million).

### 5. DISCLOSEABLE TRANSACTION

Based on the Group's latest announced unaudited consolidated financial statements for the period ended 31 March 2014:

Rule 1006			
(a)	Net asset value of assets to be disposed of	Net asset value of the Group	Relative figure
Not applicable as the Proposed Acquisition relates to an acquisition of assets			
(b)	Net profits attributable to the assets to be acquired	Net profits attributable to equity holders of the Group	Relative figure
	S\$0.36 million <sup>(1)</sup>	S\$12.5 million	2.9%
(c)	Aggregate value of consideration	Market capitalisation of the Company as at 6 June 2014 <sup>(2)</sup>	Relative figure
	S\$65 million	S\$871.6 million	7.5%
(d)	No. of equity securities issued by the Company as consideration	No. of equity securities of the Company previously in issue	Relative figure
Not applicable as no equity securities will be issued for the Proposed Acquisition			

(e)	Aggregate amount of proved and probable reserves to be disposed of	Aggregate proved and probable reserves of the Group	Relative figure
Not applicable as the Proposed Acquisition does not relate to a disposal of mineral, oil or gas assets by a mineral, oil and gas company			

Notes:

(1) Based on an estimated annual net property income of approximately S\$2.1 million for the Existing Tenancies less interest income forgone on the Consideration (being S\$65 million).

(2) The “market capitalisation” of the Company is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding 9 June 2014.

As the relative figure computed under Rule 1006(c) of the Listing Manual of the SGX-ST exceeds 5% but does not exceed 20%, the Proposed Acquisition constitutes a discloseable transaction.

## 6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors, controlling or substantial shareholders of the Company has interest, direct or indirect, in the Proposed Acquisition.

## 7. SERVICE AGREEMENTS

No person will be appointed to the Board of Directors of the Company, and no service agreements will be entered into by the Company, in connection with the Proposed Acquisition.

## 8. DOCUMENTS FOR INSPECTION

A copy of the Option will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

### By Order of the Board

Lim Hock Chee  
Chief Executive Officer

9 June 2014