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FOR IMMEDIATE RELEASE

Sheng Siong Group's net profit grew 6.1% yoy to S$16.1 million for 2Q2017

- Revenue increased 6.8% yoy to S$201.5 million in 2Q2017 mainly contributed by new stores
- Gross profit margin increased to 26.6% in 2Q2017 from 26.1% in 2Q2016 mainly due to lower input cost
- Continue with the efforts in expanding retail space in Singapore and nurture the growth of new stores
- Declared interim dividend of 1.55 cent per share

Singapore, 27 July 2017 – 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 6.1% year-on-year ("yoy") increase in net profit to S$16.1 million for the 3 months ended 30 June 2017 ("2Q2017"), mainly because of higher gross profit arising from growth in revenue and improved gross margin, which was partially offset by a lower other income, finance income and higher operating expenses because of the increased level of activities.

Financial Highlights (S$ 'million)	3 months ended 30 June 2017 (2Q2017)	3 months ended 30 June 2016 (2Q2016)	Change	6 months ended 30 June 2017 (1H2017)	6 months ended 30 June 2016 (1H2016)	Change
Revenue	201.5	188.8	6.8%	418.6	397.3	5.4%
Gross profit	53.5	49.4	8.4%	107.8	100.4	7.4%
Gross profit margin	*26.6%*	*26.1%*	*0.5p.p*	*25.8%*	*25.3%*	*0.5p.p*
Other Income	1.8	2.1	(16.0%)	4.3	6.0	(27.4%)
Net profit	16.1	15.2	6.1%	33.2	31.6	5.2%
Net profit margin	*8.0%*	*8.0%*	*n.m*	*7.9%*	*8.0%*	*(0.1p.p)*
EPS (cents)[#]	1.07	1.01	5.9%	2.21	2.10	5.2%

p.p denotes percentage points

Revenue increased by 6.8% yoy in 2Q2017 of which 5.2% was contributed by the new stores, 0.9% by comparable same store sales and 0.7% by Loyang Point and The Verge stores. The growth in comparable same stores sales compared with 1Q2017's flattish growth was mainly due to improved consumer sentiment, but it was offset by decline in footfall of the stores in areas affected by the slowdown in the oil and gas industry, the store at Tampines which was undergoing renovation and the

Woodlands store. Most of the residents in the affected blocks in the vicinity of the Woodlands store had moved as the closure date drew near and consequently sales at this store has been affected. Excluding the contraction from the Woodlands store, comparable same store sales growth would be 1.2% and 1.7 % for 1H2017 and 2Q2017 respectively.

Gross margins increased to 26.6% in 2Q2017 compared with 26.1% in 2Q2016, mainly because of input cost which was lowered by efficiency gains derived from the central distribution centre and a higher level of suppliers' rebates; and a better sales mix of higher gross margin fresh versus non-fresh produce.

Administrative expenses increased by S$1.8 million in 2Q2017 compared with 2Q2016, mainly because of the increase in staff costs of S$1.2 million as more headcounts were needed to operate the new stores and a higher bonus provision as a result of the higher operating profit.

Cash generated from operating activities before working capital changes and payment of tax increased to S$23.5 million and S$47.9 million in 2Q2017 and 1H2017 respectively, mainly because of the higher volume of business. Free cash flow generated in 1H2017 was S$34.0 million, after paying for capital expenditures amounting to S$3.9 million.

The Group's balance sheet remained strong with cash of S$69.6 million as at 30 June 2017.

Business Outlook

Competition in the supermarket industry is expected to remain keen. The recovery in demand could be uncertain if the local economic conditions continue to remain lacklustre.

Core inflation, more particularly food inflation is likely to remain subdued, although the risks of unpredictable weather could disrupt the supply chain and distort prices.

The Group is still looking for suitable retail spaces in areas where it does not have a presence. However, competition for retail spaces has not abated and looking for suitable retail outlets or successfully bidding for new HDB shops may be challenging.

The store at The Verge was closed in the third week of June 2017.The Woodlands store, with an area of approximately 41,500 square feet may be closed in October 2017 instead of August 2017, as the HDB is redeveloping the area. Both these stores accounted for 7.6% of 1H2017's revenue.

The Group has entered into a lease for a new shop of approximately 4,000 square feet at Fajar Road, Bukit Panjang and successfully bid for a new HDB shop of approximately 12,000 square feet in Woodlands Street 12. Both of these two new stores are expected to be operational in September 2017 and October 2017 respectively.

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Construction of the new extension to the distribution centre has commenced and is estimated to be completed by 3Q2018, adding approximately another 50,000 square feet of storage space.

Renovation of the supermarket, to be operated by the subsidiary in Kunming China is in progress and the new supermarket is expected to be operational in September 2017.

On the future plans of the Group, **Mr Lim Hock Chee, the Group's Chief Executive Officer**, added, ***"We have successfully bid for a new HDB store in Woodlands with a retail area of 12,000 sq. ft. and have also entered into a lease for a new store of 4,000 sq. ft. in Fajar Road, Bukit Panjang.***

Moving ahead, we will continue with our efforts in expanding our retail space in Singapore, particularly in locations where we do not have presence to reach out to our potential customers. At the same time, we remain committed to nurture the growth of our new stores. In order to enhance our operating margin, we will stay focused to lower our input cost by increasing direct purchasing, bulk handling and changing the sales mix to a higher proportion of fresh produce.

To reward shareholders for their unwavering support, we are pleased to declare an interim cash dividend of 1.55 cent per share."

- End –

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 42 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

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