SHENG SIONG GROUP LTD

Third Quarter Financial Statement

PART 1- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

The Group consists of three wholly owned subsidiaries and was formed through a restructuring exercise. Please refer to the notes on page 8 for the details of the restructuring exercise. As the restructuring exercise involved the transfer of equity interests under common control, the pooling-of-interests method is used in the preparation of the consolidated financial statements. Pursuant to the restructuring exercise, the consolidated financial statements of the Group for the comparative period have been prepared as if the Company has been in existence throughout the reported periods.

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP 3 months ended 30 September			**GROUP 9 months ended 30 September**		
	2011 S$'000	**2010 S$'000**	**+/ (-)**	**2011 S$'000**	**2010 S$'000**	**+/ (-)**
Revenue	146,232	161,263	(9.3)	439,583	480,483	(8.5)
Cost of sales	(112,399)	(126,425)	(11.1)	(338,549)	(378,457)	(10.5)
Gross profit	33,833	34,838	(2.9)	101,034	102,026	(1.0)
Other income	807	5,103	(84.2)	2,392	14,404	(83.4)
Distribution expenses	(1,124)	(1,144)	(1.7)	(3,219)	(3,131)	2.8
Administrative expenses	(24,859)	(23,321)	6.6	(70,430)	(72,320)	(2.6)
Other expenses	(207)	(390)	(46.9)	(769)	(1,027)	(25.1)
Results from operating activities	8,450	15,086	(44.0)	29,008	39,952	(27.4)
Net finance income/ (expenses)	(22)	3	n.m	(21)	23	n.m
Profit before income tax	8,428	15,089	(44.1)	28,987	39,975	(27.5)
Income tax expense	(1,800)	(1,600)	12.5	(5,482)	(4,587)	19.5
Profit for the period	6,628	13,489	(50.9)	23,505	35,388	(33.6)

n.m denotes not meaningful.

	GROUP 3 months ended 2011 S$'000	2010 S$'000		GROUP 9 months ended 2011 S$'000	2010 S$'000	
Other comprehensive income			+/ (-)			+/(-)
Net change in fair value of other investments	-	-		-	2,290	n.m
Net change in fair value of other investment transferred to profit or loss	-	-		-	(16,875)	n.m
Total comprehensive income	6,628	13,489	(50.9)	23,505	20,803	13.0

n.m denotes not meaningful.

1(a)(ii) Notes to the income statement

	GROUP 3 months ended 30 September 2011 S$'000	2010 S$'000		GROUP 9 months ended 30 September 2011 S$'000	2010 S$'000
Depreciation of property, plant and equipment	1,857	1,087	[1]	3,997	3,142
Exchange (gain)/loss net	(106)	76	[2]	(156)	81
Loss on disposal of property, plant and equipment	26	-		29	5
Stock write-offs	90	1,205	[3]	328	1,408
Other income:					
Dividend income	-	-	[4]	-	208
Rental received	287	819	[5]	786	2,420
Sale of scrap materials	302	262		839	775
Government grants	-	-	[6]	-	244
Cash grants in relation to the jobs credit scheme	-	-	[6]	-	560
Gain on deemed disposal of other investment	-	3,724	[7]	-	9,413
Miscellaneous income	218	298		767	784
	807	5,103		2,392	14,404
Net finance income/(expenses):					
Interest income	1	3		2	23
Interest expenses	(23)	-	[8]	(23)	-
	(22)	3		(21)	23

	Group 3 months ended		Group 9 months ended	
	2011	**2010**	**2011**	**2010**
Tax	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Under/(over) provision in respect of Prior years	158	(564)	158	(564)

Notes

1. The increase in depreciation was related mainly to the capital expenditure incurred for the new office and distribution centre in Mandai Link.

2. Exchange differences was related mainly to the movement in our favor of the US$ against the Singapore $.

3. The decrease in stock write-off of $1.1m was due to the variance arising from the annual inventory count at the supermarket outlets, conducted in September for financial year 2010. The inventory count for current financial year, FY2011 will be done in November and the variance, will be recorded in the last quarter.

4. There was no dividend income in FY2011 as the investments were fully divested by 31 December 2010.

5. Rental received for the nine months ended 30 September 2011 was lower by $1.6m mainly due to the closure of the Ten Mile Junction outlet in November 2010. Previously, the excess retail space at this outlet was leased out to generate rental income.

6. The government grant from Spring Singapore was a one-off receipt which did not recur in 2011. The last payout of the government grant from the Job Credit Scheme was received in June 2010.

7. Gain on disposal of other investment of $9.4m for the nine months ended 30 September 2010 was related to the sale of quoted shares. These investments were fully divested by 31 December 2010.

8. The interest expense for the current period was related to the term loan to finance the construction of the new office and distribution centre, incurred after the building obtained its temporary occupation permit. Interest expense incurred during the construction period was capitalized.

1(b)(i) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 Sep 2011 S$'000	31 Dec 2010 S$'000	30 Sep 2011 S$'000	31 Dec 2010 S$'000
Non-current assets				
Property, plant and equipment	75,588	58,328	-	-
Investment in subsidiaries	-	-	78,234	
	75,588	58,328	78,234	-
Current assets				
Inventories	32,650	26,405	-	-
Trade and other receivables	3977	4,715	31	-
Cash and cash equivalents	146,636	85,885	83,501	-
	183,263	117,005	83,532	-
Total assets	258,851	175,333	161,766	-
Equity attributable to equity holders of the Company				
Share capital	156,348	78,233	156,348	-
Merger reserve	(68,233)	(68,233)		
Accumulated profits	56,459	32,954	(1,847)	-
Total equity	144,574	42,954	154,501	-
Non-current liabilities				
Financial liabilities	-	19,091	-	-
Deferred tax liabilities	840	608	-	-
	840	19,699	-	-
Current liabilities				
Trade and other payables	81,109	102,389	7,265	-
Financial liabilities	25,190	3,201	-	-
Current tax payable	7,138	7,090	-	-
	113,437	112,680	7,265	-
Total liabilities	114,277	132,379	7,265	-
Total equity and liabilities	258,851	175,333	161,766	-

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

	As at: 30 Sep 2011 S$'000	31 Dec 2010 S$'000
Amount repayable in one year or less, or on demand		
- secured	25,190	3,201
- unsecured	-	-
	25,190	3,201
Amount repayable after one year		
- secured	-	19,091
- unsecured	-	-
Total	25,190	22,292

This loan is secured by:

a) First legal mortgage of the property under construction at Mandai Link Singapore with a carrying value at 30 September 2011 of S$51.7m.;

b) the assignment of the rights, title and interest with respect to the property upon completion, and

c) a corporate guarantee from Sheng Siong Supermarket Pte Ltd.

This loan will be repaid in full in November 2011.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOW

	GROUP			
	3 months ended 30 September		9 months ended 30 September	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Operating activities				
Profit for the period	6,628	13,489	23,505	35,388
Adjustments for:				
Depreciation of property, plant and equipment	1,857	1,087	3,997	3,142
Loss on disposal of property, plant and equipment	26	-	29	5
Gain on disposal of other investment	-	(3,724)	-	(9,413)
Unrealised exchange loss/(gain)	-	-	(156)	81
Dividend income	-	-	-	(208)
Interest income	(1)	(3)	(2)	(23)
Interest expense	23	-		
Income tax expense	1,800	1,600	5,482	4,587
	10,333	12,449	32,855	33,559
Changes in working capital:				
Inventories	(6,138)	1,851	(6,247)	1,735
Trade and other receivables	660	2,758	634	1,802
Trade and other payables	11,953	12,979	8,347	9,005
Cash generated from operations	16,808	30,037	35,589	46,101
Income taxes paid	(2,682)	(2,607)	(5,202)	(7,411)
Cash flows from operating activities	14,126	27,430	30,387	38,690
Investing activities				
Proceeds from disposal of property, plant and equipment	18	-	69	51
Proceeds from disposal of other investment	-	11,904	-	35,722
Purchase of property, plant and equipment	(4,995)	(21,637)	(21,355)	(31,050)
Dividends received	-	-	-	208
Interest received	1	3	2	23
Capital reduction	-	-	(20,000)	-
Net initial public offering ("IPO") proceeds	78,115	-	78,115	-
Cash flows from investing activities	73,139	(9,730)	36,831	4,954

CONSOLIDATED STATEMENT OF CASH FLOW

	GROUP			
	3 months ended 30 September		9 months ended 30 September	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Financing activities				
Proceeds from bank loan	586	12,193	2,898	12,193
Non-trade amounts due from affiliated companies	-	39,952	106	36,781
Non-trade amounts due to affiliated companies	-	-	-	(137)
Non-trade amounts due to directors	-	-	(8,700)	(6,238)
Dividend paid	-	(35,239)	(927)	(41,239)
Interest paid	(23)	-	-	-
Cash flows from financing activities	563	16,906	(6,623)	1,360
Net increase in cash and cash equivalents	87,828	34,606	60,595	45,004
Cash and cash equivalents at beginning of the year	58,808	49,399	85,885	39,082
Effect of exchange rate changes on balances held in foreign currencies.	-	-	156	(81)
Cash and cash equivalents at end of the period	146,636	84,005	146,636	84,005

1(d)(i) A statement (for the issuer and group) showing (i) all change in equity or (ii) change in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

Group	Share capital S$'000	Fair value reserve S$'000	Merger reserve S$'000	Accumulated profits S$'000	Total equity S$'000
As at 1 January 2010	16,000	13,437	-	84,431	113,868
Total comprehensive income for the period					
Profit for the year	-	-	-	35,388	35,388
Other comprehensive income					
Net change in fair value of other investment	-	2,290	-	-	2,290
Net change in fair value of other investment transferred to profit or loss	-	(16,875)	-	-	(16,875)
Total comprehensive income for the period	**-**	(14,585)	-	35,388	20,803
Transactions with owners, recorded directly in equity: Contributions by and distributions to owners					
Dividend paid (note 1)	-	-	-	(42,166)	(42,166)
Issuance of share capital by way of capitalization of accumulated profits	14,000	-	-	(14,000)	-
Issuance of shares for acquisitions of subsidiaries pursuant to restructuring exercise*	78,233	-	-	-	78,233
Adjustments arising from restructuring exercise*	(30,000)	-	(68,233)	-	(98,233)
Total transactions with owners	62,233	-	(68,233)	(56,166)	(62,166)
As at 30 September 2010	78,233	(1,148)	(68,233)	63,653	72,505

Note
Dividend paid included $0.9m paid subsequent to year-end to shareholders of the combining entities pursuant to the restructuring exercise.

<u>*Restructuring exercise</u>

The Group was formed through a restructuring exercise which involved the acquisition by the Company of 100% of the issued capital of Sheng Siong Supermarket Pte. Ltd. and CMM Marketing Management Pte. Ltd. on 17 March 2011, and Sheng Siong Supermarket Sdn. Bhd. on 16 March 2011. Total purchase considerations of $78.2m were based on the aggregate net tangible assets of the three companies as shown in their management accounts as at 30 September 2010 adjusted for capital reduction of $20m. The purchase considerations were satisfied by way of 29,999,997 new shares issued to the existing shareholders of the three companies.

Pursuant to the restructuring exercise, the consolidated statement of changes in equity of the Group as of 30 September 2010 has been prepared as if the holding company, Sheng Siong Group Ltd had been in existence throughout the reporting periods.

At an Extraordinary General Meeting held on 18 March 2011, the shareholders of the Company approved the sub-division of each ordinary share of the Company into thirty-eight ordinary shares.

Group	**Share capital S$'000**	**Fair value reserve S$'000**	**Merger reserve S$'000**	**Accumulated profits S$'000**	**Total equity S$'000**
As at 1 October 2010	78,233	(1,148)	(68,233)	63,653	72,505
Total comprehensive income for the period					
Profit for the period	-	-	-	7,248	7,248
Other comprehensive income					
Net change in fair value of other investment transferred to profit or loss	-	1,148	-	-	1,148
	-	1,148	-	7,248	8,396
Transactions with owners, recorded directly in equity: Contributions by and distributions to owners					
Dividend paid	-	-	-	(37,947)	(37,947)
Total transactions with owners	-	-	-	(37,947)	(37,947)
As at 31 December 2010	78,233	-	(68,233)	32,954	42,954

Group	Share capital S$'000	Fair value reserve S$'000	Merger reserve S$'000	Accumulated profits S$'000	Total equity S$'000
As at 1 January 2011	78,233	-	(68,233)	32,954	42,954
Total comprehensive income for the period					
Profit for the period	-	-	-	23,505	23,505
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners					
Issuance of shares pursuant to the IPO	80,367	-	-	-	80,367
IPO expenses taken to equity	(2,252)	-	-	-	(2,252)
Total transactions with owners	78,115	-	-	-	(78,115)
At 30 September 2011	156,348	-	(68,233)	56,459	144,574

Company	Share capital S$'000	Accumulated profits S$'000	Total equity S$'000
As at date of incorporation	*-	-	-
Total comprehensive income for the period			
Profit for the period	-	(1,847)	(1,847)
Total comprehensive income for the period	-	(1,847)	(1,847)
Transactions with owners, recorded directly in equity:			
Contributions by and distributions to owners			
Restructuring exercise-consideration paid for acquisition of subsidiaries	78,233	-	78,233
Issue of 243,537,000 pursuant to the IPO	80,367	-	80,367
IPO expenses taken to equity	(2,252)	-	(2,252)
Total transactions with owners	156,348	-	156,348
At 30 September 2011	156,348	(1,847)	154,501

Note:-
* As at date of incorporation on 10 November 2010, the issued share capital was $3.00.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share option or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Company	**No of shares**	**Share Capital $**
As at 10 November 2010 (date of incorporation)	3	3
Issue of new shares pursuant to the Restructuring Exercise	29,999,997	78,233,522
	30,000,000	78,233,525
Sub-division of shares	1,140,000,000	78,233,525
Pre-IPO share capital	1,140,000,000	78,233,525
New IPO shares issued	243,537,000	78,114,995*
Total as at 30 September 2011	1,383,537,000	156,348,520

* The proceeds from issuance of IPO shares are net of IPO expenses of S$2,252,000.

1(d)(iii) To show the total number of issued shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at	
Company	**30 Sep 2011 No of shares**	**31 Dec 2010 No of shares**
Total number of issued shares	1,383,537,000	3

There were no outstanding convertibles instruments for which shares may be issued. There were no treasury shares held.

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and computation methods used in the preparation of the financial statements for the current reporting period as compared with the audited combined financial statements as at 31 December 2010, except for the adoption of the new and revised Financial Reporting Standards (FRS) which become effective for the financial year beginning on or after 1 January 2011. The adoption of these new and revised accounting standards did not give rise to any significant changes to the financial statements.

5. If there any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to paragraph 4.

6. Earning per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP 3 months ended		**GROUP 9 months ended**	
	30 Sep 2011	**30 Sep 2010**	**30 Sep 2011**	**30 Sep 2010**
Earning per ordinary share of the group for the financial period based on net profit attributable to shareholders:				
- based on number of shares in issue (cents)	0.56	1.18	1.99	3.10
Weighted average number of shares in issue during the period ('000)	1,180,589	1,140,000	1,180,589	1,140,000

Note:-

There were no potentially dilutive shares.

The consolidated financial statements of the Group have been prepared to reflect the operations of the Company and its subsidiaries as a single economic enterprise under common control. The number of shares in issue as at 30 September 2011 is 1,383,537,000 shares, which is the number of shares at the conclusion of the IPO.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	GROUP		COMPANY	
	30 Sep 2011 cents	**31 Dec 2010 cents**	**30 Sep 2011 cents**	**31 Dec 2010 cents**
Net asset value per ordinary share based on issued share capital at the end of the period reported on	10.45	3.77	11.17	-

Note:-

The consolidated financial statements of the Group have been prepared to reflect the operations of the Company and its subsidiaries as a single economic enterprise under common control. The number of shares in issue and used in calculating the net asset value per share as at 30 September 2011 is 1,383,537,000 shares, which is the number of shares at the conclusion of the IPO. The number of shares used in calculating the net asset value per share as at 31 December 2010 is 1,140,000,000 shares, after adjusting for the sub-division.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

COMPARING 9 MONTHS 2011 AGAINST 9 MONTHS 2010

OVERVIEW

Revenue from sales decreased by 8.5% due mainly to the closure of two of our outlets: the Ten Mile Junction outlet and the Tanjong Katong outlet. More information relating to the closure of these outlets is set out in page 38 of our IPO prospectus dated 4 August 2011 (the "IPO Prospectus"). Notwithstanding the above, the Group registered an improvement in gross margins for 9M2011 vis-à-vis 9M2010. Along with tighter control over costs, these factors partially off-set the decrease in revenue from sales, as evidenced by the increase in operating profit (before considering other income) from $25.5m to $26.6m.

Other income declined by 83.4% for 9M2011 as compared to 9M2010 due mainly to the disposal of other investments by the end of FY2010. As mentioned in the "Trend Information" section of the IPO Prospectus, the Group does not intend to acquire any other investments in FY2011 and the Group's other income was expected to decrease in FY2011 vis-à-vis FY2010.

INCOME STATEMENT

Sales

	As at 30 Sep 2011	As at 30 Sep 2010
Number of outlets	23	23
Retail area	323,000 square feet	360,000 square feet

Sales decreased by 8.5% mainly because of stores closure and lower same store sales, which were offset by the opening of new outlets. The Ten Mile Junction and Tanjong Katong outlets were closed at the end of November 2010 and August 2011 respectively, as the buildings were sold for re-development. Two new outlets were opened in Elias Mall and Teck Whye in January and May 2011 respectively. Excluding the sales generated by outlets which were closed, or new outlets opened during the year, as well as sales at the Verge which was affected by ongoing MRT construction works in the vicinity; same store sales were lower by 1%. Growth in some of the stores was encouraging, but was offset by declines in sales generated by the older stores in matured housing estates.

Cost of sale
Notwithstanding the lower sales of 8.5%, gross profit decreased only marginally by 1%, mainly because of higher gross margins, which improved from 21.2% to 23.0%. The improvements came from a better sales mix of more fresh produce, lower purchase costs and a higher level of rebates from bulk handling.

Other income
The absence of non-recurring items like gains on disposal of investments (such as quoted preference shares and debt securities), dividend income and government grants and a lower rental income were the main reasons for the reduction in other income by $12m. Rental income was affected mainly by the closure of the Ten Mile Junction.

Distribution expenses
Distribution expenses increased by 2.8 % despite lower sales mainly because of higher running costs of our fleet of trucks.

Administrative expenses
Costs were tightly controlled resulting in administrative expenses decreasing by 2.6%. Lower staff and miscellaneous expenses were offset by higher utilities expenses as well as expenses relating to the IPO amounting to $1.8m. Rental expenses for the supermarket outlets remained relatively stable.

Staff cost

Headcount	As at 30 Sep 2011	As at 30 Sep 2010
	1,752	1,805

Headcount at stores fell 7.9%, consistent with the fall in retail area. However, increase in headcount in other support activities brought overall headcount reduction to only 3%. The overall reductions in headcount as well as a lower provision for incentive bonus were the main reasons for the decline in staff costs.

Other expenses
Foreign exchange gain was the main reason for the decrease in other expenses.

Tax

The effective tax rate for the current period is higher than the corporate tax rate of 17% mainly because of expenses relating to the IPO which were not tax deductible.

Net profit

Net profit after tax decreased by 33.6% largely due to the absence of non-recurring other income as well as IPO expenses incurred in the current period. Net margin for 2011 was 5.3% compared with 7.4% in 2010. If the investment gain is excluded from the net profit for FY2010, net margin attributable to the Group's principal activities in 2010 would be 5.4%. The net margin was maintained in the nine months period ended 30 September 2011 despite lower revenue because of improving gross margins and tight control over costs.

BALANCE SHEET

The construction of the new office and distribution centre at 6 Mandai Link was completed in May 2011 at a total cost of $65.0m, which included the cost of land, construction, fitting costs and plant and machinery. The net increase in the carrying value of property, plant and equipment of $17.3m was attributable mainly to the capital expenditure incurred in 2011 for this new building.

In line with the Group's initiative to extract more value from the supply chain, the level of bulk purchases has increased since moving to the new distribution centre, resulting in an increase in inventory of $6.2m.

Sales were conducted in principally in cash and trade and other receivables level remain low and largely unchanged.

Cash and cash equivalent increased by $60.8m as a result of the positive cash flows generated from operating and investing (including IPO proceeds) activities.

Included in the trade and other payables as at 31 December 2010 were amounts relating to the capital reduction and dividend payable of $20.0m and $0.9m, respectively arising from the restructuring exercise. (Refer to details in paragraph 1(d)(i)) These amounts were settled in 2011.

A further drawdown of $2.9m was made against the term loan from DBS Bank to pay for the construction costs of the new building thereby increasing the loan amount to $25.2m. This amount has been classified under current liabilities as notice has been served on the bank to re-pay the loan in November 2011.

Merger reserve as of 31 December 2010 represents the difference between the purchase considerations of $78.2m paid by the Company for the acquisition of the subsidiaries and the aggregated share capital of the combining entities.

CASH FLOW

Cash flows from operating activities remained largely the same before considering changes in working capital and payment of income taxes. Changes in working capital came from higher inventory resulting from bulk purchasing, and an increase in payables..

The main cash outflows from investing activities was the capital expenditure of $21.4m, for the new office and distribution centre and a return of capital of $20m to the shareholders before the IPO. The main cash inflow of $78.1m came from the net proceeds from the IPO.

The Group ended the nine months as of 30 September 2011 with a strong cash and cash equivalent position of $146.6m.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global economic climate is uncertain and economic growth in Singapore is forecast to be about 5% for 2011. If the weak external environment persists, the economy will expand more slowly in 2012 and growth could be below its potential rate of 3-5%.* One of the drivers of revenue growth in the industry is increase in population, which may be affected if there is shrinkage in the non-resident population as a result of any slowdown in economic activities.

The industry is expected to remain competitive. One of our competitors is reported to be opening 10 more outlets before the end of 2011.

We have announced that we have secured leases for two new outlets to be opened before end 2011 at Woodlands Industrial Park and Upper Thomson Road. These two outlets are expected to add another 25,000 square feet to our retail space. As at the date of this announcement, the Woodlands Industrial Park outlet has yet to receive its temporary-occupation-permit (TOP); and furnishing and fitting works for the Upper Thomson Road outlet are in progress. We do not expect these two new outlets to contribute materially to the FY2011 financial results and consequently the net profit of our underlying business for FY2011 may be lower than FY2010.

We are actively looking for suitable shop spaces to open new stores, particularly in population centre where we do not have a presence.

Our move to the new office and distribution centre is completed and we will be leveraging on its enhanced capacity and capabilities to extract further value from the supply chain and improve sales mix.

* Source-MAS Policy Statement dated 14 October 2011

11. Dividend

(a) *Current Financial Period Reported On*

Nil

(b) *Corresponding Period of the immediately Preceding Financial Year*

Nil

(c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).*

Not applicable

(d) *The date the dividend is payable.*

Not applicable

(e) *The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined*

Not applicable.

Note:-
The Company was incorporated on 10 November 2010 and has not made any dividend payments. The following cash dividend payments were made by the subsidiaries prior to completion of the restructuring exercise, and were shown in the Group's change in equity statement in paragraph 1(d)(i).

Current Financial Period Reported On

Type	*Dividend per share*	*Amount*	*Date paid*
Final	$0.19	$927,058	11 March 2011

Corresponding Period of the immediately Preceding Financial Year

Type	*Dividend per share*	*Amount*	*Date paid*
Interim	$0.40	$6,000,000	23 March 2010
Interim	$2.35	$35,238,510	15 September 2010

12. *If no dividend has been declared (recommended), a statement to that effect.*

The Company has not declared a dividend for the current period.

13. *If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.*

INTERESTED PERSON TRANSACTIONS
From 1 January 2011 to 30 September 2011

Name of Interested Person(s)	**Description of Interested Person Transactions**	**Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**
F M Food Court Pte. Ltd. / Lim Hock Eng Lim Hock Chee Lim Hock Leng	Sale of goods by F M Food Court Pte. Ltd. See Notes (1), (2) to Sheng Siong Group Ltd.	S$535,878.98	-
	Purchase of goods by F M Food Court Pte. Ltd. See Notes (1), (2) from Sheng Siong Group Ltd.	S$621,326.83	-
E Land Properties Pte. Ltd. / Lim Hock Eng Lim Hock Chee Lim Hock Leng	Rent and utilities paid by Sheng Siong Group Ltd. to E Land Properties Pte. Ltd. See Note (1) for lease and license of operations space	S$1,092,344.61	-

Notes:
(1) These entities are associates of Messrs Lim Hock Eng, Lim Hock Chee and Lim Hock Leng, the executive directors and controlling shareholders of Sheng Siong Group Ltd.
(2) F M Food Court Pte. Ltd. was formerly known as Sheng Siong Food Court Pte. Ltd.

Personal Guarantees

Messrs Lim Hock Eng, Lim Hock Chee and Lim Hock Leng, our executive directors, have also continued to provide joint and several personal guarantees for credit and banking facilities for the benefit of Sheng Siong Group Ltd. and its subsidiaries, the aggregate value of such facilities amount to $2,947,000.00 as at 30 September 2011.

Please refer to the prospectus of Sheng Siong Group Ltd. registered by the Monetary Authority of Singapore on 4 August 2011 for further elaboration of the above transactions.

The Company will forthwith convene an EGM to seek a general mandate from shareholders for recurrent interested person transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations, and ratify past transactions where required. The notice of the EGM will be announced in due course.

NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

The Board of Directors has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

LIM HOCK CHEE
CEO
10 November 2011