



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

I(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 | | | GROUP | | |
|--|--------------------------------|---------------|---------|--------------------------------|----------------|---------|
| | 3 months ended 30 September | | % | 9 months ended 30 September | | % |
| | 2013 | 2012 | | 2013 | 2012 | |
| | S\$'000 | S\$'000 | + / (-) | S\$'000 | S\$'000 | + / (-) |
| Revenue | 177,818 | 169,683 | 4.8 | 516,991 | 476,420 | 8.5 |
| Cost of sales | (136,580) | (130,829) | 4.4 | (398,309) | (372,068) | 7.1 |
| Gross profit | <u>41,238</u> | <u>38,854</u> | 6.1 | <u>118,682</u> | <u>104,352</u> | 13.7 |
| Other income | 1,139 | 1,191 | (4.4) | 3,566 | 13,514 | (73.6) |
| Distribution expenses | (1,075) | (1,211) | (11.2) | (3,174) | (3,094) | 2.6 |
| Administrative expenses | (28,345) | (26,595) | 6.6 | (82,686) | (73,626) | 12.3 |
| Other expenses | (337) | (301) | 12.0 | (1,142) | (968) | 18.0 |
| Results from operating activities | <u>12,620</u> | <u>11,938</u> | 5.7 | <u>35,246</u> | <u>40,178</u> | (12.3) |
| Finance income | 193 | 185 | 4.3 | 530 | 571 | (7.2) |
| Profit before tax | <u>12,813</u> | <u>12,123</u> | 5.7 | <u>35,776</u> | <u>40,749</u> | (12.2) |
| Tax expense | (2,235) | (2,309) | (3.2) | (6,193) | (7,061) | (12.3) |
| Profit for the period | <u>10,578</u> | <u>9,814</u> | 7.8 | <u>29,583</u> | <u>33,688</u> | (12.2) |
| Other comprehensive income | - | - | | - | - | |
| Total comprehensive income | <u>10,578</u> | <u>9,814</u> | 7.8 | <u>29,583</u> | <u>33,688</u> | (12.2) |



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

| | GROUP | | | GROUP | |
|---|--------------------------------|-----------------|-----|--------------------------------|-----------------|
| | 3 months ended 30 September | | [1] | 9 months ended 30 September | |
| | 2013 S\$'000 | 2012 S\$'000 | | 2013 S\$'000 | 2012 S\$'000 |
| Depreciation of property, plant and equipment | 2,548 | 2,058 | [1] | 7,399 | 5,900 |
| Exchange loss/(gain) net | 26 | 52 | | 33 | (15) |
| Gain on disposal of property, plant and equipment | (13) | (111) | | (27) | (92) |
| Other income: | | | | | |
| Rental received | 306 | 329 | [2] | 905 | 850 |
| Sale of scrap materials | 263 | 242 | | 741 | 725 |
| Government grants | 365 | 290 | [3] | 1,121 | 353 |
| Gain on disposal of Leasehold Property | - | - | [4] | - | 10,465 |
| Miscellaneous income | 205 | 330 | | 799 | 1,121 |
| | <u>1,139</u> | <u>1,191</u> | | <u>3,566</u> | <u>13,514</u> |
| Tax | | | | | |
| Under provision in respect of prior years | - | - | [5] | - | 1,626 |

Notes

- The increase in depreciation was attributable mainly to the fitting out costs of the new supermarkets as well as plant and machinery acquired to increase the capacity and improve productivity at the distribution centre.
- Rental received was from the leasing of excess space at our supermarket outlets.
- Grants were mainly from Government agencies in partial support of IT related productivity improvement program as well as grants under the Special Employment Credit Scheme.
- The gain for 9M2012 was from the sale of the old warehouse at 3000 Marsiling Road ("Leasehold property"), which was no longer needed after the Group moved to the new distribution centre in July 2011. The sale was completed in the 1Q2012.
- The under provision in 9M2012 was related to the tax on the gain on disposal of available for sale investment in FY2010, which was previously deemed as capital in nature. IRAS had assessed and the Group had paid the tax in 2013 under objection.



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

| | GROUP | | COMPANY | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 30 Sep 2013 S\$'000 | 31 Dec 2012 S\$'000 | 30 Sep 2013 S\$'000 | 31 Dec 2012 S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 75,579 | 74,624 | - | - |
| Investment in subsidiaries | - | - | 78,234 | 78,234 |
| | 75,579 | 71,624 | 78,234 | 78,234 |
| Current assets | | | | |
| Inventories | 33,139 | 39,987 | - | - |
| Trade and other receivables | 9,626 | 6,684 | 49,614 | 73,805 |
| Cash and cash equivalents | 107,582 | 120,399 | 31,164 | 31,057 |
| | 150,347 | 167,070 | 80,778 | 104,862 |
| Total assets | 225,926 | 241,694 | 159,012 | 183,096 |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | 156,349 | 156,349 | 156,349 | 156,349 |
| Merger reserve | (68,234) | (68,234) | - | - |
| Accumulated profits | 52,332 | 63,563 | 2,349 | 26,323 |
| Total equity | 140,447 | 151,678 | 158,698 | 182,672 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 2,194 | 1,630 | - | - |
| | 2,194 | 1,630 | - | - |
| Current liabilities | | | | |
| Trade and other payables | 76,264 | 79,707 | 325 | 413 |
| Current tax payable | 7,021 | 8,679 | (11) | 11 |
| | 83,285 | 88,386 | 314 | 424 |
| Total liabilities | 85,479 | 90,016 | 314 | 424 |
| Total equity and liabilities | 225,926 | 241,694 | 159,012 | 183,096 |

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

The Group has no borrowings as at 30 September 2013 and 31 December 2012 respectively.



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I(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 | |
| | 2013 | 2012 | 2013 | 2012 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Operating activities | | | | |
| Profit for the period | 10,578 | 9,814 | 29,583 | 33,688 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 2,548 | 2,058 | 7,399 | 5,900 |
| Gain on disposal of property, plant and equipment | (13) | (111) | (27) | (92) |
| Gain on disposal of Leasehold property | - | - | - | (10,465) |
| Unrealised exchange loss | 22 | 44 | 29 | 12 |
| Interest income | (193) | (185) | (530) | (571) |
| Tax expense | 2,235 | 2,309 | 6,193 | 7,061 |
| | 15,177 | 13,929 | 42,647 | 35,533 |
| Changes in inventories | 485 | 203 | 6,848 | 2,210 |
| Changes in trade and other receivables | (2,160) | (3,748) | (2,942) | (3,881) |
| Changes in trade and other payables | (199) | (895) | (3,443) | (11,432) |
| Cash generated from operations | 13,303 | 9,489 | 43,110 | 22,430 |
| Taxes paid | (2,300) | (3,121) | (7,287) | (8,245) |
| Cash flows from operating activities | 11,003 | 6,368 | 35,823 | 14,185 |
| Investing activities | | | | |
| Proceeds from disposal of property, plant and equipment | 52 | 108 | 108 | 14,176 |
| Purchase of property, plant and equipment | (4,688) | (2,198) | (8,435) | (5,490) |
| Interest received | 193 | 185 | 530 | 571 |
| Cash flows(used in)/from investing activities | (4,443) | (1,905) | (7,797) | 9,257 |
| Financing activities | | | | |
| Dividend paid | (16,602) | (13,835) | (40,814) | (38,324) |
| Cash flows used in financing activities | (16,602) | (13,835) | (40,814) | (38,324) |
| Net decrease in cash and cash equivalents | (10,042) | (9,372) | (12,788) | (14,882) |
| Cash and cash equivalents at beginning of the period | 117,646 | 116,642 | 120,399 | 122,120 |
| Effect of exchange rate changes on balances held in foreign currencies | (22) | (44) | (29) | (12) |
| Cash and cash equivalents at end of the period | 107,582 | 107,226 | 107,582 | 107,226 |



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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 | Merger reserve S\$'000 | Accumulated profits S\$'000 | Foreign currency translation reserve S\$'000 | Total equity S\$'000 |
|---|--------------------------|---------------------------|--------------------------------|---|-------------------------|
| As at 1 January 2012 | 156,349 | (68,234) | 60,210 | * | 148,325 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | 33,688 | - | 33,688 |
| Transactions with owners, recorded directly in equity: | | | | | |
| Distributions to owners | | | | | |
| Dividend paid | - | - | (38,324) | - | (38,324) |
| Total transactions with owners | - | - | (38,324) | - | (38,324) |
| At 30 September 2012 | 156,349 | (68,234) | 55,574 | * | 143,689 |
| As at 1 January 2013 | 156,349 | (68,234) | 63,563 | * | 151,678 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | 29,583 | - | 29,583 |
| Transactions with owners, recorded directly in equity: | | | | | |
| Distributions to owners | | | | | |
| Dividend paid | - | - | (40,814) | - | (40,814) |
| Total transactions with owners | - | - | (40,814) | - | (40,814) |
| At 30 September 2013 | 156,349 | (68,234) | 52,332 | * | 140,447 |

* Amount is less than \$1,000.



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| Company | Share capital S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
|---|--------------------------|--------------------------------|-------------------------|
| As at 1 January 2012 | 156,349 | 25,595 | 181,944 |
| Total comprehensive income for the period | | | |
| Profit for the period | - | 14,103 | 14,103 |
| Transactions with owners, recorded directly in equity: | | | |
| Distributions to owners | | | |
| Dividend paid | | (38,324) | (38,324) |
| Total transactions with owners | - | (38,324) | (38,324) |
| At 30 September 2012 | 156,349 | 1,374 | 157,723 |
| | | | |
| As at 1 January 2013 | 156,349 | 26,323 | 182,672 |
| Total comprehensive income for the period | | | |
| Profit for the period | - | 16,840 | 16,840 |
| Transactions with owners, recorded directly in equity: | | | |
| Distributions to owners | | | |
| Dividend paid | - | (40,814) | (40,814) |
| Total transactions with owners | - | (40,814) | (40,814) |
| As at 30 September 2013 | 156,349 | 2,349 | 158,698 |

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.

There were no changes to the Company's share capital since the end of the previous period reported on. There were no outstanding convertibles which may be converted into ordinary shares. There were no treasury shares held.



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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.

| Company | As at | |
|-------------------------------|---------------------|---------------------|
| | 30 Sep 2013 | 31 Dec 2012 |
| | No of shares | No of shares |
| Total number of issued shares | 1,383,537,000 | 1,383,537,000 |

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.

Not applicable

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 consolidated financial statements for the current reporting period as compared with the audited consolidated financial statements as at 31 December 2012, 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 2013. 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.



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6. *Earnings 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 | | GROUP | |
|---|-----------------------|--------------------|-----------------------|--------------------|
| | 3 months ended | | 9 months ended | |
| | 30 Sep 2013 | 30 Sep 2012 | 30 Sep 2013 | 30 Sep 2012 |
| Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders: | | | | |
| - based on weighted average number of shares in issue (cents) | 0.76 | 0.71 | 2.14 | 2.43 |
| No. of shares at the end of period ('000) | 1,383,537 | 1,383,537 | 1,383,537 | 1,383,537 |
| Weighted average number of shares in issue during the period ('000) | 1,383,537 | 1,383,537 | 1,383,537 | 1,383,537 |

Note:-

There were no potentially dilutive shares.

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 2013 | 31 Dec 2012 | 30 Sep 2013 | 31 Dec 2012 |
| | cents | cents | cents | cents |
| Net asset value per ordinary share based on issued share capital at the end of the period reported on | 10.15 | 10.96 | 11.47 | 13.20 |



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.

STATEMENT OF COMPREHENSIVE INCOME

OVERVIEW

Net profit for the 9M2013 declined by 12.2% to \$29.6m compared with net profit for 9M2012. However, after excluding non-recurring items in 9M2012, consisting of a one-time gain of \$10.5m from the sale of the warehouse and a provision of \$1.6m for prior year's tax, the core profit of \$29.6m for 9M2013 was 19.4% higher than 9M2012's core profit of \$24.8m.

Revenue

| | 3Q 2013 | 3Q2012 | 9M2013 | 9M2012 |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
| Number of outlets | 33 | 31 | 33 | 31 |
| Retail area | 400,000 square feet | 391,000 square feet | 400,000 square feet | 391,000 square feet |
| Revenue | \$177.8m | \$169.7m | \$517.0m | \$476.4m |

There were no new stores opened in the first nine months of 2013. For the purpose of computing comparable same store sales, the 3 new stores opened in 2011 and the 8 new stores opened in 2012 were considered as new stores and were excluded.

In 3Q2013, revenue increased by \$8.1m year on year mainly because of the increase in sales of \$12.6m from the new stores, which was offset by lower comparable same store sales of \$4.5m. Comparable same store sales fell mainly because of contraction in matured stores in older housing estates, competitors' activities and the Bedok Central and Verge stores which were affected by construction works in the vicinity. These two stores accounted for \$3.5m of the decline in comparable same store sales.

Similarly, for 9M2013, on a year on year basis, revenue increased by \$40.6m, out of which \$55.3m was contributed by the new stores. However, this was offset by a contraction of \$14.7m in comparable same store sales which was caused by reasons discussed in the previous paragraph as well as the closure of the Teban Gardens and Ang Mo Kio stores for renovation. Out of this amount of \$14.7m, \$11.1m came from lower sales at the Bedok Central and the Verge stores.

Cost of sale and gross margin

Gross margin

| 3Q2013 | 3Q2012 | 9M2013 | 9M2012 |
|---------------|---------------|---------------|---------------|
| 23.2% | 22.9% | 23.0% | 21.9% |



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The industry remained competitive and in 3Q2013, on a year on year basis, gross margins edged up by 0.3% mainly because of slightly lower prices of inputs, brought about mainly by savings derived from the distribution centre.

Sequentially, on quarter on quarter basis gross margin remained the same from 2Q2013 into 3Q2013.

The price war in 4Q2011 which depressed gross margin and the subsequent recovery in the ensuing quarters in 2012 lowered gross margins for 9M2012 and consequently, gross margin for 9M2013 was 1.1% higher than 9M2012 because of the recovery in selling prices, better sales mix and lower input costs brought about by savings derived from the distribution centre.

Gross margin has been stable for the first three quarters of 2013 as seen below.

| 1Q2013 | 2Q2013 | 3Q2013 | 9M2013 |
|--------|--------|--------|--------|
| 22.5% | 23.2% | 23.2% | 23.0% |

Administrative expenses

Increases were mainly in the following expenses:-

| | 3Q2013 vs 3Q2012 | 9M2013 vs 9M2012 |
|-------------------------------------|------------------|------------------|
| | \$'000 | \$'000 |
| Staff costs | 496 | 3,893 |
| Foreign workers' levy | 286 | 1,147 |
| Rental of outlets | 601 | 2,324 |
| Depreciation | 181 | 641 |
| Property tax of distribution centre | 146 | 431 |
| Others | 40 | 624 |
| Total increase | 1,750 | 9,060 |

Costs were tightly controlled. On a year on year basis, administrative expenses in 3Q2013, expressed as a % of sales was slightly higher at 15.9% compared with 15.7%, which was attributable mainly to higher manpower and rental costs. Rental costs increased mainly because of new stores whereas manpower cost was higher because of increased headcount needed to operate the new stores as well as salary adjustments to the lower salaried staff. For the same reasons, administrative expenses as a % of sales for 9M2013 was slightly higher at 16.0% against 15.5%, compared on a year on year basis, except that in addition, staff cost also increased because of the higher provision for bonus resulting from a much improved net profit after tax, particularly in the first half of 2013.

Finance Income

This was interest earned from fixed deposits placed with banks in Singapore dollars.

Tax

The effective tax rates for the 3Q2013 and 9M2013 approximate the statutory rate of 17%.



Net profit

Core net profit after tax increased by 7.8% for 3Q2013 and 19.4% for the 9M2013 (after excluding non-recurring items in 9M2012), compared with the respective corresponding periods mainly because of higher revenue, better gross margin and tighter control over costs

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment increased by \$1.0m due to capital expenditures amounting to \$8.4m, which was offset by depreciation charges of \$7.4m. The major expenditures included the purchase of the shop housing our Toa Payoh store amounting to \$3.5m, the renovation of two old stores amounting to \$1.3m and acquisition of new plant and machinery to increase the capacity and productivity of the distribution centre.

The run-down of inventory which was carried as at 31 December 2012 to cater for Chinese New Year sales in January 2013 was the main reason for the decrease in inventory of \$6.8m as at 30 September 2013. The inventory levels at the end of second and third quarters of 2013 remained almost the same.

The increase in deposits placed with landlords for new outlets as well as the net increase in trade and other receivables arising mainly from higher amounts due from credit card companies were the main reasons for the increase in trade and other receivables by \$2.9m.

The decrease in trade and other payables of \$3.4m was mainly due to the lower level of purchases.

CASH FLOW

Sales are principally made on a cash basis and there were no significant changes to the payment cycle. The Group continued to generate healthy cash flow from operating activities.

Purchase of property, plant and equipment in 2013 consist of the purchase of the Toa Payoh shop unit for \$3.5m, renovation cost of two old stores and capital expenditures for the distribution centre. The main cash outflow for financing activities was the payment of the interim dividend of \$16.6m for FY2013 in August 2013.

As a result of the cash flows described above cash and cash equivalents was reduced by \$10.0m and \$12.8m for the 3 months and 9 months ended 30 September 2013 respectively. Nonetheless, as at 30 September 2013, the Group had a healthy cash and cash equivalent of \$107.6m.

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 2.5% to 3.5% for 2013. The weak external environment has affected retail spending which remained weak.

The industry is expected to remain competitive and while we aim to open new outlets in areas where we do not have a presence, we expect the competitors to compete with us for new retail space. It has become challenging renting, and we may be looking at buying new retail space. The new outlets which were opened in 2011 and 2012 should continue to grow and contribute to revenue. The Group is also looking to renovate the older stores in matured housing estates to improve comparable same store sales.

Cost pressures, particularly on food and manpower is likely to continue as the supply chain for food may be disrupted by weather and geo-political problems, while the supply of foreign labor is shrinking because of tightening regulations on employment.

The annual stock count for our supermarket operations had just been concluded and a write-off of approximately \$0.9m will be made in 4Q2013 (2012: \$1.2m).

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.



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

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

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.

The Group has not obtained an IPT mandate under Rule 920(1). The interested person transactions conducted during the period 1 January 2013 to 30 September 2013 were:-

INTERESTED PERSON TRANSACTIONS

From 1 January 2013 to 30 September 2013

| 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) (S'000) | 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. | 110 | - |
| | Purchase of goods by F M Food Court Pte Ltd ^{See Notes (1), (2)} from Sheng Siong Group Ltd. | 286 | - |
| F M Food Court Pte Ltd / Lim Hock Eng Lim Hock Chee Lim Hock Leng | Lease of operation space by F M Food Court Pte Ltd from Sheng Siong Group Ltd. | 278 | - |
| 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. | 1,207 | - |



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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.

14. An update on the use of net proceeds from the issue of new shares for the IPO.

USE OF PROCEEDS FROM IPO

| Purpose | Estimated amount (\$ million) | Estimated percentage of gross proceeds raised from the issue of New Shares | Amount utilised (\$ million) | Percentage of gross proceeds raised from the issue of New Shares |
|---|--------------------------------------|---|-------------------------------------|---|
| Repayment of the Term Loan | 30.0 | 39.3% | 26.3 | 34.4% |
| Development and expansion of grocery retailing business and operations in Singapore and overseas | 20.0 | 26.2% | 11.7 ⁽¹⁾ | 15.3% |
| Working capital purposes | 22.2 | 29.0% | - | - |
| Expenses incurred in connection with the issue of New Shares | 4.2 | 5.5% | 4.0 | 5.2% |
| Total | 76.4 ⁽²⁾ | 100.0% | 42.0 | 54.9% |

Notes:

- (1) Relates to the opening and renovation of our stores in Singapore and the purchase of the shop housing our Toa Payoh store.
- (2) Includes net proceeds from the exercise of the Over-allotment Option of \$13.5 million.



NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) 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
23 October 2013