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 16.8% yoy to S$16.4 million for 1Q2016

- Revenue increased 5.1% yoy to S$208.5 million in 1Q2016 mainly contributed by sales from new stores
- Gross profit margin remained stable at 24.5% in 1Q2016
- Expanding retail network across Singapore and nurturing the growth of the new stores remains a priority for the Group

Singapore, 27 April 2016 – 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 16.8% year-on-year ("yoy") increase in net profit to S$16.4 million for the 3 months ended 31 March 2016 ("1Q2016"), mainly because of higher revenue and higher other income, which was partially offset by higher operating expenses.

Financial Highlights (S$ 'million)	3 months ended 31 March 2016 (1Q2016)	3 months ended 31 March 2015 (1Q2015)	Change
Revenue	208.5	198.4	5.1%
Gross profit	51.0	48.5	5.2%
Gross profit margin	*24.5%*	*24.4%*	*0.1p.p*
Other Income	3.8	2.2	70.8%
Net profit	16.4	14.1	16.8%
Net profit margin	*7.9%*	*7.1%*	*0.8p.p*
EPS (cents)#	1.09	0.94	16.0%

p.p denotes percentage points

Revenue increased by 5.1% yoy in 1Q2016 of which 5.6% was contributed by the new stores but was reduced by 0.5% as comparable same store sales contracted mainly because of tepid Chinese New Year demand, ongoing renovation in the vicinity of our Loyang store, the fall in liquor sales in our Geylang store and the Woodlands store which was affected by the weaker ringgit. Excluding the Woodlands store, comparable same store sales would have registered a flattish growth of 0.1%.

Gross margins improved marginally to 24.5% in 1Q2016 compared with 24.4% in 1Q2015, despite tepid Chinese New Year demand. Although lower than the gross margin of 25% in 4Q2015, this may not be strictly comparable as gross margin tends to be lower in the first quarter because of the Chinese New Year sales.

Administrative expenses increased by S$1.6 million in 1Q2016 compared with 1Q2015, mainly because of the increase in staff costs as more headcounts were needed to operate the new stores and a higher bonus provision arising from the improved financial performance of the Group in 1Q2016 which was partially offset by a write-back of bonus provision of S$0.7 million relating to FY2015. Rental expenses remained at about 2.8% of revenue, despite an overall increase of S$0.6 million in rent compared with 1Q2015 mainly because of the new stores. Utility charges were slightly lower by S$0.1 million because of lower electricity tariffs due to lower oil prices.

Cash generated from operating activities before working capital changes and payment of tax amounted to $5.3 million in 1Q2016, mainly because a higher level of cash was used to fund working capital change, which was caused mainly by payment of bonuses and a larger reduction in inventory post-Chinese New Year. Free cash flow was negative, amounting to S$11.9 million, after paying for capital expenditures amounting to S$17.6 million which included the progress payment amounting to S$13.7 million for the purchase of retail space at Yishun Junction 9, S$2.2 million for the upgrading and replacement of equipment in the supermarkets and S$1.7 million for increasing the processing capabilities of the distribution centre.

The Group's balance sheet remained strong with cash of S$113.9 million as at 31 March 2016.

Business Outlook

The industry is expected to remain competitive. Besides competitive pressures, gross margin would be affected if input cost is increased because of food inflation, which could be caused by disruption, like the effect of El Nino to the supply chain. The government has not relaxed the restriction on the employment of foreign labor and the upward pressure on manpower cost would continue to persist.

The store in Circuit Road with a retail area of 3,500 square feet was opened on 17 April 2016. Both of the new stores in Yishun Junction 9 and Upper Boon Keng Road are expected to commence operation in 2Q2016. The Group was also the successful bidder for a HDB shop at Fernvale Street, Sengkang (3,300 square feet) and is waiting to execute the lease with the HDB.

The store at Loyang Point was closed on 15 April 2016 as the building where the store is situated would be renovated. The store should re-open in 1Q2017 in a new location within the renovated building.

Most of our tenancies on the first and second floor of Block 506 Tampines Central will expire in 3Q2016. The supermarket which is presently on the second floor will be closed in 4Q2016 to facilitate A&E works to the building and should re-open in January 2017 with a new area of approximately 25,000 sq. ft.

The Group will continue to look for retail space in areas where their customers reside and will nurture the growth of the new stores opened in FY2015 and 2016, which is expected to underpin growth.

The subsidiary in Kunming China, has signed a lease for their first store which is approximately 54,000 sq. ft and the supermarket should open in 4Q2016.

On the future plans of the Group, **Mr Lim Hock Chee, the Group's Chief Executive Officer**, added, ***"We have just opened a new store in Circuit Road on 17 April. Another two new stores in Yishun Junction 9 and Upper Boon Keng Road are expected to commence operation in the second***

quarter. We remain on the lookout for new retail opportunities especially in areas where our potential customers are residing. Besides nurturing the growth of new stores, we will continue to work towards lowering input costs by leveraging on our Mandai Distribution Centre, increased direct purchasing and improving the sales mix.

Our subsidiary in China has recently signed a lease for the first new store in Kunming with a retail area of 54,000 square feet, which should be operational in 4Q2016, marking our business expansion into a new geographical market."

- 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 40 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
Yit Sung NGO, yitsung@financialpr.com.sg
Kamal SAMUEL, kamal@financialpr.com.sg
Tel: (65) 6438 2990 Fax: (65) 6438 0064