



# SHENG SIONG GROUP LTD

First Quarter Financial Statement

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

*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		
	1 <sup>st</sup> Quarter ended 31 Mar		
	2017 S\$'000	2016 S\$'000	+/- (%)
Revenue	217,122	208,546	4.1
Cost of sales	(162,802)	(157,548)	3.3
<b>Gross profit</b>	<b>54,320</b>	<b>50,998</b>	6.5
Other income	2,526	3,818	(33.8)
Distribution expenses	(1,428)	(1,183)	20.7
Administrative expenses	(34,222)	(33,656)	1.7
Other expenses	(639)	(519)	23.1
<b>Results from operating activities</b>	<b>20,557</b>	<b>19,458</b>	<b>5.6</b>
Finance income	24	344	(93.0)
<b>Profit before tax</b>	<b>20,581</b>	<b>19,802</b>	<b>3.9</b>
Tax expense	(3,455)	(3,379)	2.3
<b>Profit for the period</b>	<b>17,126</b>	<b>16,423</b>	<b>4.3</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income</b>			
Items that may be re-classified subsequently to profit or loss			
Foreign currency translation differences for foreign entity			
	(169)	-	n.m
<b>Total comprehensive income</b>	<b>16,957</b>	<b>16,423</b>	<b>3.3</b>



# SHENG SIONG GROUP LTD

First Quarter Financial Statement

	<b>GROUP</b>		
	<b>1<sup>st</sup> Quarter ended</b>		
	<b>31 Mar</b>		
	<b>2017</b>	<b>2016</b>	<b>+/- (-)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Profit net of tax for the period attributable to :</b>			
Owners of the company	17,139	16,423	4.4
Non-controlling interest	(13)	-	n.m
	<b>17,126</b>	<b>16,423</b>	<b>4.3</b>
<b>Total comprehensive income attributable to :</b>			
Owners of the company	17,038	16,423	3.7
Non-controlling interest	(81)	-	n.m
	<b>16,957</b>	<b>16,423</b>	<b>3.3</b>

n.m denotes not meaningful

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

	<b>Note</b>	<b>GROUP</b>	
		<b>1<sup>st</sup> Quarter ended</b>	
		<b>31 Mar</b>	
		<b>2017</b>	<b>2016</b>
		<b>S\$'000</b>	<b>S\$'000</b>
Depreciation of property, plant and equipment	(1)	3,744	3,576
Exchange loss net		51	63
Loss/(gain) on disposal of property, plant and equipment		9	(12)
<b>Other income:</b>			
Rental income	(2)	716	901
Sale of scrap materials		424	315
Government grants	(3)	888	2,252
Miscellaneous income		498	350
		<b>2,526</b>	<b>3,818</b>



## Notes

1. The increase in depreciation charges for the period was due mainly to the additions to property, plant and equipment in FY2016.
2. Rental income was from leasing of retail space to external parties and was lower in 1Q2017 compared with 1Q2016 as most of the tenancies at Block 506 Tampines Central had expired in the latter half of FY2016. The building is now being renovated to accommodate a more spacious supermarket.
3. The government grants were from various Government agencies in partial support of productivity improvement programs as well as grants under the wage credit, special employment credit and temporary employment schemes. The decrease was attributable mainly to a higher grant for wage credit received in 1Q2016.

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	250,899	252,043	-	-
Investment in subsidiaries	-	-	82,261	82,261
	<u>250,899</u>	<u>252,043</u>	<u>82,261</u>	<u>82,261</u>
<b>Current assets</b>				
Inventories	51,223	61,886	-	-
Trade and other receivables	7,247	10,364	181,867	181,852
Cash and cash equivalents	68,319	63,510	274	232
	<u>126,789</u>	<u>135,760</u>	<u>182,141</u>	<u>182,084</u>
<b>Total assets</b>	<u>377,688</u>	<u>387,803</u>	<u>264,402</u>	<u>264,345</u>
<b>Equity</b>				
Share capital	235,373	235,373	235,373	235,373
Merger reserve	(68,234)	(68,234)	-	-
Accumulated profits	101,969	84,830	28,618	28,643
Foreign currency translation reserves	(10)	91	-	-
Equity attributable to owners of the Company	<u>269,098</u>	<u>252,060</u>	<u>263,991</u>	<u>264,016</u>
Non-controlling interest	2,711	2,792	-	-
<b>Total equity</b>	<u>271,809</u>	<u>254,852</u>	<u>263,991</u>	<u>264,016</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	3,392	2,445	-	-
	<u>3,392</u>	<u>2,445</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Trade and other payables	88,017	117,514	411	329
Current tax payable	14,470	12,992	-	-
	<u>102,487</u>	<u>130,506</u>	<u>411</u>	<u>329</u>
<b>Total liabilities</b>	<u>105,879</u>	<u>132,951</u>	<u>411</u>	<u>329</u>
<b>Total equity and liabilities</b>	<u>377,688</u>	<u>387,803</u>	<u>264,402</u>	<u>264,345</u>

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

The Group had no borrowings as at the end of 31 March 2017 and 31 December 2016 respectively.



# SHENG SIONG GROUP LTD

## First Quarter Financial Statement

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

	<b>Group</b>	
	<b>1<sup>st</sup> Quarter ended</b>	
	<b>31 Mar</b>	
	<b>2017</b>	<b>2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit for the period	17,126	16,423
Adjustments for:		
Depreciation of property, plant and equipment	3,744	3,576
Loss/(gain) on disposal of property, plant and equipment	9	(12)
Unrealised exchange loss	51	82
Interest income	(24)	(344)
Tax expense	3,455	3,379
	24,361	23,104
Changes in inventories	10,663	5,193
Changes in trade and other receivables	3,117	2,898
Changes in trade and other payables	(29,497)	(25,185)
Cash generated from operations	8,644	6,010
Taxes paid	(1,030)	(687)
<b>Cash flows from operating activities</b>	7,614	5,323
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	117	23
Purchase of property, plant and equipment	(2,726)	(17,598)
Interest received	24	344
<b>Cash flows used in investing activities</b>	(2,585)	(17,231)
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,029	(11,908)
Cash and cash equivalents at beginning of the period	63,510	125,931
Effect of exchange rate changes on balances held in foreign currencies	(220)	(82)
<b>Cash and cash equivalents at end of the period</b>	68,319	113,941



# SHENG SIONG GROUP LTD

## First Quarter Financial Statement

*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.*

Attributable to owners of the Company						Non-Controlling interest	Total equity
Group	Share capital	Merger reserve	Accumulated profit	Foreign currency translation reserve	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>As at 1 January 2016</b>	235,373	(68,234)	77,057	*	244,196	-	244,196
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	16,423	-	16,423	-	16,423
					260,619		
<b>At 31 March 2016</b>	235,373	(68,234)	93,480	*		-	260,619
<b>At 1 January 2017</b>	235,373	(68,234)	84,830	91	252,060	2,792	254,852
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	17,139	-	17,139	(13)	17,126
<b>Other comprehensive income</b>							
Foreign currency translation differences for foreign entity	-	-	-	(101)	(101)	(68)	(169)
<b>Total comprehensive income for the period</b>	-	-	17,139	(101)	17,038	(81)	16,957
<b>As at 31 March 2017</b>	235,373	(68,234)	101,969	(10)	269,098	2,711	271,809

\*Amount is less than \$1,000



# SHENG SIONG GROUP LTD

## First Quarter Financial Statement

<b>Company</b>	<b>Share capital S\$'000</b>	<b>Accumulated profits S\$'000</b>	<b>Total Equity S\$'000</b>
<b>As at 1 January 2016</b>	235,373	27,134	262,507
<b>Total comprehensive income for the period</b>			
Profit for the period	-	33	33
<b>At 31 March 2016</b>	235,373	27,167	262,540

<b>Company</b>	<b>Share capital S\$'000</b>	<b>Accumulated profits S\$'000</b>	<b>Total Equity S\$'000</b>
<b>As at 1 January 2017</b>	235,373	28,643	264,016
<b>Total comprehensive income for the period</b>			
Loss for the period	-	(25)	(25)
<b>At 31 March 2017</b>	235,373	28,618	263,991



*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 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. There were no outstanding convertibles which may be converted into ordinary shares. There were no treasury shares held.

*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	
	31 Mar 2017 No of shares	31 Dec 2016 No of shares
Total number of issued shares	<u>1,503,537,000</u>	<u>1,503,537,000</u>

*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 as there were no treasury shares held.

*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 financial year as compared with the audited combined financial statements as at 31 December 2016, 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 2017. The adoption of these new and revised accounting standards did not give rise to any material impact 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.





# SHENG SIONG GROUP LTD

## First Quarter Financial Statement

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**  
**31 Mar 2017    31 Mar 2016**

Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders:

- based on number of shares/weighted average number of shares in issue (cents)	1.14	1.09
Number of shares as at 31 March	1,503,537,000	1,503,537,000
Weighted average number of shares in issue during the period	1,503,537,000	1,503,537,000

**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.*

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Net asset value per ordinary share based on issued share capital at the end of the period/year reported on	17.90	16.76	17.56	17.56
No. of shares at the end of the period/year ('000)	1,503,537	1,503,537	1,503,537	1,503,537

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.*

## INCOME STATEMENT

### OVERVIEW

**First Quarter Financial Statement**

Net profit for 1Q2017 increased by 4.3% to \$17.1m compared with \$16.4m in 1Q2016 mainly because of a 6.5% increase in gross profit arising from higher revenue, improvement in gross margin but was offset by lower other income and higher operating expenses.

**Revenue**

	<b>1Q2017</b>	<b>1Q2016</b>
Number of outlets	43	39
Retail area at end of year	457,000 square feet	431,000 square feet
Revenue	\$217.1m	\$208.5m

The Group opened four new stores in FY2016 and these stores will be considered as new stores. The Loyang store with an area of approximately 7,200 square feet was re-opened in late February 2017 upon completion of renovation works to the shopping mall where the store is situated.

The four new stores contributed 6.2% to the growth in revenue in 1Q2017, but the Loyang store and flattish comparable same store sales lowered revenue growth to a net 4.1%. Comparable same store sale was affected by lackluster demand and contraction in footfall in (1) stores located in areas affected by the slowdown in the oil and gas industry, (2) the store in Block 506 Tampines because of ongoing renovation to the building, and (3) the Woodlands store as residents moved out with the date of closure drawing near.

**Gross Profit and Gross Margin**

Gross profit increased by 6.5% to \$54.3m mainly because of the higher revenue and higher gross margin which improved by 0.50% to 25.0%.

Gross margin

<b>1Q2017</b>	<b>1Q2016</b>	4Q2016	4Q2015
<b>25.0%</b>	<b>24.5%</b>	26.3%	25.0%

Gross margin improved to 25.0% in 1Q2017 compared to 24.5% in 1Q2016 mainly because of higher rebates for bulk handling and promotions. Consistent with seasonal trends, gross margin was lower than 4Q2016's gross margin of 26.3%, as the industry tends to push for volume during festive seasons. The sequential drop in gross margin from the fourth quarter to the first quarter was sharper in FY2017 mainly because of a lower level of net advertising and promotion rebates in 1Q2017.

**Other Income**

Please refer to the notes on page 3 explaining the changes in Other Income.

**Administrative Expenses**

Administrative expenses increased by \$0.6m, or 1.7%, mainly because of an increase in depreciation by \$0.8m, increase in staff cost and other costs by \$0.2m, but was offset by lower rental for the supermarkets of \$0.4m. In FY2016, the Group obtained TOP for the Yishun Junction 9 store and purchased the Bedok store and this was the main reason for the increase in depreciation. Conversely, the purchase of the Bedok store resulted in a net savings in rental. There were no significant changes to staff costs as the increase in headcount needed to operate the new outlets opened in FY2016 was offset by reduction in bonus provision.

**Distribution expenses**

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**First Quarter Financial Statement**

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The increase in distribution expenses of \$0.2m was due mainly to the costs of running and maintaining the fleet of delivery trucks.

**Other expenses**

Exchange differences and higher charges relating to credit cards because of the higher volume were the main reasons for the net increase of \$0.1m.

**Finance Income**

Interest income was much lower in 1Q2017 compared with 1Q2016 mainly due to less cash being placed on fixed deposit.

**Tax**

The effective tax rate for 1Q2017 of 16.8% was lower than the statutory tax rate of 17% mainly because of a write-back of prior year's tax amounting to \$0.3m.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Depreciation charges of \$3.7m, which was offset by capital expenditures of \$2.7m, were the main reasons for the decrease in property, plant and equipments by \$1.1m.

Inventories decreased by \$10.7m as goods which were purchased at the end of FY2016 for Chinese New Year sales in 2017 were sold.

Trade and other receivables decreased by \$3.1m, mainly because of reduction in trade receivables of \$2.4m, of which \$2.2m was attributable to receivables from credit cards and NETS payments; and other receivables and prepayments of \$0.7m.

Trade and other payables decreased by \$29.5m mainly because of a decrease in trade payables of \$14.5m as purchases for Chinese New Year sales were settled, a decrease in accruals of \$9.9m attributable mainly to the payment of bonuses relating to FY2016; a lower provision for bonuses in 1Q2017 and other expenses and a reduction in other creditors by \$5.1m.

**CASH FLOW**

Sales are principally made on a cash basis and there were no significant changes to the payment cycle. Payments for purchase of retail space had impacted cash flow.

Consistent with the higher level of activities, cash flow generated from operating activities in the 1Q2017 amounting to \$7.6m was higher than 1Q2016's generation of \$5.3m. Payments for acquisition of property plant and equipments amounted to \$2.7m in 1Q2017 and were markedly lower than 1Q2016's payment of \$17.6m as there were no purchases of retail outlets. Consequently, cash and cash equivalent increased to \$68.3m at the end of 1Q2017.

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

Not applicable.



## First Quarter Financial Statement

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 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 to the supply chain or changes to prices caused by nations adopting protectionist measures.

Renovation to Block 506 Tampines Central is in progress and the supermarket on the second floor should be moving to the first floor in May 2017. When renovation to the second floor is completed by June 2017, the supermarket will occupy the greater part of the first and second floor with a total retail area of approximately 25,000 sq. ft.

The Group will continue to look for retail space in areas where their customers reside and will continue to bid, in a rational manner for new HDB shops in re-developed and new neighborhoods.

The closing date of the store at the Verge is now extended from 31 May 2017 to 30 June 2017 and the store in Woodlands will as previously announced be closed in August 2017.

The Group will continue to nurture the growth of the new stores, rejuvenate the old stores and build on the lessons learnt from the e-commerce pilot project.

The subsidiary in Kunming China, has finally taken vacant possession of the leased retail space in the shopping mall and work is now underway to prepare for the opening of the supermarket, which is expected to be by the end of 3Q2017.

### 11. *Dividend*

(a) *Current Financial Period Reported On*

No.

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

No

(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:



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

The Company has not declared a dividend.

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 did not obtain a mandate under Rule 920(1). The interested party transactions during the year were:-

### INTERESTED PERSON TRANSACTIONS

From 1 January 2017 to 31 March 2017

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) (\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<b>F M Food Court Pte. Ltd./</b> Lim Hock Eng Lim Hock Chee Lim Hock Leng	Sale of goods by Sheng Siong Group Ltd to F M Food Court Pte. Ltd. <small>See Notes (1), (2)</small>	44	-
	Purchase of goods by Sheng Siong Group Ltd from F M Food Court Pte. Ltd. <small>See Notes (1), (2)</small>	-	-
<b>F M Food Court Pte. Ltd./</b> 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. <small>See Notes (1), (2)</small>	136	-
<b>E Land Properties Pte. Ltd./</b> Lim Hock Eng Lim Hock Chee Lim Hock Leng	Rent and utilities paid by Sheng Siong Group Ltd. to E Land Properties Pte. Ltd. <small>See Note (1)</small> for lease and license of operations space	422	-

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.



## **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.

## **CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

## **BY ORDER OF THE BOARD**

LIM HOCK CHEE  
CEO  
28 April 2017