



SHENG SIONG GROUP LTD

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 3 months ended 31 Dec			GROUP Year ended 31 Dec		
	2017 S\$'000	2016 S\$'000	+/- (-) %	2017 S\$'000	2016 S\$'000	+/- (-) %
Revenue	200,323	196,998	1.7	829,877	796,683	4.2
Cost of sales	(145,213)	(145,171)	0.0	(612,472)	(592,029)	3.5
Gross profit	55,110	51,827	6.3	217,405	204,654	6.2
Other income	3,990	2,369	68.5	10,344	10,543	(1.9)
Distribution expenses	(1,280)	(1,289)	(0.7)	(5,509)	(5,114)	7.7
Administrative expenses	(36,694)	(33,604)	9.2	(137,936)	(132,663)	4.0
Other expenses	(593)	(386)	53.6	(2,449)	(1,794)	36.5
Results from operating activities	20,533	18,917	8.5	81,855	75,626	8.2
Finance income	80	6	n.m	237	573	(58.6)
Profit before tax	20,613	18,923	8.9	82,092	76,199	7.7
Tax expense	(3,931)	(3,488)	12.7	(12,559)	(13,499)	(7.0)
Profit for the period/year	16,682	15,435	8.1	69,533	62,700	10.9
Other comprehensive income						
Items that may be re-classified subsequently to profit or loss						
Foreign currency translation differences for foreign entity	37	64	(42.2)	(100)	151	(166.2)
Total comprehensive income for the period/year	16,719	15,499	7.9	69,433	62,851	10.5

n.m denotes not meaningful



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	GROUP 3 months ended			GROUP Year ended		
	31 Dec			31 Dec		
	2017 S\$'000	2016 S\$'000	+ / (-) %	2017 S\$'000	2016 S\$'000	+ / (-) %
Profit net of tax for the period/year attributable to :						
Owners of the company	16,819	15,387	9.3	69,790	62,652	11.4
Non-controlling interest	(137)	48	n.m	(257)	48	n.m
	16,682	15,435	8.1	69,533	62,700	10.9
Total comprehensive income attributable to :						
Owners of the company	16,841	15,426	9.2	69,730	62,743	11.1
Non-controlling interest	(122)	73	n.m	(297)	108	n.m
	16,719	15,499	7.9	69,433	62,851	10.5

n.m denotes not meaningful

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

	Note	GROUP 3 months ended		GROUP Year ended	
		31 Dec		31 Dec	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Depreciation of property, plant and equipment	(1)	3,722	3,656	14,807	14,918
Exchange gain		(12)	(313)	(42)	(671)
Loss/(gain) on disposal of property, plant and equipment		52	2	130	(43)
Other income:					
Rental income	(2)	644	836	2,691	3,445
Sale of scrap materials		449	321	1,784	1,265
Government grants	(3)	2,564	725	4,427	4,360
Miscellaneous income		334	487	1,442	1,473
		3,991	2,369	10,344	10,543



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1. The increase in depreciation in 4Q2017 was mainly because of additions to property, plant and equipment. In FY2017, the decrease in depreciation was due to equipment in the central distribution centre being fully depreciated, offset by the increase in depreciation arising from additions to property, plant and equipment.
2. Rental income was from the leasing of excess retail space to external parties. It was lower in 4Q2017 and FY2017 mainly because the supermarket outlet in Tampines Block 506 took over some of the excess space when it expanded in June 2017.
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. In 4Q2017, the receipt of a few grants for productivity improvements was the main reason for the increase of \$1.8m. For the year as a whole, government grants were at about the same level as FY2016 as higher grants received for productivity improvement projects were offset by lower wage credit.

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

	GROUP		COMPANY	
	31 Dec 2017 S\$'000	31 Dec 2016 S\$'000	31 Dec 2017 S\$'000	31 Dec 2016 S\$'000
Non-current assets				
Property, plant and equipment	254,691	252,043	-	-
Investment in subsidiaries	-	-	82,261	82,261
	254,691	252,043	82,261	82,261
Current assets				
Inventories	60,766	61,886	-	-
Trade and other receivables	14,657	10,364	185,733	181,852
Cash and cash equivalents	73,438	63,510	769	232
	148,861	135,760	186,502	182,084
Total assets	403,552	387,803	268,763	264,345
Equity attributable to equity holders of the Company				
Share capital	235,373	235,373	235,373	235,373
Merger reserve	(68,234)	(68,234)	-	-
Accumulated profits	103,500	84,830	33,075	28,643
Foreign currency translation reserve	31	91	-	-
Equity attributable to owners of the Company	270,670	252,060	268,448	264,016
Non-Controlling interest	2,495	2,792	-	-
Total equity	273,165	254,852	268,448	264,016



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	GROUP		COMPANY	
	31 Dec 2017 S\$'000	31 Dec 2016 S\$'000	31 Dec 2017 S\$'000	31 Dec 2016 S\$'000
Non-current liabilities				
Deferred tax liabilities	2,558	2,445	-	-
	2,558	2,445	-	-
Current liabilities				
Trade and other payables	111,322	117,514	315	329
Current tax payable	16,507	12,992	-	-
	127,829	130,506	315	329
Total liabilities	130,387	132,951	315	329
Total equity and liabilities	403,552	387,803	268,763	264,345

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

The Group had no borrowings as at 31 December 2017 and 31 December 2016 respectively.

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		Group	
	3 months ended		Year ended	
	31 Dec		31 Dec	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Operating activities				
Profit for the period/year	16,682	15,435	69,533	62,700
Adjustments for:				
Depreciation of property, plant and equipment	3,722	3,656	14,807	14,918
Loss/ (gain) on disposal of property, plant and equipment	52	2	130	(43)
Unrealised exchange (gain)/loss	(148)	(290)	38	(249)
Interest income	(80)	(6)	(237)	(573)
Tax expense	3,931	3,488	12,559	13,499
	24,159	22,285	96,830	90,252
Changes in inventories	(8,767)	(11,741)	1,120	(9,427)
Changes in trade and other receivables	(4,441)	(2,317)	(4,293)	1,398
Changes in trade and other payables	8,738	15,068	(6,192)	8,799
Cash generated from operations	19,689	23,295	87,465	91,022
Taxes (paid)	(1,407)	(1,509)	(8,931)	(12,952)
Cash flows from operating activities	18,282	21,786	78,534	78,070



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	Group 3 months ended		Group Year ended	
	31 Dec 2017 S\$'000	31 Dec 2016 S\$'000	31 Dec 2017 S\$'000	31 Dec 2016 S\$'000
Investing activities				
Proceeds from disposal of property, plant and equipment	13	33	134	587
Purchase of property, plant and equipment	(9,586)	(5,042)	(17,719)	(89,856)
Interest received	80	6	237	573
Cash flows used in investing activities	(9,493)	(5,003)	(17,348)	(88,696)
Financing activities				
Capital contribution by non-controlling interest	-	-	-	2,684
Dividend paid	-	-	(51,120)	(54,879)
Cash flows used in in financing activities	-	-	(51,120)	(52,195)
Net increase/(decrease) in cash and cash equivalents	8,789	16,783	10,066	(62,821)
Cash and cash equivalents at beginning of the period	64,464	46,374	63,510	125,931
Effect of exchange rate changes on balances held in foreign currencies	185	353	(138)	400
Cash and cash equivalents at end of the period/year	73,438	63,510	73,438	63,510



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I(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
As at 1 January 2016	235,373	(68,234)	77,057	*	244,196	-	244,196
Total comprehensive income for the year							
Profit for the year	-	-	62,652	-	62,652	48	62,700
Other comprehensive income							
Foreign currency translation differences for foreign entity	-	-	-	91	91	60	151
Total comprehensive income for the year	-	-	62,652	91	62,743	108	62,851
Transactions with owners, recorded directly in equity:							
Contribution by and distributions to owners of the Company							
Dividend paid	-	-	(54,879)	-	(54,879)	-	(54,879)
Capital contribution by non controlling interest	-	-	-	-	-	2,684	2,684
Total transactions with owners	-	-	(54,879)	-	(54,879)	2,684	(52,195)
At 31 December 2016	235,373	(68,234)	84,830	91	252,060	2,792	254,852
At 1 January 2017	235,373	(68,234)	84,830	91	252,060	2,792	254,852
Total comprehensive income for the year							
Profit for the year	-	-	69,790	-	69,790	(257)	69,533
Other comprehensive income							
Foreign currency translation differences for foreign entity	-	-	-	(60)	(60)	(40)	(100)
Total comprehensive income for the year	-	-	69,790	(60)	69,730	(297)	69,433
Transactions with owners, recorded directly in equity:							
Contribution by and distributions to owners of the Company							
Dividend paid	-	-	(51,120)	-	(51,120)	-	(51,120)
Total transactions with owners	-	-	(51,120)	-	(51,120)	-	(51,120)
As at 31 December 2017	235,373	(68,234)	103,500	31	270,670	2,495	273,165

* Amount outstanding 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 2016	235,373	27,134	262,507
Total comprehensive income for the year			
Profit for the year	-	56,388	56,388
Transactions with owners, recorded directly in equity:			
Distributions to owners			
Dividend paid	-	(54,879)	(54,879)
Total transactions with owners	-	(54,879)	(54,879)
At 31 December 2016	<u>235,373</u>	<u>28,643</u>	<u>264,016</u>
As at 1 January 2017	235,373	28,643	264,016
Total comprehensive income for the year			
Profit for the year	-	55,552	55,552
Transactions with owners, recorded directly in equity:			
Distributions to owners			
Dividend paid	-	(51,120)	(51,120)
Total transactions with owners	-	(51,120)	(51,120)
As at 31 December 2017	<u>235,373</u>	<u>33,075</u>	<u>268,448</u>

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-buybacks, 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 purposes since the end of the previous period reported on.

There were no outstanding convertibles which may be converted to shares. There were no treasury shares held.

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 Dec 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>

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



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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 financial statements for the current financial year as compared with the audited 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 financial impact to the financial statements.

5. If there are 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 Year ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016

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

- based on number of shares in issue at the end of period/year(cents)/weighted average number of shares in issue during the period/year (cents)

Number of shares in issue as at the end of the period/year

Weighted average number of shares in issue during the period/year

1.12	1.02	4.64	4.17
<u>1,503,537,000</u>	<u>1,503,537,000</u>	<u>1,503,537,000</u>	<u>1,503,537,000</u>
<u>1,503,537,000</u>	<u>1,503,537,000</u>	<u>1,503,537,000</u>	<u>1,503,537,000</u>

Note:-



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There were no potentially dilutive shares during the period/year reported on.

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	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital at the end of the year reported on	18.00	16.76	17.85	17.56

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

Net profit for FY2017 increased by 10.9% to \$69.5m, compared with \$62.7m in FY2016 mainly because of a 6.2% increase in gross profit brought about by a 4.2% growth in revenue, improvement in gross margin to 26.2%, a refund of prior years' taxes of \$2.2m, but was offset by higher operating expenses. Excluding the tax refund, the increase in net profit for FY2017 was 7.5%

The subsidiary in Kunming, China commenced operation in November 2017 in a limited manner as a number of the shops in the new shopping complex where the supermarket is situated have yet to open for business. Including pre-operating costs, the Group's share of the losses was \$0.4m.

Revenue

	FY2017	FY2016
Number of outlets	44	42*
Retail area at end of year	404,000 square feet	450,000 square feet
Revenue	\$829.9m	\$796.7m

*Excludes the store at Loyang Point which was temporarily closed on 15 April 2016 and was re-opened in February 2017.



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The changes to store count and retail area since the beginning of FY2017 were:-

	No. of stores	Retail area (sq ft)
As at 1 January 2017	42	450,000
Loyang store re-opened in February	1	7,000
Tampines 506 expanded in June	-	15,000
The Verge closed in June*	(1)	(45,000)
Block 446 Fajar opened in August	1	4,000
Block 660A Edgedale Plains opened in November	1	3,100
Woodlands Block 6A closed in November*	(1)	(41,500)
Woodlands Street 12 opened in December	1	11,800
As at 31 December 2017	44	404,400

*These stores were closed as the sites are to be re-developed by the owners.

The following stores which were opened in 2016 and 2017 will be considered as new stores and will not be included in computing comparable same store sales.

Location	Month/ Year opened
Block 18B Circuit Road	April 2016
Block 11 Upper Boon Keng Road	April 2016
Block 473 Fernvale Street	June 2016
Yishun Junction 9	September 2016
Block 446 Fajar Road	August 2017
Block 660A Edgedale Plain	November 2017
Woodlands Street 12	December 2017

The changes in revenue were attributable to:

	FY2017 vs FY2016	4Q2017 vs 4Q2016
New stores	4.5%	2.7%
Comparable same store sales	2.1%	3.2%
Loyang Point, The Verge and Woodlands Block 6A	(2.4%)	(4.2%)
Total	4.2%	1.7%

Revenue increased by 4.2% in FY2017 of which 4.5% was contributed by the new stores, 2.1% by comparable same store sales from the old stores, but was offset by a reduction of 2.4% arising from the temporary closure of the Loyang Point store and the permanent closure of The Verge and Woodlands Block 6A stores. Comparable same store sales improved in the second half of the year as consumers' sentiments improved probably because of Singapore's better economic performance as well as expansion of store space. The Loyang Point, Verge and Woodlands Block 6A stores were not included in computing comparable same store sales as they were not fully operational either during the period under review or in the corresponding prior period.

Comparing 4Q2017 with 4Q2016, revenue increased by 1.7%, with the new stores adding 2.7%, comparable same store sales 3.2% and the Loyang Point, Verge and Woodlands Block 6A stores reducing 4.2%. The new stores grew at a slower rate of 2.7% in 4Q2017 compared with 4.5% for the whole of FY2017 mainly because of the Yishun Junction 9 store which was opened in mid September 2016. The impact of the Loyang Point,



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Verge and Woodlands Block 6A store increased to 4.2% in 4Q2017 mainly because of the closure of the Woodlands Block 6A store in November 2017.

Gross profit

Gross margin year on year comparison.

4Q2017	4Q2016	FY2017	FY2016
26.5%*	26.3%	26.2%	25.7%

*In 4Q2017, there was a reclassification of \$1.5m from cost of sales to administrative expenses. After adjusting for like for like comparison, gross margin for 4Q2017 should be 26.5%.

Selling prices were mostly stable throughout the year, but input costs were lower mainly because of better buying prices and higher rebates from suppliers for special promotions and volume discounts resulting in improvement to gross margin for both 4Q2017 and FY2017.

Other Income

Please refer to the explanations on page 3 for the changes in other income.

Administrative Expenses

Increases were mainly in the following expenses:-

	4Q2017 vs 4Q2016	FY2017 vs FY2016
	\$'m	\$'m
Staff costs*	2.6	3.6
Rental expenses of outlets	(0.3)	(1.0)
Depreciation**	0.3	1.7
Utilities	0.1	0.3
Others	0.4	0.7
Total increase	3.1	5.3

*Included an amount of \$1.5m which was reclassified from cost of sales.

**Excluding property, plant and equipment in the central distribution centre.

Administrative expenses increased by \$5.3m in FY2017 compared with FY2016 mainly because of increases in staff cost of \$3.6m arising from higher bonus provisions because of the better financial performance in FY2017 as well as increase in headcount required to operate the new stores, notwithstanding the re-deployment of staff from the closed Verge and Woodlands Block 6A stores. Depreciation increased in FY2017 mainly because of additions to property, plant and equipment. Rental expenses decreased by \$1.0m in FY2017 mainly because of rent saved from the Bedok 209 store, now that it is owned and the closure of the Verge and Woodlands Block 6A stores. Administrative expenses as a % of revenue eased slightly to 16.6% in FY2017 from 16.7% in FY2016.

Variances in staff costs, rental expenses and depreciation in 4Q2017 were caused by similar reasons as in FY2017. Administrative expenses, on a like for like comparison (after the \$1.5m adjustment) was 17.6% of sales, higher as compared to 17.1% in 4Q2016.



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Distribution expenses

The increase in distribution expenses of \$0.4m in FY2017 was caused mainly by the higher volume of business which led to increases in operating expenses like staff costs and the maintenance costs for the fleet of trucks.

Other expenses

Other expenses increased by \$0.7 mainly because of higher financial charges relating to credit cards and digital payments, a consequence of the increased volume and the trend towards cashless payments and exchange differences.

Finance Income

Finance income was lower by \$0.3m in FY2017 mainly because of the lower amount of cash available to be placed in fixed deposit.

Tax

There was a refund of prior years' taxes of \$2.2m. Excluding this tax refund, the effective tax rates for 4Q2017 and FY2017 were marginally higher than the statutory rate of 17% mainly because of expenses which were not deductible for tax.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Purchase of property, plant and equipment amounting to \$17.7m which was offset by depreciation charges of \$14.8m were the main reasons for the increase in property, plant and equipment of \$2.6m. Purchases of property, plant and equipment consisted of:-

Description	\$m
Fitting out new stores, renovating old stores and upgrading supermarkets' equipment	9.5
Construction of new warehouse	3.5
Upgrading equipment at Warehouse, including purchase of trucks etc	2.5
Set up of Kunming store in China	2.2
Total	17.7

Inventories decreased by \$1.1m as stocking up for Chinese New Year, which will fall on 16 February 2018 will accelerate in January 2018, unlike in FY2016 when Chinese New Year fell on 28 January 2017 and stocking up was in full swing in December 2016.

The increase in trade and other receivables of \$4.3m was due mainly to increases in trade receivables of \$1.9m, other receivables of \$1.3m and prepayment of \$1.1m. The increase in trade receivables was attributable mainly to vouchers (e.g. NS50 vouchers) tendered by the customers for their purchases, but yet to be paid by the issuing organizations and an increase, a consequence of the higher volume, in amount due from financial institutions for credit cards and e-payments. Trade and other payables decreased by a net \$6.2m mainly because of decrease in trade payables and other payables of \$8.1m which was caused mainly by timing of payments, but was offset by increases in accruals of \$1.9m.

CASH FLOW

Sales were mostly made on a cash basis. There were no major changes to the payment cycle.



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The increase in cash generated from operating activities before working capital changes and payment of tax for 4Q2017 and FY2017 were in line with the increase in level of business activities.

Cash used or generated from inventory for the 4Q2017 and FY2017 were affected by the timing of Chinese New Year. As for receivables, the increase in electronic payments and non-cash payments like vouchers and increases in prepayments used up almost \$4.0m of cash for 4Q2017 and FY2017. The timing of payments was the main reason for the cash outflow of \$6.2m relating to payables in FY2017. Tax payments were lower in FY2017 compared with FY2016 mainly because of the tax refunds of \$2.2m.

Payment for property, plant and equipment of \$17.7m was lower than FY2016's \$89.9m as there were no purchases of retail space in FY2017. The payment of \$3.5m for the expansion of the central warehouse and \$2.2m for setting up the store in Kunming, China were the main reasons why purchases of property, plant and equipments in 4Q2017 shot up to \$9.6m, compared with 4Q2016. After payment of dividends, cash and cash equivalents increased by \$10.1m, resulting in a cash balance of \$73.4m at the end of FY2017.

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.*

Singapore

Singapore's economy is expected to grow moderately in 2018 and recovery of retail sales in the second half of FY2017 is likely to continue in 2018. Competition in the supermarket industry is expected to remain keen among the traditional brick and mortar as well as the new and existing e-commerce players. The Group is of the view that grocery retailing in physical stores will still be relevant, but could be complemented by online offerings, and will continue to source or bid to lease new stores. The pipeline of new HDB shops available for bidding in 2018 for supermarket use is still looking promising.* The Group will also continue to look for retail space in existing HDB housing estates, particularly in estates where there is no presence.

The Group had won bids for the following HDB stores which were or will be operational as indicated below:-

Location	Area (square feet)	Remarks
Block 417 Fernvale Street	5,600	Opened on 18 January 2018
Block 338 Anchorvale Crescent	5,200	Opened on 18 January 2018
Block 105 Canberra Street	11,300	Opened on 3 February 2018
ITE Ang Mo Kio	10,000	Expected to open in early April 2018

Food inflation was generally benign in FY2017, but there were occasional bouts of price increases in fresh produce like vegetables and seafood caused by disruptive weather. Disruption to the supply chain will raise input prices and may affect the Group's gross margin if these increases cannot be passed on to the customers.

Some of the old stores in matured housing estates have seen declining same store sales and the Group will be earmarking some of these stores for major re-fitting, which could mean a month or so of lost sales for each of the affected stores. The Group will continue to nurture the growth of the new stores and will continue to enhance gross margin by seeking for more efficiency gains in the supply chain and driving for a higher mix of fresh produce.



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The expansion to the warehouse is on track and should be completed before the end of 2018, adding approximately another 97,000 square feet of storage area.

[*https://www.hbiz.com.sg/web/aa19/fileupload/Viewingschedule/ViewingSchedule_PLG.htm](https://www.hbiz.com.sg/web/aa19/fileupload/Viewingschedule/ViewingSchedule_PLG.htm)

China

The new supermarket opened in November 2017 in a limited manner as a number of the shops in the new shopping mall where the supermarket is situated have yet to open.

11. Dividend

(a) Current Financial Period Reported On

Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	1.75 cent per share
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the immediately Preceding Financial Year

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	1.85 cent per share
Tax rate	Tax exempt (one-tier)

(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).

This is a tax exempt (one-tier) dividend.

(d) The date the dividend is payable.

The Directors propose, subject to shareholders' approval at the Annual General Meeting to be convened on 27 April 2018, a final dividend, tax exempt (one-tier) of 1.75 cents per share to be paid on 17 May 2018.

(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

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 7 May 2018 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ('Shares') received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-00, Singapore 048623 at 5.00 p.m. on 7 May 2018 will be registered to determine shareholders' entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 pm on 7 May 2018 will be entitled to the proposed final dividend.



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

Not applicable.

13. Breakdown of results in the first and second half year.

	FY 2017	FY 2016	Increase/(decrease)
	GROUP	GROUP	GROUP
	S\$'000	S\$'000	
Sales reported for the first half year	418,638	397,304	5.4%
Operating profit after tax for the first half year	33,224	31,596	5.2%
Sales reported for the second half year	411,239	399,379	3.0%
Operating profit after tax for the second half year	36,309	31,104	16.7%*

*Includes refund of prior years taxes of \$2.2m

14 Segment reporting

In FY2017, the Group operated in one segment only, which relates to the provision of supermarket supplies and supermarket operations. The Group operates in Singapore and China, but will not be reporting China as a separate geographical segment in FY2017, as the net loss and net assets employed were not significant. The Group's subsidiary in Malaysia remained inactive.

15. *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)(a)(ii). The interested person transactions during the year were:-

INTERESTED PERSON TRANSACTIONS

From 1 January 2017 to 31 December 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)
F M Food Court Pte Ltd/ Lim Hock Eng	Sale of goods and services by Sheng Siong Group Ltd to F M Food Court Pte Ltd ⁽¹⁾	165	-
Lim Hock Chee Lim Hock Leng	Lease of operation space by FM Food Court Pte Ltd ⁽¹⁾ from Sheng Siong Group Ltd	547	-
E Land Properties Pte	Rent and utilities paid by		



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Ltd/ Lim Hock Eng Lim Hock Chee Lim Hock Leng	Sheng Siong Group Ltd. to E Land Properties Pte Ltd ⁽¹⁾ for lease and license of operations space	1,873	-
Sheng Siong Holdings Pte Ltd Lim Hock Eng Lim Hock Chee Lim Hock Leng Lin Ruiwen	Re-billing at cost by Sheng Siong Holdings Pte Ltd ⁽¹⁾⁽²⁾ of purchases and manufacturing costs of long service gold medallions to be awarded to employees	429	-

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) This entity is an associate of Messrs Lim Hock Eng, Lim Hock Chee, Lim Hock Leng, the executive directors and controlling shareholders of Sheng Siong Group Ltd, and Ms Lin Ruiwen an executive director of Sheng Siong Group Ltd.

16. A breakdown of the total dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Type	FY2017 (\$'000)	FY2016 (\$'000)
Ordinary-Interim	\$23,305	\$28,567
Ordinary-Final	\$26,312*	\$27,815
Total	\$49,617	\$56,382
Total per share (cents)	3.30	3.75

*Estimated based on 1,503,537,000 shares at the end of the financial year.

17. Disclosure relating pursuant to Rule 704(13).

Name	Age (in 2017)	Family relationship with any director, CEO and/or substantial shareholder	Current position (in 2017) and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year 2017
Tan Bee Loo	57	Wife of Lim Hock Eng	1985: Head, Fruits and Vegetables 2007: Director of Sheng Siong Supermarket Pte Ltd 2008: Director of C M M Marketing Management Pte Ltd	N.A.
Lee Moi Hong	57	Wife of Lim Hock Chee	1985: Head, Dry Goods	N.A.



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			2007: Director of Sheng Siong Supermarket Pte Ltd 2008: Director of C M M Marketing Management Pte Ltd	
Lim Huek Hun	64	Sister of Lim Hock Eng, Lim Hock Chee and Lim Hock Leng	2010: Manager, Eggs Department of CMM Marketing Management Pte Ltd	N.A.
Lim Guek Li	51	Sister of Lim Hock Eng, Lim Hock Chee and Lim Hock Leng	2008: Manager, Sheng Siong Supermarket Pte Ltd	N.A.
Lin Ruiwen	34	Daughter of Lim Hock Eng	2009: Manager, International Business Development 2014: Senior Manager, International Business Development 2016: Appointed as Director of Sheng Group Ltd	N.A.
Lin Zi Kai	25	Son of Lim Hock Chee	2016: Assistant Manager, Housebrands (Currently on no pay leave)	N.A.

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
22 February 2018