

3Q FY 2021 and 9-month Business Update
A. Consolidated Statement of Profit or Loss and Other Comprehensive Income

	The Group			The Group		
	3 months ended 30 Sep		+/- (-) %	9 months ended 30 Sep		+/- (-) %
	2021	2020		2021	2020	
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	348,099	327,308	6.4	1,029,774	1,074,708	(4.2)
Cost of sales	(247,158)	(238,903)	3.5	(736,317)	(779,964)	(5.6)
Gross profit	100,941	88,405	14.2	293,457	294,744	(0.4)
Other income	2,496	10,365	(75.9)	10,042	30,310	(66.9)
Distribution expenses	(2,178)	(1,895)	14.9	(5,738)	(5,718)	0.3
Administrative expenses	(58,194)	(57,383)	1.4	(171,548)	(187,551)	(8.5)
Other expenses	(1,365)	(1,193)	14.4	(4,087)	(3,344)	22.2
Results from operating activities	41,700	38,299	8.9	122,126	128,441	(4.9)
Finance income	331	189	75.1	815	757	7.5
Finance expense	(589)	(498)	18.3	(1,667)	(1,556)	7.1
Profit before tax	41,442	37,990	9.1	121,274	127,642	(5.0)
Tax expense	(7,019)	(6,206)	13.1	(20,760)	(20,634)	0.6
Profit for the period	34,423	31,784	8.3	100,514	107,008	(6.1)
Other comprehensive income						
Items that may be re-classified subsequently to profit or loss						
Foreign currency translation differences arising on consolidation of foreign entities	(46)	139	n.m.	(237)	234	n.m.
Total comprehensive income for the period	34,377	31,923	7.7	100,277	107,242	(6.5)

n.m denotes not meaningful

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	The Group			The Group		
	3 months ended 30 Sep			9 months ended 30 Sep		
	2021	2020		2021	2020	
	S\$'000	S\$'000	+/- (-) %	S\$'000	S\$'000	+/- (-) %
Profit net of tax for the period attributable to:						
Owners of the Company	34,364	31,756	8.2	100,298	106,572	(5.9)
Non-controlling interest	59	28	n.m	216	436	(50.5)
	34,423	31,784	8.3	100,514	107,008	(6.1)
Total comprehensive income attributable to:						
Owners of the Company	34,233	31,839	7.5	100,052	106,712	(6.2)
Non-controlling interest	144	84	71.4	225	530	(57.4)
	34,377	31,923	7.7	100,277	107,242	(6.5)

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B. Statements of Financial Position

	The Group		The Company	
	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
	SS'000	SS'000	SS'000	SS'000
Non-current assets				
Property, plant and equipment	345,169	340,299	-	-
Investment in subsidiaries	-	-	82,261	82,261
	345,169	340,299	82,261	82,261
Current assets				
Inventories	78,893	77,911	-	-
Trade and other receivables	10,747	19,949	154,047	199,300
Cash and cash equivalents	235,498	253,901	241	274
	325,138	351,761	154,288	199,574
Total assets	670,307	692,060	236,549	281,835
Equity				
Share capital	235,373	235,373	235,373	235,373
Merger reserve	(68,234)	(68,234)	-	-
Foreign currency translation reserve	(139)	3	-	-
Accumulated profits	213,831	205,248	872	46,083
Equity attributable to owners of the Company	380,831	372,390	236,245	281,456
Non controlling interest	2,829	2,709	-	-
Total equity	383,660	375,099	236,245	281,456
Non-current liabilities				
Lease liabilities	32,882	23,129	-	-
Term loan	7,500	15,000	-	-
Deferred tax liabilities	3,896	3,615	-	-
	44,278	41,744	-	-
Current liabilities				
Trade and other payables	185,303	208,089	290	379
Current tax payable	20,908	29,754	14	-
Term loan	12,500	15,000	-	-
Lease liabilities	23,658	22,374	-	-
	242,369	275,217	304	379
Total liabilities	286,647	316,961	304	379
Total equity and liabilities	670,307	692,060	236,549	281,835



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C. Consolidated Statement of Cash Flows

	The Group		The Group	
	3 months ended 30 Sep		9 months ended 30 Sep	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit for the period	34,423	31,784	100,514	107,008
Adjustments for:				
Depreciation of:				
- property, plant and equipment	5,157	5,136	15,246	15,151
- right-of-use assets	7,589	7,592	22,812	22,315
(Gain)/loss on disposal of property, plant and equipment	(82)	-	(154)	3
Unrealised exchange (gain)/loss	(12)	70	20	(17)
Interest income	(331)	(189)	(814)	(757)
Interest expense	589	498	1,666	1,556
Tax expense	7,019	6,206	20,760	20,634
	54,352	51,097	160,050	165,893
Changes in:				
- inventories	(3,921)	11,870	(982)	61
- trade and other receivables	(1,231)	4,160	9,202	8,192
- trade and other payables	7,020	(13,129)	(22,786)	50,479
Cash generated from operations	56,220	53,998	145,484	224,625
Taxes paid	(10,460)	(5,880)	(29,326)	(6,375)
Cash flows from operating activities	45,760	48,118	116,158	218,250
Investing activities				
Proceed from disposal of property, plant and equipment	83	7	185	30
Purchase of property, plant and equipment	(3,926)	(3,143)	(9,339)	(12,963)
Interest received	331	189	814	757
Cash flows used in investing activities	(3,512)	(2,947)	(8,340)	(12,176)
Financing activities				
Dividend paid	(46,610)	(79,687)	(91,716)	(79,687)
(Repayment)/drawdown of term loan	-	-	(10,000)	30,000
Payment of lease liabilities	(8,086)	(7,962)	(24,249)	(23,280)
Cash flows used in financing activities	(54,696)	(87,649)	(125,965)	(72,967)
Net (decrease)/increase in cash and cash equivalents	(12,448)	(42,478)	(18,147)	133,107
Cash and cash equivalents at beginning of the period	247,980	252,186	253,901	76,419
Effect of exchange rate changes on balances held in foreign currencies	(34)	69	(256)	251
Cash and cash equivalents at end of the period	235,498	209,777	235,498	209,777

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Notes to the consolidated financial statements

Note	The Group		The Group	
	3 months ended 30 Sep		9 months ended 30 Sep	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	5,157	5,136	15,246	15,151
Depreciation of right-of-use assets	7,589	7,592	22,812	22,315
Exchange gain, net	(154)	(200)	(423)	(1,049)
(Gain)/Loss on disposal of property, plant and equipment	(82)	-	(154)	3
Interest income	(331)	(189)	(815)	(757)
Interest expense	589	498	1,667	1,556
Finance expense, net	258	309	852	799
Other income:				
Rental income	818	552	2,306	1,784
Sale of scrap materials	887	462	2,050	1,083
Government grants	762	8,962	4,418	25,492
Miscellaneous income	29	389	1,268	1,951
	2,496	10,365	10,042	30,310

Notes

- The finance expense relates to interest on lease liabilities which were brought onto the consolidated statements of financial position upon the recognition of the right-of-use assets following the adoption of SFRS (I) 16 Leases on 1 January 2019.
- Rental income was derived from leasing of excess retail space to external parties.
- The Government support in the form of three Covid-19 Budget Supplementary Packages, Wage Credit, and Special Employment Schemes was higher in the first nine months ended 30 September 2020 compared to the corresponding current period under review.

Other Income of 3Q and 9 months for the period ended September 2021, were down by \$7.9 million and \$20.3 million respectively compared to same period last year.

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4. Earnings per Share

	The Group		The Group	
	3 months ended		9 months ended	
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
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)	2.29	2.11	6.67	7.09
Number of shares ('000) as at end of period	1,503,537	1,503,537	1,503,537	1,503,537
Weighted average number of shares ('000) in issue during the period	1,503,537	1,503,537	1,503,537	1,503,537

There were no potentially dilutive shares during the periods reported on.

5. Aggregate amount of Group's borrowings and debt securities

	The Group		The Group	
	30 Sep 2021	30 Sep 2021	31 Dec 2020	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less				
Term loan	Nil	12,500	Nil	15,000
Amount repayable after one year				
Term loan	Nil	7,500	Nil	15,000
Total	Nil	20,000	Nil	30,000

The unsecured term loan was reduced from \$30.0 million to \$20.0 million as we partially settled \$10.0 million in June 2021.

6. Net Asset Value

	The Group		The Company	
	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	25.33	24.77	15.71	18.72

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Performance Review
Consolidated Statement of Profit or Loss
Revenue

For 3Q FY 2021, revenue increased 6.4 per cent to post \$348.1 million from \$327.3 million reported in 3Q FY 2020. Nine months revenue of FY 2021 was \$1.0 billion, registering a 4.2 per cent decline from same period last year, narrowing the 8.8 per cent decrease in first half of the year.

A full 3-month operations of three stores that were opened in 3Q FY 2020 coupled with better performances of 2 stores opened in Year 2020, contributed 50.7 per cent to the 6.4 per cent increase in revenue. Tightening of Covid-19 restrictions arose from the rising community Covid-19 infection also resulted in higher revenue.

The changes to revenue were attributable to:

	# of stores	3Q2021 vs 3Q2020	9M2021 vs 9M2020
New stores	5	3.2%	3.4%
Comparable same store	58	2.8%	(7.5%)
China	3	0.4%	(0.1%)
Total	66	6.4%	(4.2%)

	30 Sep 2021	31 Dec 2020	30 Sep 2020
Number of stores	63(Singapore)+3(China)	63(Singapore)+2(China)	64(Singapore)+2(China)
*Retail area (sq ft)	571,150	571,150	575,150
Revenue for period / year	\$1.030 billion	\$1.394 billion	\$1.075 billion

*Singapore's retail area only.

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Gross Profit

For the 3 months ended September 2021, it reported a gross profit of \$100.9 million, registering a gross profit margin of 29 per cent on the back of \$348.1 million. Gross profit increased by 14.2 per cent or \$12.5 million on account of \$20.8 million increment in revenue and a 2 percentage points increase in gross profit margin over the corresponding period last year.

3Q2021	3Q2020
\$100.9 million	\$88.4 million
29.0%	27.0%

The increase in gross profit margin is mainly due to improved sales mix of products with higher margin.

Operating Expenses

The total operating expenses were \$61.7 million, registering \$1.3 million higher than \$60.4 million incurred in third quarter of FY 2020. Administrative expenses accounted for 61.5 per cent or \$0.8 million to the overall increase in total operating expenses.

Increases/ (decreases) in administrative expenses were accounted for in the following areas:

	3Q2021 vs 3Q2020	9M2021 vs 9M2020
	\$million	\$million
Staff costs (additional incentives due to performance in 9M2020)	(0.3)	(16.3)
Premise expenses that include security and cleaning expenses	0.3	0.4
Utilities	0.2	0.3
Property tax rebates – no property rebate in 3Q FY 2021	0.4	0.9
Others	0.2	(1.3)
Total increase / (decrease)	0.8	(16.0)

Distribution expenses

Distribution cost increased by \$0.3 million to post \$2.2 million in 3Q FY 2021. It was mainly attributable to higher delivery cost on account of increase in revenue.



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Tax Expense

The effective tax rate for both 3Q FY 2021 and 9 months of FY 2021 were 16.9% and 17.1% respectively compared to the statutory tax rate of 17%.

China Operations

Sheng Siong (China) opened a third store in late August 2021. It contributed less than 2.0 per cent to the Group revenue. It continues to be profitable.

Consolidated Statement of Financial Position

Current assets decreased by \$26.6 million to register \$325.1 million in 30 September 2021. The decline was mainly due to reduction in cash and cash equivalents of \$18.4 million from \$253.9 million as at 31 December 2020. The cash was utilized to pay dividends of \$91.7 million and the prompt payment of trade payables and other payables.

As at 30 September 2021, current liabilities were \$242.4 million, down from \$275.2 million last year.

Consolidated Statement of Cash Flows

Total cash and cash equivalents were \$235.5 million as at 30 September 2021, registering an increase of \$25.7 million from \$209.8 million reported a year ago.

The increase was mainly due to payment of final dividend of FY 2019 and the interim dividend of FY 2020 totalling \$79.7 million in third quarter of FY 2020 compared to payment of FY 2021 interim dividend of \$46.6 million in same quarter this year. It was also affected by the repayment of unsecured term loan of \$10.0 million.

Looking Forward

Owing to recent spike in community Covid-19 infections exceeding 3000 cases daily, tighter Covid-19 restrictions are in place during September-to-November 2021 period that may lead to higher demand compared to the same period last year.

The Government has also announced plans for Singapore to transition to Covid-19 endemic living. Therefore, the further easing of Covid-19 restrictions, and opening up of more vaccinated travel lanes could cause the elevated demand to ease.

The supply of new HDB shops has been greatly impacted as a result of the curtailment on movement of foreign construction manpower into Singapore in order to stem the spread of Covid-19 pandemic last year. However, the situation is expected to improve as the Government has provided new measures to retain and hire work permit holders in the construction sector, and border restrictions continue to relax.



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Though there was no major disruption to the supply chain last year because of Covid-19 pandemic, there are still risks of disruption possibly from the global impact of Covid-19, weather and / or geo-political events that may affect input price.

Competition in the supermarket industry is expected to remain keen. The Group will continue to look for retail space in new and existing HDB Housing Estates, particularly in areas where we do not have a presence.

The Group will continue to monitor closely the performance of existing stores focusing on our core competencies thereby improving our operational efficiency and increasing gross margin.

By Order of The Board

LIM HOCK CHEE
Chief Executive Officer

28 October 2021