SHENGSIONG

Going the Distance

ANNUAL REPORT 2020

Contents

About Sheng Siong Group

Sheng Siong Group Ltd is one of Singapore's largest retailers with 63 stores located all across the island. Our chain stores are designed to provide customers with both "wet and dry" shopping options ranging from a wide assortment of live, fresh and chilled produce, such as seafood, meat, fruits and vegetables to packaged, processed, frozen and/or preserved food products as well as general merchandise, including toiletries and essential household products. Over the past decade, we have begun developing a selection of housebrands to offer our customers quality alternatives to national brands at substantial savings. To date, we have over 1,400 products under 23 housebrands.

In 2014, we started our "allforyou.sg" online shopping platform for groceries, which offers e-commerce services in almost all postal districts in Singapore. Our first overseas store in Kunming, China opened for business in 2017 and a second in June 2019.

Established in 1985 and listed on SGX Mainboard in August 2011, our long history and reputation for quality products at competitive prices have led our "Sheng Siong" brand to become an established household name in Singapore. Widely recognised by consumers, we have been awarded the "Superbrand" status by Superbrands Singapore since 2008.

To support our retail operations, since July 2011 we have been operating from our headquarters and purpose-built centralised warehousing and distribution centre at Mandai Link which was expanded recently. In January 2016, we have attained ISO 22000:2005 Food Safety Management System certification for our processing facility where we process seafood, meat and vegetables and repackage dried food, frozen food and fruits.

With our distinguished brand name, wide network of stores, portfolio of well-recognised housebrands, global sourcing network, excellent food-processing, warehousing and distribution capabilities, experienced management team and dynamic key executives, we have in place a strong foundation for further expansion.

Understanding Needs

We believe that service excellence begins by staying attuned to the voices of our customers. From the selection of products to the features of our store, they are chosen and made with our customers' best interests at heart.

Chairman's Message

Our ability to tackle issues related to COVID-19 has been supported by a strong foundation established in our sustainability framework.

LIM HOCK ENG PBM
Executive Chairman

Chairman's Message

DEAR SHAREHOLDERS,

On behalf of our Board of Directors, it is my pleasure to present our annual report for the financial year ended 31 December 2020.

2020 has been a rough and tough year for most of us as COVID-19 disrupted every aspect of our lives. Movements were restricted and international travel was brought to an almost complete standstill. The imposition of the Circuit Breaker and news of border closures by Singapore's neighbors sparked rounds of heavy buying by consumers as they loaded their pantries and demand remained elevated as they were cooking and eating at home.

Consequently, on the back of elevated demand, we delivered a set of exceptional financial results in 2020 and this was achieved because of the relentless effort from the staff who worked long hours and with ingenuity to cope with the higher business volume and challenges. Our revenue increased by 40.6%, to S$1,394.0 million in 2020, marking a new milestone as this is the first time we crossed the S$1 billion mark. Our strategy to open new stores particularly in areas where we have no presence was opportune as we could satisfy more of the customers' elevated demand with our wider network and higher store count.

In line with the growth in revenue, net profit spiked by 83.7% to S$139.1 million.

SINGAPORE

We will continue with our strategy to open new stores in Singapore particularly in areas where we do not have a presence. We opened a total of five shops and closed one in 2020, bringing our total store count to 63 and retail area to approximately 571,150 square feet. The opening of new stores in 2021 may be slightly delayed as no new stores, except for two, were released for tender by HDB in 2020 because of COVID-19.

COVID-19 has accelerated the digital transformation in the F&B space where the demand for food deliveries and e-groceries has grown tremendously. The restriction in movement and availability of someone at home to receive deliveries were catalysts for the growth. Likewise, we saw growth in our online business. Despite the growth, the preference for buying fresh produce from physical supermarkets which provide consumers the ability to choose has not changed, and we will continue to work on a model with online complementing brick-and-mortar to provide a complete shopping experience for our customers.

CHINA

Our business in China is still in its nascent stage. Both of our stores in Kunming are still growing and remained profitable in FY2020. We will continue to put in effort in building our "Sheng Siong" brand in Kunming and will look for suitable opportunities to open new stores once COVID-19 restrictions are lifted.

DIVIDEND

We always believe in sharing our fruits of labor with our loyal shareholders. As a gratitude for their unwavering support over the years, the Board has recommended a final dividend of 3.00 cents per share, taking our total dividend for FY2020 to 6.50 cents per share, an increase of 83.1% compared to FY2019. This represents a total payout of about 70.5% of the Group's net profit after tax.

SUSTAINABILITY

Our ability to tackle issues related to COVID-19 has been supported by a strong foundation established in our sustainability framework. We have continued to strengthen our management practices on issues which are important both to the long-term success of the business and our key stakeholders. We shall share these with you in our annual sustainability report.

AWARDS AND ACCOLADES

In 2020, the following accolades have further strengthened our brand image:

- Superbrands 2020
- The Edge Billion Dollar Club 2020:
  Overall Sector Winner
  Most Profitable Winner
  Best-performing Stocks

  Sector Category:
  Food & Beverages; Food & Drug Retailing

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to the management team and employees for their commitment and dedication in delivering this set of encouraging results. I would like to thank our Board of Directors for their contributions throughout the year. Finally, my heartfelt appreciation goes to our shareholders, other stakeholders and in particular, our customers for their invaluable feedbacks and patience during periods where demand was exceptionally heavy.

LIM HOCK ENG PBM
Executive Chairman

主席献词

集团应对疫情的能力源自集团可持续发展的框架所奠下的有力基础。

执行主席
林福荣PBM

主席献词

亲爱的股东们，

我很荣幸代表昇菘董事会向各位呈献截至2020年12月31日财政年的年报。

回顾2020年，这对大家来说是个艰难的一年。2019冠状病毒疾病疫情扰乱了我们生活的各个层面，行动受到限制，全球旅游业也几乎陷入停摆。新加坡实施的阻断措施和邻国关闭边境的新闻也导致消费者几次的大量购买，加上消费者更频繁地在家做饭用餐，食品消费需求居高不下。

在消费需求上升的背景下，集团在2020年取得优异的业绩，而这都归功于员工们的不辞辛劳及临机应变，以应对生意量的增加及各种挑战。我们的营业额在2020年增加了40.6%达到13.94亿新元，创下集团跨越10亿新元营业额的里程碑。集团在尚未进驻的地区开设分店的策略也合乎时宜，分店网的扩大及分店总数的增加正巧满足顾客高涨的需求。

与营业额的增长相符，集团的净利润也增长83.7%达到1亿3910万新元。

新加坡

我们将延续目前的发展策略，继续在本地尚未进驻的地区开设新店面。集团在2020年一共开设五间新店，关闭了一间，使我们的分店总数达到63间，总零售面积约57万1150平方尺。由于疫情关系，建屋局在2020年只推出两间超市店面招标，集团2021年新店开张的计划或许会稍微延误。

疫情也加速了餐饮业的数码转型，消费者对送货服务和网购杂货的需求大幅增长。其中，由于行动限制和居家办公趋势，许多人可以在家收货，这都是需求增长的催化剂。同样的，即便如此，消费者选择到实体超市选购新鲜农产品的倾向并没有改变，我们将继续开发在线实体互补的模式，为顾客提供完整的购物体验。

中国

集团在中国的业务仍处于萌芽期。位于昆明的两间分店正在增长，并在2020财年保持盈利。我们将继续努力在昆明建立“昇菘”品牌，并在疫情限制解除后寻找合适的开店机会。

股息

集团一向相信与股东分享劳动的硕果。为了答谢股东们的长年支持，董事会建议派发每股3.00分的年终股息，2020财年的股息总额达到每股6.5分，与2019财年相比增长83.1%，股息派发总额相等于税后净利的70.5%。

持续发展

集团应对疫情的能力源自集团可持续发展框架所奠下的有力基础。对于长远的商业成就和对利益相关者重要的课题，集团将继续加强管理，并在可持续发展报告中与您分享。

奖状与殊荣

2020年，集团的品牌形象也因为以下的殊荣而获得提升：

- 2020年新加坡超级品牌
- 2020年The Edge 十亿元俱乐部：
  总冠军
  最具盈利的公司
  表现最佳的股票

  产业总类：
  餐饮业；食品及药物零售

致谢

我由衷地感谢管理团队和员工，因为大家的尽心尽力，我们才能取得令人鼓舞的成绩。我也向董事会在这一年所作出的贡献致谢。最后，我也衷心地感谢股东们和合作伙伴们的支持，尤其是顾客在需求繁忙的期间所给予的宝贵反馈。

执行主席
林福荣PBM

CEO's Statement & Operations Review

LIM HOCK CHEE BBM
Chief Executive Officer

CEO's Statement & Operations Review

DEAR SHAREHOLDERS,

REVENUE

2020 was an exceptional year for the Group as we experienced elevated demand arising from measures taken by the Singapore Government to contain the spread of COVID-19. These measures created some uncertainties initially on availability of essential supplies like food and cleaning materials drove consumers to supermarkets to load up their pantries. Such panic buying dissipated after the supermarkets and the Government assured consumers of availability. However, demand was still elevated as movement of people and dining out were still restricted resulting in working and cooking at home. Consequently, we recorded a remarkable 40.6% growth in revenue to S$1,394.0 million in FY2020 which outperformed the 25.3% growth in retail sales at supermarkets as reported by the Department of Statistics, Singapore. The growth was mainly attributable to comparable same store sales, new stores and the stores in China which have grown 29.1%, 10.5% and 1.0% respectively.

Despite the challenges caused by COVID-19, we managed to open five new stores in 2020 with an additional retail area of 45,670 sq. ft but closed a store at Penjuru Dormitory with a retail area of 4,000 sq. ft as the lease was not renewed, bringing the Group's total retail area to 571,150 sq. ft at the end of December 2020. The new stores are located at Aljunied Ave 2 Block 118, Marsiling Drive Block 202, Sengkang West Block 455, 6 Potong Pasir Ave 2 and Tampines Street 86 Block 872C.

GROSS PROFIT MARGIN

Gross margin improved slightly in FY2020 to 27.4% compared with 26.9% in FY2019 because of higher gross margin in the first half of FY2020 as selling prices were firmly underpinned by the strong demand, particularly in the 2Q2020 when elevated demand peaked. In addition, a higher sales mix of fresh to non-fresh and a higher volume of house brands sold in 1Q2020 contributed to the improvement in gross margin.

OTHER INCOME

Other income increased by S$32.3m to S$41.2m in FY2020 mainly because of government grants amounting to S$34.8m of which the bulk relates to COVID-19 assistance packages given as part of Budget 2020. The expenses which these grants defrayed are shown in Administrative Expenses.

OPERATING EXPENSES

Administrative expenses increased by S$72.4 million in FY2020 compared with FY2019 mainly due to higher staff costs but was partially offset by lower rental and property tax. Staff cost increased as a result of higher headcount, longer working hours, an additional one month of salary paid in 2Q2020 to reward staff for their diligence, and higher provision for staff bonus. The additional headcount and longer working hours were required to cope with the increase in business volume, implement the safe distancing and contact tracing measures relating to COVID-19 and to operate the new stores. Provision for bonus was higher as a result of higher operating profit. Rental decreased because leases were capitalized as right-of-use assets. Property tax rebates from the Budget 2020 package were the reasons for the savings in property taxes.

CHINA

Despite the challenging business environment in China coupled with the outbreak of COVID-19, both stores in China continued to be profitable and have been growing steadily.

TAXES

The effective tax rate for FY2020 of 15.7% was lower than the statutory rate of 17% mainly because of income, partially offset by expenses which were not taxable.

NET PROFIT

The Group achieved a 83.7% increase in net profit to S$139.1 million in FY2020, mainly due to an increase in gross profit arising from the strong growth in revenue, improved gross margin and higher other income but was partially offset by higher operating expenses.

CASH

The business continued to be cash generative. Cash flows from operating activities amounted to S$274.1 million in FY2020, mainly because of increased volume of business and better management of working capital. Despite higher volume, improved inventory turns reduced inventory to S$77.9 million at the end of December 2020 compared with S$82.2 million a year ago. The higher level of purchases, a consequence of the increase in revenue and the higher provision for bonus drove up trade and other payables by S$67.3 million to S$208.1 million.

Cash used for capital expenditures in FY2020 amounted to S$17.1 million consisting mainly of fitting out new stores renovating old stores, purchase of electronic equipment and upgrading supermarkets' equipment totaling S$9.6 million, construction and equipping of new warehouse for S$1.2 million, upgrading equipment at the central distribution center and purchase of commercial vehicles for S$6.0 million and S$0.3 million incurred by the supermarkets in China.

The Group's balance sheet remained healthy with cash of S$253.9 million as at 31 December 2020.

CEO's Statement & Operations Review

LOOKING FORWARD

SINGAPORE

Following the relaxation of COVID-19 restrictions in Singapore as the community cases of COVID-19 remain low and with safe distancing measures in place, more employees are seen to return to their workplaces. Demand which has been elevated since February 2020, peaked in April/May 2020, eased following the lifting of the Circuit Breaker in June 2020 and tapered off gradually as more restrictions were relaxed but remained elevated compared with pre-COVID-19 levels. Now that the vaccination program is in progress, there could be further relaxation of restrictions which will reduce elevated demand.

Competition in the supermarket industry is expected to remain keen and challenging among the traditional brick-and-mortar operators and online players. Sales promotions have returned to pre-COVID-19 intensity since the second half of FY2020.

The Group remains committed to further expand their footprints by searching for suitable retail outlets in Singapore, particularly in areas where we do not have a presence as we work on this multi-prong strategy of brick-and-mortar and e-commerce complementing one and another. We expect that a slew of new HDB shops for supermarket use in which the construction was delayed due to COVID-19 to be released for tender once the construction program is restored in full. In addition, we will continue with our efforts to nurture the growth of our new stores and build on the momentum of improved market share.

The expansion of the distribution centre has been completed in early 2020 which was in time to accommodate the surge in demand arising from the outbreak of COVID-19. We remain committed to drive cost efficiency and enhance gross margin by working towards a sales mix with a higher proportion of fresh produce and deriving more efficiency gains in the supply chain.

CHINA

Our stores continue to perform well and experienced minimal negative impact from the outbreak of COVID-19 in China. We will make concerted efforts to promote our Sheng Siong brand in China.

INNOVATION

Innovation has always been top of our mind as we are cognizant of the increased importance of innovation in driving corporate growth and is a critical factor in enhancing the Group's market competitiveness. We have been actively seeking new technology and processes to improve our operational efficiencies and productivity.

Since our launch of the first "recycling" cash withdrawal machine in Singapore in 2018 which is known as "$TM", we have managed to "recycle" our cash resulting in savings in cash handling charges as the trips to collect and bank in the cash were reduced. Besides that, Singtel Dash wallet can be now topped up at $TM which is currently available in 62 stores.

Besides having NETS QR code payment, the Group has also rolled out other cashless payment options such as Google Pay (PayWave), Apple Pay, Samsung Pay, Singtel Dash, AliPay and WeChat Pay in all stores, moving in line with the trend of shifting towards cashless society.

Internally, we have integrated the national digital check-in system "SafeEntry Application" with our employee attendance system by adopting facial recognition technology. Employees can just scan their faces to have their attendance, temperature and "SafeEntry" registered even with their mask on. At the same time, body temperature control is also in place and the system will alert once abnormal temperature is detected.

CONCLUSION

Going forward, we are mindful that demand may return to pre-COVID-19 levels once the pandemic is over and life returns to normal. Our strategy to open new stores to serve unreached customers remains unchanged and we are committed to secure retail space in Singapore. We will focus on improving cost efficiency as well as enhancing productivity by embracing new technology, digitization and innovation.

LIM HOCK CHEE BBM
CEO

总裁献词及业务回顾

营业额

2020年对集团而言非同凡响，政府为了控制2019冠状病毒疾病的传播所实施的阻断措施促使食品消费需求高涨。措施实施初期，消费者对于食品和清洁用品等必需品的供应量感到不安而蜂拥到超市抢购，但在政府和超市不断确保货源充足的情况下，消费者逐渐被安抚，购买热潮也逐渐消退。尽管如此，受行动限制和在外用餐的人数限制，许多人只能居家办公和备餐，消费需求还是有所增加。集团的营业额也因此在2020年达到13.94亿新元， 与2019年相比取得40.6%的增长，比新加坡统计局所报告的超市零售销售指数的25.3%增长来得高。集团的营业额增长主要来自同店销售的29.1%增长，新店10.5%的增长及中国分店1%的增长。

疫情带来了许多挑战，但我们在2020年继续取得增长，开设了五间新店，新店的总零售面积约4万5670平方尺。由于租约未获得续约，集团也关闭了位于本莱鲁宿舍的一间分店，该分店的面积约4000平方尺。截至2020年12月底，集团的总零售面积达到57万1150平方尺。集团所开设的五间新店位于阿裕尼二道大牌118、马西岭通道大牌202、盛港西大牌455、波东巴西二道大牌6号及淡滨尼86街大牌872C。

毛利率

2020财年的毛利率与前一年的26.9%相比，稍微提升至27.4%，主要因为2020年上半年的毛利率较高，特别是2020年第二季度消费需求达到高峰时，产品的售价也获得支撑。此外，2020年第一季度的鲜货比例和自家品牌的销量增加，也使毛利率有所提升。

其它收入

2020财年的其他收入增长3230万新元达到4120万新元，主要来自3480万新元的政府津贴，大部分的津贴来自预算案与疫情相关的补助配套，由政府补助所资助的开支呈现在行政开支内。

营运开支

2020年的行政开支与2019年相比增加7240万新元，主要因为员工成本提高，一部分行政开支因为租金和产业税减少而抵消。员工成本提高主要因为雇员人数和工时增加，2020年第二季度为奖励员工的努力所派发的额外一个月花红，以及花红分配的提高。雇员人数和工作时间增加主要是为了应付生意量的增长，实施疫情相关的安全距离和追踪措施及新店的经营。由于集团的营运利润增加，花红分配也有所提升。租金下降主要因为租约被资本化为租赁资产。产业税的减少则是因为获得了2020年财政预算案配套的产业税回扣。

中国

疫情的暴发加剧了中国商业环境的挑战，但是集团在中国的两间分店依然保持盈利并继续取得增长。

税务

2020财年的有效税率为15.7%，比新加坡法定税率的17%低，主要因一些无需纳税的开支抵消。

净利润

集团2020财年的净利润增长83.7%达到1亿3910万新元，主要因为营业额增长、毛利率提升和其他收入的提高，部分净利也因营运开支提高而抵消。

现金

集团继续产生现金流。2020年，集团的营运活动现金流量为2亿7410万新元，主要因为生意量的增加及营运资金的管理改善。尽管生意量提高，但库存运转率获得改善，截至2020年12月底的库存减少至7790万元，前一年的库存为8220万元。分红配额和营业额的增加都提高了购货量，使集团的应付账款增加6730万新元达到2亿零810万新元。

2020财年因资本开支动用的现金为1710万新元，其中的960万新元用于新店的装修、分店的翻新、购买电子设备及提升超市设备。建造新货仓及购买货仓设备动用了120万新元、提升中央分销中心及购买商用货车所产生的费用约600万新元，中国超市的费用约30万新元。

截至2020年12月31日，集团的资产负债表保持强劲，现金额为2亿5390万新元。

展望未来

新加坡

随着冠病社区案例减少，安全距离及限制措施也逐渐放宽，更多雇员开始返回公司上班。食品消费需求自2020年2月开始高涨，并在四五月达到巅峰。阻断措施在2020年6月解除，消费需求虽开始回落，但需求较疫情暴发前来得高。随着冠病疫苗接种计划的推行，限制措施将逐步放宽，消费需求也会慢慢减少。

超市业的实体店及网购平台预料将维持激烈竞争。2020年下半年的促销活动已经恢复到疫情前的情况。

集团致力于在新加坡寻找适合的零售店面，进一步扩大集团的足迹，尤其是在我们尚未开店的地段，并同时采取线上实体互补的策略。随着建筑业全面恢复，我们预计建屋局将陆续为之前因疫情而延迟竣工的超市店面进行招标。我们将继续开展新店面，扩大我们的市场份额。

分销中心的扩建在2020年初竣工，及时应付疫情暴发时的需求高涨。我们会努力提高鲜货比例和供应链效率达到成本效率及提升毛利率。

中国

我们的分店继续表现良好，因疫情而受到的影响不大。我们将全力在中国推广昇菘的品牌。

创新

由于意识到创新对驱动企业发展的重要性，也是促进集团市场竞争力的关键因素，我们一直非常关注创新。我们正积极寻找新科技和程序来改善我们的营运效率和生产力。

我们在2018年推出第一台$TM新型提款机后，循环使用分店的现钞，减少了往银行运送现钞的趟次，减低了处理现钞的费用。此外，顾客目前也能到集团62间分店内设置的$TM为Singtel Dash钱包储值。

除了NETS QR码之外，集团也在所有分店推出其它的无现金付款选项，例如Google Pay（PayWave）、Apple Pay、Samsung Pay、Singtel Dash、支付宝及微信支付，与无现金社会的趋势同步。

集团内部，我们也透过人脸识别技术，整合了全国性数码登记系统SafeEntry和公司的员工出勤系统。员工尽管戴着口罩扫描脸部，系统就能同时完成出勤、体温及SafeEntry的登记记录。与此同时，系统也会进行体温管控，一旦探测到异常的温度就会发出讯号。

总结

展望未来，疫情结束后生活将回归常态，消费需求也将恢复到疫情前的水平。我们开设更多新店服务顾客的策略保持不变。我们也将致力于在新加坡争取更大的零售空间，关注提高成本效率，并利用新科技、数码转型和创新来促进生产力。

总裁
林福星BBM


付款

Delivering More

We are very much a part of the people and communities we serve and believe that by going extra mile in service and quality, we add a personal touch to the way we deliver value to our stakeholders.

Our Housebrands

Our Housebrands

Our Housebrands

Board of Directors

Lim Hock Eng | Tan Ling San | Lim Hock Chee | Lim Hock Leng | Lin Ruiwen

Goh Yeow Tin | Jong Voon Hoo | Francis Lee Fook Wah | Lee Teck Leng, Robson | Tan Poh Hong

Board of Directors

LIM HOCK ENG PBM

Executive Chairman
Date of first appointment: 10 November 2010
Date of last re-appointment: 22 June 2020

Mr Lim Hock Eng PBM is our Executive Chairman and his areas of responsibility include business strategy and planning and business administration. Mr Lim also manages our day-to-day operations, including overseeing the setting-up process for our new stores, supervising the preparation and submission of our bids and tenders for new premises, as well as the renovation works and equipment purchases and installations required to fit out such premises.

Mr Lim is one of the founding shareholders of C M M Marketing Management Pte Ltd and Sheng Siong Supermarket Pte Ltd. He has been a director since Sheng Siong Supermarket Pte Ltd was incorporated in 1983, and has been instrumental in our Group's growth. Mr Lim has more than 36 years of experience in grocery retailing. Prior to founding our Group, Mr Lim was employed in his family's hog rearing business.

Mr Lim is appointed as a patron of Yio Chu Kang Citizens' Consultative Committee from December 2018 to November 2020. Since 2014, Mr Lim has been appointed as the Chairman of the CDAC@Ang Mo Kio Management Committee in the Chinese Development Assistance Council.

In 2016, Mr Lim was also awarded the Pingat Bakti Masyarakat, or the Public Service Medal, by the Singapore Prime Minister's Office.

Our Executive Directors, Mr Lim Hock Eng, Mr Lim Hock Chee and Mr Lim Hock Leng are brothers.

Present Directorships in other Listed Companies:

NIL

Past Directorships in other Listed Companies (FY2018–2020):

NIL

TAN LING SAN

Vice Chairman and Executive Director
Date of first appointment: 28 April 2017
Date of last re-appointment: 22 June 2020

Mr Tan Ling San is our Executive Vice Chairman and is responsible for the administration and implementation of our Group's policies and strategies, and evaluating new growth areas for our business. Mr Tan spearheaded the restructuring of our Group and oversees the expansion of our store network.

Prior to joining our Group in 2006, Mr Tan founded and served as the executive chairman of PSC Corporation (now known as Hanwell Holdings Ltd), a company currently listed on the SGX-ST and engaged in, inter alia, the supply of consumer essentials through its chain of Econ Minimart stores (as they were then known). Mr Tan has more than 50 years of experience in grocery retailing.

Present Directorships in other Listed Companies:

NIL

Past Directorships in other Listed Companies (FY2018–2020):

NIL

Board of Directors

LIM HOCK CHEE BBM

Chief Executive Officer
Date of first appointment: 10 November 2010
Date of last re-appointment: 26 April 2019
Standing for re-election at the AGM

Mr Lim Hock Chee BBM is our Chief Executive Officer and is responsible for overseeing our operations, setting directions for new growth areas and developing business strategies.

Mr Lim is one of the founding shareholders of C M M Marketing Management Pte Ltd and Sheng Siong Supermarket Pte Ltd, and has been a director of our Group since Sheng Siong Supermarket Pte Ltd was incorporated in 1983. He has been instrumental in our Group's growth and has been leading the expansion of our business and operations since inception. Mr Lim also manages Singapore's day-to-day operations, including overseeing the operations in China and aspects of the meat-related business of our grocery retailing operations, such as selection, supply, processing, storage and quality control. Mr Lim has more than 38 years of experience in grocery retailing. Prior to founding our Group, Mr Lim was employed in his family's hog rearing business.

In 2006, Mr Lim was awarded the Pingat Bakti Masyarakat, or the Public Service Medal, by the Singapore Prime Minister's Office and the Long Service Award by the Singapore Prime Minister's Office in 2007. He was appointed to the Council of the Singapore Chinese Chamber of Commerce and Industry (SCCCI) in 2010 and remains as a Council Member. He is also a committee member of Singapore Chinese Chamber Institute of Business.

Mr Lim also serves on the Marsiling Citizen's Consultative Committee as Vice-Chairman, and on the advisory committee of Qihua Primary School in Woodlands, Singapore. In 2011, Mr Lim was invited to be a member of the Retail Prices Watch Group (RPWG) – spearheaded by the Ministry of Trade and Industry, for a period of two years. He was appointed as a member of IRAS' Taxpayer Feedback Panel – Mandarin Dialogue from 2012 to 2014, on behalf of SCCCI. From 2014 to 2016, Mr Lim continued to be a member of the feedback panel in his own capacity as a corporate taxpayer.

In 2012, he was a member of the Tripartite Committee for Low Wage Workers and Inclusive Growth, contributing to the committee from an employer's perspective. In Singapore's National Day Awards 2014, Mr Lim was awarded the Public Service Star Medal or Bintang Bakti Masyarakat. He was appointed as a director of Health Promotion Board from 2014 to 2016.

From 2017 to 2019, Mr Lim was invited by the Monetary Authority of Singapore to serve on the Payments Council, which was established to foster innovation, collaboration and to promote interoperability of Singapore's payments industry. Also, he was appointed by MTI as a member of the Lifestyle Sub-committee of the Council for Skills, Innovation and Productivity (CSIP) for two terms, from 2017 to 2020. The CSIP supports the growth of a skills and innovation-driven economy.

Mr Lim is appointed as a Board member of the Singapore Productivity Centre from October 2019 to September 2021 to help enterprises to be future-ready. Currently, he is also patron of the National Crime Prevention Council.

Our Executive Directors, Mr Lim Hock Eng, Mr Lim Hock Chee and Mr Lim Hock Leng are brothers.

Present Directorships in other Listed Companies:

NIL

Past Directorships in other Listed Companies (FY2018–2020):

NIL

Board of Directors

LIM HOCK LENG

Managing Director
Date of first appointment: 10 November 2010
Date of last re-appointment: 26 April 2019

Mr Lim Hock Leng is our Managing Director and is responsible for overseeing our operations and developing our business in alignment with consumer preferences and consumption patterns. Mr. Lim also manages our day-to-day operations, including overseeing various aspects of the seafood business of our grocery retailing business, such as selection, supply, storage and quality control.

Mr Lim is one of the founding shareholders of C M M Marketing Management Pte Ltd. He has been a director since 1994, and has been instrumental in our Group's growth. Mr Lim has more than 26 years of experience in grocery retailing. Prior to founding our Group, Mr Lim was employed in his family's hog rearing business.

Our Executive Directors, Mr Lim Hock Eng, Mr Lim Hock Chee and Mr Lim Hock Leng are brothers.

Present Directorships in other Listed Companies:

NIL

Past Directorships in other Listed Companies (FY2018–2020):

NIL

LIN RUIWEN

Executive Director
Date of first appointment: 27 April 2016
Date of last re-appointment: 27 April 2018
Standing for re-election at the AGM

Ms Lin Ruiwen is our Executive Director and is responsible for identifying, charting and implementing sustainable business strategies in new growth areas, especially in merchandising, marketing, management and business development for fresh fruits and vegetables. Ms Lin chairs the Business Excellence, Sustainability and Risk Management committees.

Before taking on the role of Executive Director, Ms Lin joined our group in 2009 as a Manager of International Business Development and was promoted to Senior Manager in 2014. At that time, she was already managing the direct sourcing, import pricing, marketing and merchandising of our fresh fruits and vegetables.

Ms Lin has been appointed a member of the Technical Committee on Food Processing and Distribution from 2021 to 2023. She is also appointed as member of the Singapore Business Federation Jobs and Skills Advisory Committee from 2021 to 2022.

Prior to joining our Group, Ms Lin was a senior executive of Youth Bank for Heartware Network, a not-for-profit youth organisation focusing on youth development and volunteerism, from November 2006 to July 2007. From March to October 2006, she was a purchasing executive in the commercial supplies department of Singapore Airlines Ltd ("SIA"), which handled the sourcing and purchasing for SIA's in-flight sales business.

Ms Lin obtained a Master's Degree in Public Affairs from Sciences Po Paris, France, in 2009. She graduated from Singapore Management University in 2005, with a Bachelor of Science (Economics) Degree.

Currently, Ms Lin serves as the assistant secretary to the CDAC@Ang Mo Kio Management Committee. She is also the daughter of our Executive Chairman, Mr Lim Hock Eng.

Present Directorships in other Listed Companies:

NIL

Past Directorships in other Listed Companies (FY2018–2020):

NIL

Board of Directors

GOH YEOW TIN

Lead Independent Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 22 June 2020

Mr Goh Yeow Tin is our Lead Independent Director. Presently, Mr Goh is the Non-Executive Chairman of Seacare Foundation Pte Ltd and Seacare Manpower Services Pte Ltd.

Mr Goh began his career with the Economic Development Board ("EDB") where he headed the Local Industries Unit and was subsequently appointed a director of EDB's Automation Applications Centre between 1984 and 1988. He served as deputy executive director of the Singapore Manufacturers' Association (now known as the Singapore Manufacturers' Federation) from 1983 to 1984. In 1988, Mr Goh joined Tonhow Industries Ltd, the first plastic injection moulding company to be listed on SESDAQ (now known as Catalist), and served as the deputy managing director until 1990. Mr Goh was also a founding member of the Association of Small and Medium Enterprises (ASME) in 1986, and in 1989, Mr Goh founded, and served as general manager of, International Franchise Pte Ltd, a pioneer in the franchising business in Singapore, until 1991. Between 1991 and 2000, Mr Goh served as the vice-president of Times Publishing Ltd, and was responsible for retail and distribution businesses in Singapore, Hong Kong and various parts of South-east Asia.

In 2015, Mr Goh was awarded the Public Service Star (Bar) and was appointed a Justice of Peace by the President of the Republic of Singapore. Mr Goh is also a member of the Singapore Institute of Directors.

He holds a Bachelor's degree in Mechanical Engineering (Hons) from the University of Singapore (now known as the National University of Singapore) and a Masters' degree in Industrial Engineering and Management from the Asian Institute of Technology.

Present Directorships in other Listed Companies:
- Vicom Limited
- KTMG Limited (formerly known as Lereno Bio-Chem Ltd)
- AsiaPhos Limited
- TLV Holdings Limited

Past Directorships in other Listed Companies (FY2018–2020):
NIL

JONG VOON HOO

Independent Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 22 June 2020

Mr Jong Voon Hoo is our Independent Director. Mr Jong is currently a director for Global Invest & Advisory Pte Ltd, a firm providing investment advisory and consultancy services. Prior to this, he served as chief financial officer of Green Build Technology Ltd (formerly known as Youyue International Limited), a company listed on the SGX-ST, where he is responsible for overseeing accounting and finance matters from 2004 till 2015.

Mr Jong began his career in 1996 in Arthur Andersen where he was involved in assurance, business advisory, and transaction advisory services. During his tenure in Arthur Andersen, Mr Jong was responsible for, inter alia, performing operational and financial audits of publicly listed companies and multinational corporations operating in different industries, and developing and implementing plans to enhance the efficiency and efficacy of business and financial processes. Mr Jong joined Deloitte & Touche in 2002 as a manager and led audit engagements in various companies, assisting companies with, inter alia, initial public offerings and due diligence reviews in connection with proposed mergers and acquisitions.

Mr Jong graduated from Nanyang Technological University in 1996 with a Bachelor's degree in Accountancy (Hons) and is a Chartered Accountant and non-practicing member of the Institute of Singapore Chartered Accountants (ISCA).

Present Directorships in other Listed Companies:
- SingAsia Holdings Ltd (listed on the Hong Kong Stock Exchange)
- Reclaims Global Limited
- Snack Empire Holdings Ltd (listed on the Hong Kong Stock Exchange

Past Directorships in other Listed Companies (FY2018–2020):
NIL

Board of Directors

FRANCIS LEE FOOK WAH

Independent Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 26 April 2019

Mr Francis Lee Fook Wah is our Independent Director. He is currently the chief financial officer of Vibrant Group Limited.

Previously, between March 2015 and Dec 2017, Mr Lee was the chief financial officer of OKH Global Ltd, a company listed on the Main Board SGX. Much earlier, between 2005 and 2011, Mr Lee served as an executive director, finance director and chief financial officer of Man Wah Holdings Ltd, a company listed on the Hong Kong Stock Exchange, where he was responsible for the overall accounting functions of the company and matters relating to its corporate regulatory compliance and reporting.

Mr Lee began his career in 1990 in the Commercial Crime Division of the Criminal Investigation Department, where he served as a senior investigation officer. In 1993, he joined OCBC Bank as an assistant manager conducting credit analyses. Between 1994 and 2001, he worked at Deutsche Morgan Grenfell Securities as a dealer's representative managing clients' investment portfolios. Mr Lee served at the Singapore branch of the Bank of China between 2001 and 2004 as an assistant manager in relationship banking. Between 2004 and 2005, he worked at AP Oil International Ltd as an investment and project manager, where he was involved in mergers and acquisitions.

Mr Lee graduated from The National University of Singapore with a Bachelor's degree in Accountancy in 1990 and obtained a Master's degree in Business Administration (Investment and Finance) from The University of Hull in 1993. Mr. Lee is a Chartered Accountant and a non-practising member of the Institute of Singapore Chartered Accountants (ISCA). He is also a member of the Singapore Institute of Directors.

Present Directorships in other Listed Companies:
- Net Pacific Financial Holdings Limited
- AsiaPhos Limited
- Figtree Holdings Limited
- Vibrant Group Limited

Past Directorships in other Listed Companies (FY2018–2020):
- Metech International Ltd

LEE TECK LENG, ROBSON

Non-executive Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 26 April 2019
Standing for re-election at the AGM

Mr Lee Teck Leng, Robson is our Non-executive Director. Mr Lee is currently a partner in the Singapore office of Gibson, Dunn & Crutcher LLP, a global law firm with 20 offices across the United States, Europe, the Middle East, Asia and South America. Before joining Gibson, Dunn & Crutcher LLP in 2015, Mr Lee was a senior partner of Shook Lin & Bok LLP.

In recognition of his experience and expertise, Mr Lee was appointed by the Deputy Prime Minister and Minister-in-charge of Monetary Authority of Singapore, as a member of the Appeal Advisory Panels, Constituted under the Business Trusts Act (Cap. 31A), Financial Advisers Act (Cap. 31A), Financial Advisers Act (Cap. 110), Insurance Act (Cap. 142), Securities and Futures Act (Cap. 289), and Trust Companies Act (Cap. 336), for a term of two years, from 1 October 2015 to 30 September 2017. Mr Lee has been re-appointed for a further term of two (2) years from 1st October 2017 to 30 September 2019. Mr Lee is also presently the Assistant Honorary Secretary of the Securities Investors Association (Singapore).

Mr Lee is the Immediate Past Chairman of the board of directors of Singapore Chinese High School, as well as legal adviser to the Hwa Chong Alumni Association and the Singapore Plastic Industry Association. Mr Lee was conferred the Bronze and Silver Service to Education Awards by the Ministry of Education respectively in 2004 and 2010, and was appointed a member of the Feedback Supervisory panel for 2005/2006 by the Prime Minister of Singapore.

Mr Lee graduated from the National University of Singapore in 1993 with a Bachelor's degree in Law (Hons), and was admitted as a solicitor in England and Wales in 2008. He is a member of the Singapore Academy of Law, and the Law Society of Singapore. He is also presently a member of the Audit Committee of the Law Society of Singapore.

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies FY2018–2020):
NIL

Board of Directors

TAN POH HONG

Independent Director
Date of first appointment: 5 January 2018
Date of last re-appointment: 27 April 2018
Standing for re-election at the AGM

Ms Tan Poh Hong is our Independent Director. Prior to joining the Group, she was the Chief Executive Officer of Agri-Food & Veterinary Authority (AVA) of Singapore from 2009 to 2017. AVA was the national authority responsible for food security and safety. Ms Tan was instrumental in transforming and expanding the organisation's mandate to cater to new challenges facing the country. In particular, she built up the organisation's capabilities to manage and strengthen Singapore's food security. She initiated and led stakeholder engagement and partnership initiatives, and drove the push to transform the local farming sector.

Prior to her appointment at AVA, Ms Tan was the Deputy CEO of the Housing and Development Board (HDB) from 2004 to 2009, where she was responsible for the planning, development and management of HDB properties. She also held various leadership positions in HDB, ranging from sales and operations to corporate strategy and communications; and policy research and development.

Ms Tan holds a BSc (Hons) in Estate Management from the National University of Singapore (1981), and a Master of Business Administration (with Distinction) from New York University (1988). Ms Tan was awarded the Public Administration Medal (Gold) in 2013, and the Public Service Medal in 1999 by the Singapore Government.

Present Directorships in other Listed Companies:
- Ann Aik Limited
- APAC Realty Limited
- Centurion Corporation Limited
- VICOM Limited

Past Directorships in other Listed Companies (FY2018–2020):
NIL

Key Executives

WONG SOONG KIT
Finance Director

Mr Wong Soong Kit is responsible for overseeing our Group's finance and accounting functions, cash management, strategic planning and budgets, tax management, corporate governance and internal controls. On 1 January 2014, Mr Wong was appointed a director of Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd, both wholly-owned subsidiaries of our Group.

Prior to joining our Group in 2011, Mr Wong was a financial consultant working on initial public offerings, mergers and acquisitions, and financial reporting. Between 1989 and 2009, Mr Wong served as the group finance director of BRC Asia Ltd ("BRC"), a company listed on the SGX-ST, where his areas of responsibility included financial, strategic, and risk management, as well as leading BRC's initial public offering exercise in Singapore in 2000, assisting with the initial public offering of BRC's then-majority shareholder, Acertec PLC, on the London Stock Exchange AIM Market in around 2006, and managing BRC's joint venture in China. Between 1978 and 1989, Mr Wong served as chief financial officer of Guthrie GTS Ltd, a company listed on the SGX-ST (now privatised), where he assisted with the group's restructuring and merger and acquisition exercises. Between 1977 and 1978, Mr Wong worked with Comex Far East Pte Ltd as an accountant. He served as an audit clerk with PriceWaterhouse (as it was then known) between 1974 and 1977. He is a Chartered Accountant and Fellow of the Association of Chartered Certified Accountants (ACCA) (UK), as well as a Fellow of the Institute of Singapore Chartered Accountants (ISCA).

TAN BEE LOO
Director/ Head – Fruits and Vegetables

Mdm Tan Bee Loo oversees the purchasing, pricing and quality control aspects of the fruit and vegetables retailed in our stores, as well as the direct importation of fruits and vegetables by our Group from our international suppliers located in various parts of the world.

Mdm Tan has worked with our Group since its inception in 1985. During her career with us, she has held several positions in our Group and her responsibilities have included overseeing the procurement, negotiations, direct importation of, and retail sales of our fruits and vegetables, as well as our general store operations, including sales, product displays and customer service. In 2007 and 2008, Mdm Tan was appointed a director of our subsidiaries, Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd, respectively. Prior to joining us, Mdm Tan worked as a craftsman in Toppan Forms (S) Pte Ltd between 1978 and 1981. Mdm Tan has over 35 years of relevant experience in grocery retailing and related industries. Mdm Tan is the spouse of our Executive Director, Mr Lim Hock Eng.

LEE MOI HONG
Director/ Head – Dry Goods

Mdm Lee Moi Hong oversees our Group's packing and distribution of dry goods such as biscuits, spices, flour, dried shrimp, Chinese herbs and other similar products.

Mdm Lee has worked with our Group since its inception in 1985. During her career with us, she has held several positions in our Group and her responsibilities have included overseeing the cutting, processing, storing and repacking of meat products, the selection and packing of dried foods, general store operations, and the inspection of our stores on a regular basis. In 2007 and 2008, Mdm Lee was appointed a director of our subsidiaries, Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd, respectively. Prior to joining our Group, Mdm Lee was employed in her family's poultry rearing and processing business. She has approximately 35 years of relevant experience in grocery retailing and related industries. Mdm Lee is the spouse of our Executive Director, Mr Lim Hock Chee.

LEE LAY CHIN
Director/ Head – Purchasing and Promotions

Mdm Lee Lay Chin heads the purchasing team and leads negotiations with our suppliers on trading terms, and negotiations with major corporate partners on joint promotions. Mdm Lee is also responsible for our promotional activities, including "The Sheng Siong Show", the "Sheng Siong Live!" show and various other festive promotions. On 1 January 2014, Mdm Lee was appointed a director of Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd, both wholly-owned subsidiaries of our Group.

Mdm Lee joined us as an assistant general manager of our purchasing and promotions department in 2007 and was promoted to general manager in 2009. In her current role, Mdm Lee oversaw the launch of our Sheng Siong co-branded credit cards (BOC Sheng Siong Card, Diners Club/Sheng Siong Cobrand Credit Card) since 2009 and our collaboration with VISA in relation to promotional activities for the World Cup and the Singapore Youth Olympic Games in 2010, and led negotiations with payment providers such as Visa, Mastercard and China Unionpay for our stores. Prior to joining us, Mdm Lee worked in PSC Corporation (now known as Hanwell Holdings Ltd) between 1976 and 2007, beginning as a sales clerk and rising through a series of promotions to merchandising manager, a senior managerial position. She graduated from the Singapore Institute of Management in 1984 with a Diploma in Business Studies.

Key Executives

HO CHEE HAW
Director/ Head – Retail Operations

Mr Ho Chee Haw oversees the business and operations of our stores in Singapore and China.

Mr Ho joined us in 1999 and during his career with us, held various positions in our Group, beginning as a cashier and rising through a series of promotions to a senior managerial position. In 2001, Mr Ho served as a supervisor overseeing our grocery department functions, before being promoted to executive within the same department and then to assistant manager of one of our stores in 2003. In 2005, he became manager of a store. In 2007, he rose to become an assistant area manager, and then to area manager's position a year later, overseeing our stores' operations. He was promoted to Assistant General Manager in January 2012. In January 2014, he was appointed a director of our subsidiaries, Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd.

Mr Ho graduated from Sekolah Menengah Bakri Muar in Johor, Malaysia in 1999, with a Form 5 certificate. He has also attended various training courses, including courses at the Singapore Institute of Retail Studies, the Singapore National Employers Federation, Arise Services Pte Ltd, SSA Consulting Group Pte Ltd and PS Consulting Group in 2006, 2008, 2009, 2010 and 2011 under the Singapore Workforce Skills Qualification Scheme, which is administered by the Singapore Workforce Development Agency. He also completed industry-specific courses by Singapore Chinese Chamber Institute of Business in 2012 to gain practical management knowledge for retail business. To hone his leadership and organisational skills, he attended workshops that cover themes like "Six-Star Attitude" and "Teaching Organisation" in the same year.

In 2016, Mr Ho was awarded the SkillsFuture Study Award in International Business from IE Singapore, where he completed the "Senior Management Programme on Internationalisation" at NUS Lee Kuan Yew School of Public Policy.

WONG HENG SAN
Deputy General Manager
International Business Development

Mr Wong Heng San's responsibilities include overseeing our Group's international sourcing operations, as well as identifying, planning and executing our international trading operations and investments.

Appointed by Agri-Food & Veterinary Authority of Singapore ("AVA"), Mr Wong is a member of the Food Fish Business Cluster for a term of two (2) years from 2013 to 2015. The objectives of the Business Cluster are to identify new sources and gather feedback on issues on food supply so as to enhance the resilience and ensure a stable supply, besides fostering closer industry integration between the private sector and AVA. The food-related functions of AVA have since been consolidated into a new statutory board, known as the Singapore Food Agency.

Prior to joining us in 2007, Mr Wong began his career at Golden Hope Commodity Pte Ltd, where he was engaged in commodity futures trading between 1980 and 1981. Between 1981 and 1989, Mr Wong worked at the Singapore Trade Development Board ("STDB"), where his responsibilities included serving at STDB's China Desk to assist Singaporean and Chinese companies in their trading and investment operations in the PRC and Singapore, respectively. In 1989, Mr Wong was appointed Centre Director of the Beijing-Singapore Trade Office by STDB, as well as Assistant Commercial Representative for Beijing, PRC by the Singapore Ministry of Foreign Affairs. In 1991, Mr Wong served as a Commercial Attaché in the Singapore Embassy in Beijing, PRC. From 1992 to 2007, Mr Wong worked in PSC Corporation (now known as Hanwell Holdings Ltd) where he served as general manager of a joint venture company involving PSC Corporation in Shanghai, PRC. Mr Wong graduated from Nanyang University (which subsequently merged with the University of Singapore to form the National University of Singapore) in 1980, with a Bachelor's degree in Government and Public Administration.

WOO CHEE KIT
Acting Chief Information Officer

Mr Woo Chee Kit was appointed Acting Chief Information Officer on 1 May 2017, heading the IT department of the Group. He oversees the IT systems required for the Group's operations and also IT procurement, budgeting and staff deployment.

Mr Woo joined the Group as a software development manager in 2013 and was promoted to a senior managerial role in 2016. He was responsible for optimizing existing IT infrastructure and brainstorming new processes to improve the efficiency of the company's newly integrated retail systems.

Prior to joining the Group, he was a Senior Manager with CHD Asia Pte Ltd, entrusted by their European head office to build up a IT team in Singapore. He has

13 years of experience in system integration and management of regional software development, IT infrastructure, security, pre-sales and support.

Mr Woo holds a B.Sc. (Hons) in Software Engineering from Coventry University, United Kingdom.

Building Together

We understand that we progress when the people around us do better. Thus we continue to work closely with partners, customers, organizations and staff to improve and grow sustainably together.


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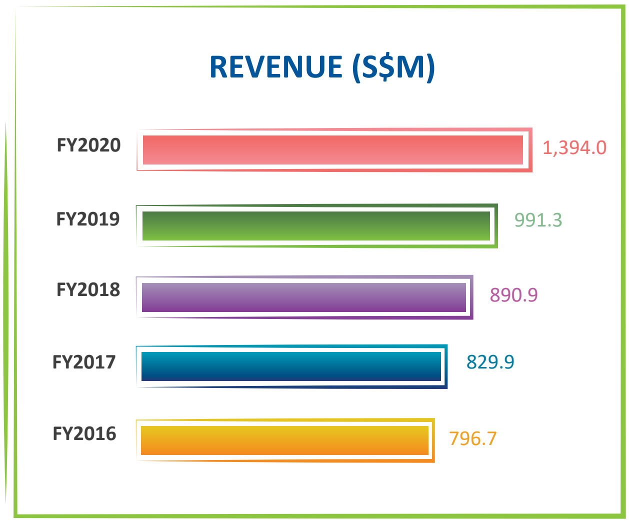
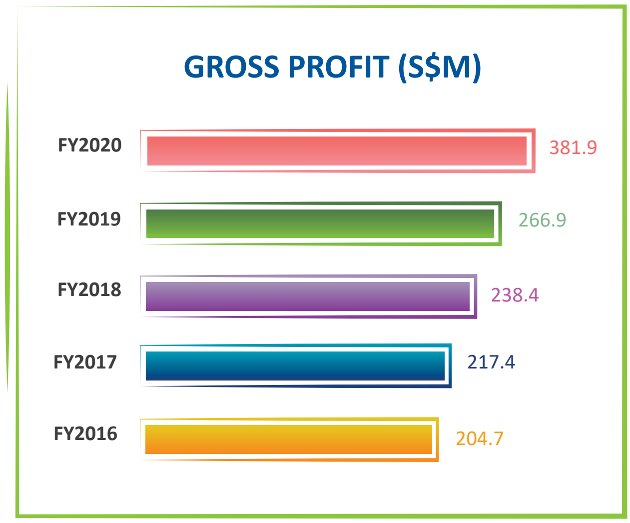
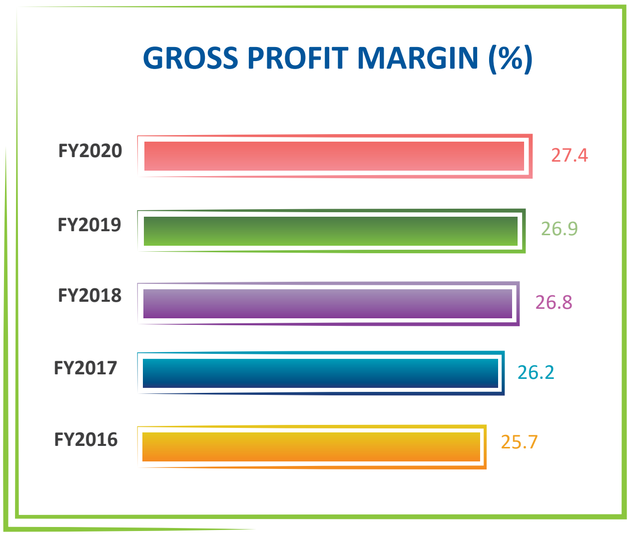
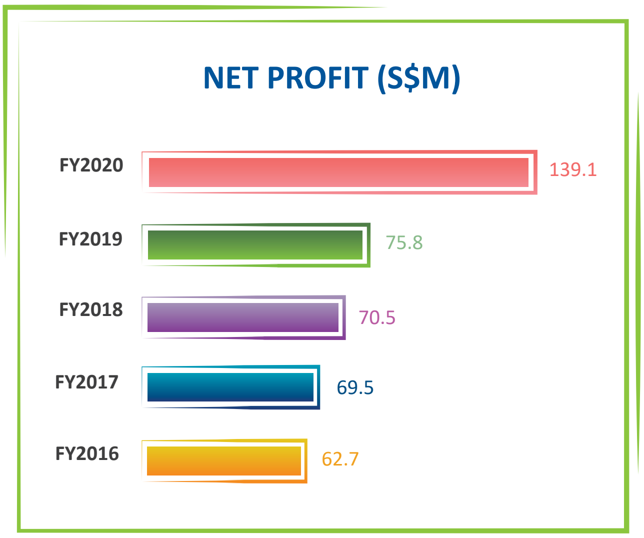
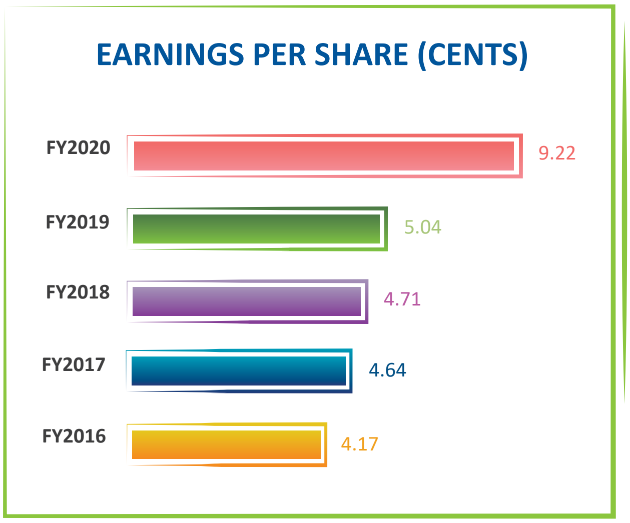
Financial Highlights

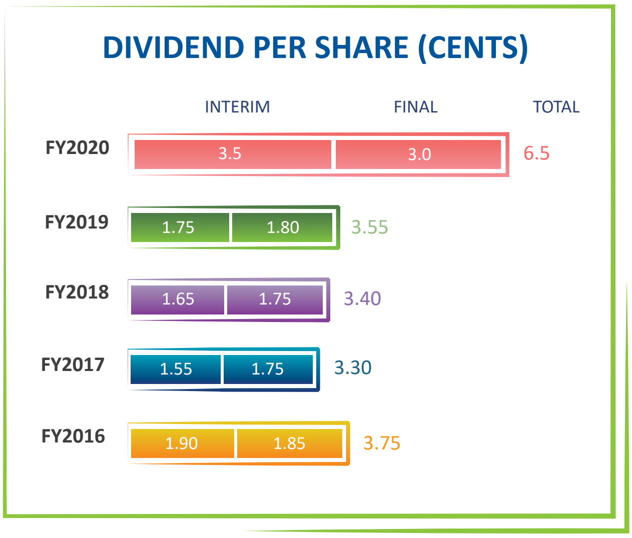












Corporate Governance

INTRODUCTION

Sheng Siong Group Ltd. (the "**Company**") and its subsidiaries (the "**Group**") is committed to achieving high standards of corporate governance. The Board of Directors of the Company (the "**Board**") is of the view that good corporate governance serves to protect and enhance shareholders' value.

This report describes the Group's corporate governance practices for the financial year ended 31 December 2020 ("**FY2020**") with specific references to the principles of the Code of Corporate Governance 2018 (the "**Code**"), and where appropriate, the explanations for deviation from the Code has been provided in this report.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board is primarily responsible for providing entrepreneurial leadership, establishing the business strategies and objectives of the Group which focuses on sustainable long-term value creation. The Board will ensure that the necessary resources and a conducive environment are available for the Company to meet its objectives, and at the same time Management are provided with a framework to assess and manage risks, on a balanced basis while pursuing the objectives. The framework would include safeguards, suitable processes, internal controls to ensure that shareholders' interests are protected. The Board sets the Group's values and standards, ensures transparency in dealings with the other stakeholders and oversees Management by periodically reviewing their performance All Board members possess diversified knowledge and experience and are expected to act in good faith ethically and with integrity and exercise independent and objective judgment in discharging their duties as fiduciaries, in the best interests of the Group. Where conflicts of interest arise, the Board will ensure that Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governing Interested Person Transactions and the Accounting Standard on the disclosure of related person transactions are adhered to. Where a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The Board is guided by a Code of Conduct and Ethics.

In addition, the Board's approval is required for any major (which is defined as amounts in excess of 5% of the Group's net tangible assets ("**NTA**") funding proposals, investments, acquisitions and divestments including the Group's commitment in terms of capital and other resources, whether it be on or off-balance sheet.

The Board has delegated specific responsibilities to three (3) Board committees, which are appointed with written terms of references: (a) the Nominating Committee (the "**NC**"); (b) the Remuneration Committee (the "**RC**"); and (c) the Audit Committee (the "**AC**") to facilitate effective management. The Board committees operate within clearly defined terms of reference or scope and they play an important role in ensuring good corporate governance in the Company and within the Group. While each Board committee has the power to examine particular issues and will make recommendations to the Board, the ultimate responsibility for the final decision on all matters lies with the Board.

Our Board meets regularly and as warranted by particular circumstances, as deemed appropriate by the Board members. Fixed meetings are scheduled on a quarterly basis and additional meetings are convened as and when there are matters requiring the Board's consideration and decision at any particular point in time. Our Constitution allows each Director to participate in a Board Meeting by means of teleconference, video conference, audio visual or other similar communications equipment.

The number of Board and Board committee meetings and general meetings held in FY2020 and the attendance of our Directors at these meetings are as follows:

Number of meetings held	Board		NC		RC		AC		AGM**
	4		1		1		4		1
	Position	Attended	Position	Attended	Position	Attended	Position	Attended	Attended
Executive Directors									
Mr. Lim Hock Chee	M	4	–	1*	–	1*	–	4*	1
Mr. Lim Hock Eng	C	4	–	1*	–	1*	–	4*	1
Mr. Lim Hock Leng	M	4	–	1*	–	1*	–	4*	1
Mr. Tan Ling San	M	4	–	1*	–	1*	–	4*	1
Ms. Lin Ruiwen	M	4	–	1*	–	1*	–	4*	1
Non-executive Directors									
Mr. Goh Yeow Tin	M	4	M	1	C	1	M	4	1
Mr. Jong Voon Hoo	M	4	–	1*	M	1	C	4	1
Mr. Francis Lee Fook Wah	M	4	C	1	–	1*	M	4	1
Mr Lee Teck Leng Robson	M	4	M	1	M	1	M	4	1
Ms. Tan Poh Hong	M	4	–	1*	M	1	M	4	1

* By invitation
M Member
C Chairman
** The AGM was held virtually

Newly appointed Directors will receive a formal appointment letter setting out their duties and obligations, and undergo an orientation that includes a briefing by Management on the Group's structure, businesses, operations, policies and governance practices. For new Directors who do not have prior experience as a Director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. The Directors will also receive updates and the necessary training on new laws, regulations and corporate governance matters which have an important bearing on the Company and the Directors' obligations to the Company, from time to time. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Executive Chairman works together with the Finance Director and the Company Secretary to set the agenda for board meetings, overseeing the quality and timely despatch of the board papers and promoting open discussions between Board members and Management prior to and during the board meetings. The Board and Board committees' papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board committees' meetings. Directors are given separate and independent access to the Group's Management and Company Secretary to address any enquiries. Directors may seek professional advice in furtherance of their duties and the costs will be borne by the Company. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Board Composition and Balance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to ensure it to make decisions in the best interests of the Company.

Our Board comprises ten (10) Directors, five (5) of whom are non-executive and of whom four (4) are independent. The Board of Directors is constituted as follows:

Mr. Lim Hock Chee, Chief Executive Officer
Mr. Lim Hock Eng, Executive Chairman
Mr. Lim Hock Leng, Managing Director
Mr. Tan Ling San, Vice Chairman and Executive Director
Ms. Lin Ruiwen, Executive Director
Mr. Goh Yeow Tin, Lead Independent Director
Mr. Jong Voon Hoo, Independent Director
Mr. Francis Lee Fook Wah, Independent Director
Ms. Tan Poh Hong, Independent Director
Mr. Lee Teck Leng Robson, Non-Executive Director

As a group, the Directors bring with them a broad range of relevant industry knowledge, expertise and experience in areas such as accounting, finance, business, legal, food safety, real estate and management. The size and composition of the Board are reviewed by the NC on an annual basis to ensure that the Board has the appropriate balance, mix of expertise and experience and collectively possesses the necessary skill sets and core competencies for effective decision-making. The experience and skill of the Directors are further described on page 17 to 23.

While the Chairman is part of the management team and a sibling of the CEO, the Board is of the opinion that based on the Group's current size and operations, it is not necessary to have Independent Directors and Non-executive Directors make up a majority of the Board at present. As the Non-executive and Independent Directors make up half of the Board, the Board is able to exercise objective judgement through constructive dialogue and no individual or group of individuals dominate the Board's decision-making process. The Board is of the opinion that its current size of 10 Directors is appropriate, considering the nature and scope of the Group's operations. The current Board composition represents a well-balanced mix of skills, experience, expertise and knowledge of the Group to facilitate effective decision-making. Two (2) of the 10 Board members are female and although the Board has not set up a policy on gender diversity, the Board recognized the need and will take gender diversity into consideration when assessing any candidates.

Each Director has an equal responsibility towards the Group's operations. Our Independent Directors and/or Non-executive Director play an important role in ensuring that the strategies and/or plans proposed by Management are constructively challenged, fully discussed and examined, and take into account the long-term interests of not only the shareholders, but also that of other stakeholders such as the employees, customers and suppliers of the Group. Our Independent Directors and/or Non-executive Director participate actively in discussions, reviewing and assessing Management's performance. They, led by the Lead Independent Director also meet regularly without the presence of Management to discuss the affairs of the Group and will provide feedback to the Executive Chairman after such meetings.

The independence of each Director is reviewed by the NC on an annual basis based on the provisions set out in the Code. Based on the Board evaluation and review conducted by the NC, the Board is of the view that Mr. Goh Yeow Tin, Mr. Jong Voon Hoo, Ms. Tan Poh Hong and Mr. Francis Lee Fook Wah are independent.

The NC also takes into consideration the circumstances provided in Rule 210(5)(d) of the SGX-ST Listing Manual for determining the independence of the Independent Directors. Currently, there are three (3) Independent Directors, namely, Mr. Goh Yeow Tin, Mr. Jong Voon Hoo and Mr. Francis Lee Fook Wah, who would have served the Board beyond 9 years since their appointment to the Board. The Company is looking at re-constituting the Board before the end of 2021.

Executive Chairman and Chief Executive Officer ("CEO")

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Mr. Lim Hock Eng, our Executive Chairman, is primarily responsible for leading the Board, and together with the other Executive Directors, providing overall leadership and strategic vision for the Group.

Although Mr. Lim Hock Eng, our Executive Chairman, Mr. Lim Hock Chee, our CEO, and Mr. Lim Hock Leng, our Managing Director, are siblings and Ms. Lin Ruiwen, our Executive Director, is the daughter of Mr. Lim Hock Eng, their roles in managing the day-to-day operations of the Group are clearly defined. The overall oversight responsibility rests with our CEO, Mr. Lim Hock Chee. Taking into account the current corporate structure, nature and the scope of the Group's operations, as well as the involvement by the Non-executive Directors, the NC is of the view that there is an appropriate balance of power and accountability to ensure independent decision making.

In accordance with the Code, the Group has appointed Mr. Goh Yeow Tin as Lead Independent Director, who avails himself to shareholders when they have concerns which contact through the normal channels fail to resolve or for which such contact is inappropriate or inadequate.

Nominating Committee

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors taking into account the need for progressive renewal of the Board.

The NC comprises the following Non-executive Directors, the majority of whom, including the Chairman, are independent. The Lead Independent Director, Mr. Goh Yeow Tin is a member of the NC.

- Mr. Francis Lee Fook Wah (Chairman)
- Mr. Lee Teck Leng Robson
- Mr. Goh Yeow Tin

The Chairman of the NC is neither a substantial shareholder of the Company, nor directly associated with a substantial shareholder of the Company.

The NC has a charter, which is endorsed by the Board, which sets out its duties and responsibilities. The principal functions of the NC include:

- reviewing the Board and its committees' structure, size and composition and making recommendations to the Board, where appropriate;
- determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment to the Board;
- determining, on an annual basis, if a Director is independent;
- recommending the nomination of Directors who are retiring by rotation to be put forward for re-election;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations;
- assessing the effectiveness of the Board as a whole and the contribution of each of the Directors to the effectiveness of the Board; and
- establishing and reviewing the training programme for the Board.

The NC has discussed and noted that although there is no succession plan in place at the moment for the Executive Chairman or CEO, Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng are the founders of the Company and are responsible for building up the business, and each of them is capable of succeeding either the Executive Chairman or the CEO if the need arises. Furthermore, the Board and the NC are of the view that the Management is capable of providing continuity during the search for a new Chairman or CEO.

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as the new Director through the business network of the Board members or engage independent professional advisers to assist in the search for suitable candidates. In selecting candidates, the NC will, in consultation with the Board, consider the needs of the Group and the relevant expertise required. The NC will generally identify suitable candidates skilled in core competencies such as legal, accounting or finance, business or management expertise, Information Technology or industry knowledge. If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate dialogue and open discussion. Upon appointment, arrangements will be made for the new Director to attend various briefings with the Management.

Board renewal must be an ongoing process to ensure good governance and to maintain relevance to the changing needs of the Group. As such, no Director stays in office for more than three (3) years unless re-elected by shareholders. In recommending a Director for re-election to the Board, the NC considers, amongst other things, his performance and contributions to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs).

The NC has recommended the nomination of Mr. Lim Hock Chee, Ms. Lin Ruiwen, Mr. Lee Teck Leng, Robson and Ms. Tan Poh Hong who are retiring by rotation pursuant to the Company's Constitution, for re-election at the forthcoming Annual General Meeting ("**AGM**").

The Board has accepted the NC's afore-mentioned recommendations and being eligible, (i) Mr. Lim Hock Chee; (ii) Ms. Lin Ruiwen; (iii) Mr. Lee Teck Leng, Robson and (iv) Ms. Tan Poh Hong will be standing for re-election at the AGM.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code and SGX-ST Listing Manual) and are able to exercise judgment on the corporate affairs of the Group independent of the Management. The NC has received annual confirmation of independence from the Independent Directors of the Company, each confirming that he/she does not have any relationship which may affect his/her independence as provided under the Code and the Listing Manual of the SGX-ST.

The Board does not see the need to define the maximum number of listed company Directorships which any Director may hold, but nevertheless has tasked the NC to review if a Director with multiple board representations is devoting sufficient time and attention to the affairs of the Group. The NC is satisfied that sufficient time and attention is being given by each of the Directors to the affairs of the Group, taking into account, *inter alia*, the attendance records of the Directors at the respective Board and committee meetings and their contributions towards the decision making of the Board and committee, notwithstanding that some of the Directors have multiple board representations.

The key information regarding the Directors such as academic and professional qualifications, Board Committees served, Directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive are set out on pages 17 to 23 of this Annual Report.

The information required under Rule 720 (6) of the Listing Manual of the SGX-ST in respect of these Directors are:

Information for the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(6) of the Listing Manual of the SGX-ST:

Details	Name of Retiring Director			
	Lin Ruiwen	**Lim Hock Chee**	**Lee Teck Leng Robson**	**Tan Poh Hong**
Date of Appointment	27 April 2016	10 November 2010	22 June 2011	5 January 2018
Date of last re-appointment (if applicable)	27 April 2018	26 April 2019	26 April 2019	27 April 2018
Age	38	60	53	62
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for the appointment of Directors, and the re-nomination and re-election of Directors to the Board, is set out in pages 32 to 33 of the Annual Report.			
Whether appointment is executive, and if so, the area of responsibility	Executive	Executive	Non-Executive	Independent Director
	Please refer to the detailed description of the area of responsibilities set out in pages 17 to 23 of the Annual Report			
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Executive Director and Chief Executive Officer	Member of the Audit Committee, Nominating Committee and Remuneration Committee	Member of Audit Committee and Remuneration Committee
Professional qualifications	Please refer to the detailed description of the Directors; qualifications and working experience set out in the pages 17 to 23 of the Annual Report			
Working experience and occupation(s) during the past 10 years				
Shareholding interest in the listed issuer and its subsidiaries	Nil	138,374,100 shares (direct interests) 725,707,100 shares (deemed interests)	50,000 shares (direct interests)	Nil

Details	Name of Retiring Director			
	Lin Ruiwen	Lim Hock Chee	Lee Teck Leng Robson	Tan Poh Hong
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Daughter of Mr. Lim Hock Eng, the Company's Executive Chairman Daughter of Mdm. Tan Bee Loo (spouse of Mr. Lim Hock Eng). Mdm. Tan Bee Loo heads the fruit and vegetable department in the Group and is a Director of the Group's subsidiaries Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd. Niece of Mr. Lim Hock Chee, the Company's Chief Executive Officer, and Mr. Lim Hock Leng, the Company's Managing Director	The Executive Directors, Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng are brothers Mdm. Lee Moi Hong is the spouse of Mr. Lim Hock Chee. She heads the dry goods department in the Group and is a Director of the Group's subsidiaries Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd. Uncle of Ms. Lin Ruiwen, Executive Director	Nil	Nil
Conflict of interest (including any competing business)	As disclosed in the table "Other Principal Commitments Including Directorships – Present" below, Ms. Lin Ruiwen is also a Director of Sheng Siong Holdings Pte Ltd. The Group sells/buys to/from Sheng Siong Holdings Pte Ltd. Transaction with Sheng Siong Holdings Pte Ltd are carried out on normal commercial terms and do not prejudice the interests of the Company or its minority shareholders and are tracked and reported according to the rules on Interested Persons Transactions as stipulated in Chapter 9 of SGX-ST Listing Manual. Accordingly, these transactions had been included in our Annual Report 2020 on pages 52.	As disclosed in the table "Other Principal Commitments Including Directorships – Present" below, Mr. Lim Hock Chee is also a Director of E Land Properties Pte Ltd, FM Food Court Pte Ltd, ECL Money Changer Pte Ltd and Sheng Siong Holdings Pte Ltd. Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng each holds approximately 33.3% of the equity interest. of E Land Properties Pte Ltd, ECL Money Changer Pte Ltd and Sheng Siong Holdings Pte Ltd; and 21.57% of FM Foodcourt Pte Ltd. The Group leases space to/from and sells goods and services to these companies.	No	No

Details	Name of Retiring Director			
	Lin Ruiwen	Lim Hock Chee	Lee Teck Leng Robson	Tan Poh Hong
		Mr. Lim Hock Chee's son Mr. Lin Yuansheng is the sole owner of Isoft Apps Pte Ltd, which buy IT services from the Group. Transaction with these companies are carried out on normal commercial terms and do not prejudice the interests of the Company or its minority shareholders and are tracked and reported according to the rules on Interested Persons Transactions as stipulated in Chapter 9 of SGX-ST Listing Manual. These transactions had been included our Annual Report 2020 on pages 52.		
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments Including Directorships - Past (for the last 5 years)	Nil	Nil	1. Singapore Chinese High School 2. Hwa Chong International 3. Hwa Chong Institution	1. AgriFood and Veterinary Authority 2. Agrifood Technologies Pte Ltd
Other Principal Commitments Including Directorships - Present	1. Sheng Siong Supermarket Pte Ltd 2. C M M Marketing Management Pte Ltd 3. Sheng Siong Holdings Pte Ltd 4. SE Trust Limited 5. 96 Capital Management Pte Ltd 6. Gingko Global Ltd	1. Sheng Siong Supermarket Pte Ltd 2. C M M Marketing Management Pte Ltd 3. Sheng Siong Holdings Pte Ltd 4. E Land Properties Pte Ltd 5. ECL Money Changer Pte Ltd 6. F M Food Court Pte Ltd 7. SE Trust Limited 8. Singapore Chinese Chamber of Commerce & Industry	1. Etonhouse Community Fund Limited	1. APAC Realty Ltd 2. Jilin Food Zone Pte Ltd 3. VICOM Limited 4. Ann Aik Limited 5. Centurion Corporation Ltd 6. Barramundi Asia Pte Ltd

Details		Name of Retiring Director			
		Lin Ruiwen	Lim Hock Chee	Lee Teck Leng Robson	Tan Poh Hong
The general statutory disclosures of the Directors are as follows:					
a.	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
b.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a Director or an equivalent person or a key executive, at the time when he was a Director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a Director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No

Details		Name of Retiring Director			
		Lin Ruiwen	Lim Hock Chee	Lee Teck Leng Robson	Tan Poh Hong
c.	Whether there is any unsatisfied judgment against him?	No	No	No	No
d.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
e.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

Details		Name of Retiring Director			
		Lin Ruiwen	Lim Hock Chee	Lee Teck Leng Robson	Tan Poh Hong
f.	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
g.	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
h.	Whether he has ever been disqualified from acting as a Director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No

Details		Name of Retiring Director			
		Lin Ruiwen	Lim Hock Chee	Lee Teck Leng Robson	Tan Poh Hong
i.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
j.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—				
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No

Details	Name of Retiring Director			
	Lin Ruiwen	Lim Hock Chee	Lee Teck Leng Robson	Tan Poh Hong
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No

Details		Name of Retiring Director			
		Lin Ruiwen	Lim Hock Chee	Lee Teck Leng Robson	Tan Poh Hong
k.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	Mr Tan Ng Kuang @ Nicky Tan and Ms Lim Siew Soo (the "Complainants") filed a complaint against me to the Law Society of Singapore ("Law Society") in relation to the Complainants' judicial management of Punj Lloyd Pte Ltd and Sembawang Engineers and Constructors Pte Ltd. The complaint was consecutively dismissed by the Review Committee and Inquiry Committee of the Law Society. All charges alleged by the Complainants against me were also dismissed by a Disciplinary Tribunal ("DT") appointed to hear and investigate the complaint. The Complainants have on 15 February 2021 applied to the High Court to review the DT's decision. I will continue to vigorously contest all proceedings that the Complainants bring against me. I verily believe the matter will not affect my suitability to be re-appointed a non-executive Director of the Company.	No

Details	Name of Retiring Director			
	Lin Ruiwen	Lim Hock Chee	Lee Teck Leng Robson	Tan Poh Hong
Information required **Disclosure applicable to the appointment of Director only.**				
Any prior experience as a Director of an issuer listed on the Exchange?	Not applicable. This is a re-election of Directors.			
If yes, please provide details of prior experience.				
If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a Director of a listed issuer as prescribed by the Exchange.				

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual Directors.

The Board has implemented a process to be carried out by the NC to assess (i) its effectiveness as a whole; and (ii) the contribution on by each Director to the effectiveness of the Board.

The assessment of the Board utilizes a confidential questionnaire, covering areas such as the effectiveness of the Board in its monitoring role, the mix of expertise, experiences and skills represented on the Board, and are completed by each Director individually. Such performance criteria are approved by the Board and they address, *inter alia*, how the Board has enhanced long-term shareholders' value. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

The completed questionnaires are collated for the NC's deliberation. The NC then presents the results, conclusions and its recommendations to the Board. The Board has met its performance objectives in respect of FY2020. The Board is of the view that the Board and Board Committees operate effectively and each Director is contributing to the effectiveness of the Board and the Board Committees. No external facilitator was used during the evaluation of FY2020's performance.

The evaluation of individual Directors is conducted informally by the NC. Some factors taken into consideration by the NC include attendance records, contributions during Board meetings, as well as individual performance of principal functions and fiduciary duties. The performance of each Director is taken into account in re-election.

The assessment of the Board and each individual Director is carried out once every year. Each member of the NC shall not participate in any decision-making in respect of the assessment of his performance or re-nomination as a Director.

REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration and for fixing the remuneration packages of individual Directors and key management personnel. No Director should be involved in deciding his or her own remuneration.

Remuneration Committee

The RC comprises the following non-executive Directors, the majority of whom, including the Chairman, are independent:

- Mr. Goh Yeow Tin (Chairman)
- Mr. Jong Voon Hoo
- Mr. Lee Teck Leng Robson
- Ms. Tan Poh Hong

The RC has a charter, which is endorsed by the Board, which sets out its duties and responsibilities.

The principal functions of the RC include:

- recommending to the Board for endorsement, a framework of remuneration for our Directors and key management personnel in respect of all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind;
- recommending specific remuneration packages for each of our executive Directors and key management personnel; and
- administering the Sheng Siong Employees' Share Option Scheme ("**Sheng Siong ESOS**") and the Sheng Siong Share Award Scheme.

In developing the Group's framework of remuneration, the RC may from time to time refer to market reports or seek expert advice on average remuneration. No Director is involved in deciding his own remuneration.

The RC noted that apart from the payment in lieu of notice, the Company has no other obligations to the Executive Directors and/or key management personnel in the event of termination of their contracts of service.

The RC also reviews the total remuneration of employees who are related to Directors annually, to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any member of the RC who is related to the employee under review abstains from such review.

The RC has full authority to seek any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. The Company did not engage any remuneration consultants during FY2020.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration policy of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company.

Remuneration of Executive Directors and Key Management Personnel

The remuneration package of our Executive Directors and key management personnel comprises the following components:

(a) Fixed Component

The fixed component comprises basic salary, annual wage supplements and statutory employer's contributions to the Central Provident Fund In setting remuneration packages, the RC may take into account industry conditions, prevailing market practices, and the remuneration policies of comparable companies.

(b) Variable Component

This component comprises a variable bonus based on the Group's and the performance of the business units. To link rewards to performance, staff are assessed based on a matrix of indicators which includes non-quantitative criteria and is not limited solely to financial performance. Such non-quantitative criteria include contribution to the team, attitude, and special qualities displayed in discharging their duties. Manpower cost which is the biggest item in operating expenses varies in direct proportion to operating results mainly because the variable component for the executive Directors, key management personnel and middle level managers forms a significant portion of their total remuneration.

(c) Benefits

Benefits provided are consistent with market practice and include medical benefits and travel allowances. In addition, the Group provides a car to each of our Executive Directors during his employment with the Group.

The remuneration system has proven to be value accretive since its introduction about ten years ago.

Having reviewed and considered the variable components of the remuneration of management, which comprises of bonus, incentives and/or share options or share awards, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim these variable components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

Remuneration of Non-executive Directors

The Independent and/or Non-executive Directors are paid fixed Directors' fees, which are reviewed by the RC, taking into account the level of each Director's contribution, the effort and time spent, their respective responsibilities and the prevailing market practices. The proposed Directors' fees are also subject to approval by shareholders at each AGM.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationship between remuneration, performance and value creation.

The disclosure on remuneration is provided to enable investors to understand the link between the remuneration paid to Directors and Management, and corporate and individual performance. A breakdown of the remuneration of Directors for FY2020 is set out below.

	Salary[1]	Variable Bonus	Director's Fees	Benefits in Kind	Total
	(S$'000)				
Executive Directors					
Mr. Lim Hock Eng	294	5,430	20*	48	5,792
Mr. Lim Hock Chee	368	5,430	20*	40	5,858
Mr. Lim Hock Leng	295	5,430	20*	44	5,793
Mr. Tan Ling San	285	5,430	20*	77	5,812
Ms. Lin Ruiwen	311	–	20*	15	346
Non-executive Directors					
Mr. Goh Yeow Tin	–	–	60**	–	60
Mr. Jong Voon Hoo	–	–	60**	–	60
Mr. Francis Lee Fook Wah	–	–	60**	–	60
Mr. Lee Teck Leng Robson	–	–	60**	–	60
Ms. Tan Poh Hong	–	–	60**	–	60

Notes:

* Directors' fees payable by subsidiaries of the Company.

** Directors' fees payable to independent and/or non-executive Directors are subject to the approval of shareholders at the forthcoming AGM.

(1) Includes the annual wage supplement, and employers' CPF.

The remuneration of the top five key management personnel for FY2020 is set out below. The total remuneration paid to these personnel (who are not Directors or the CEO of the Company) is approximately S$2.89 million (2019: S$2.06 million).

	Salary[1]	Variable Bonus	Director's Fees	Benefits in Kind	Total
	(%)				
Key management personnel					
S$750,001 to S$1,000,000					
Mr. Wong Soong Kit	25.4	67.6	2.3	4.7	100
Mr. Ho Chee Haw, Alvin	26.1	71.4	2.5	–	100
S$500,001 to S$750,000					
Mdm. Lee Lay Chin	16.0	80.8	2.8	0.4	100
S$1 to S$250,000					
Mdm. Lee Moi Hong[2]	91.8	–	8.0*	0.2	100
Mdm. Tan Bee Loo[3]	92.0	–	8.0	–	100

Notes:

* Directors' fees paid by subsidiaries of the Company.

(1) Includes the annual wage supplement, fixed bonus and employers' CPF.

(2) Mdm. Lee Moi Hong is the wife of our CEO, Mr. Lim Hock Chee.

(3) Mdm. Tan Bee Loo is the wife of our Executive Chairman, Mr. Lim Hock Eng.

Overall, the Company's Executive Directors and the Group's key management personnel have met the key performance objectives required of them. No termination, retirement or post-employment benefits have been granted to the Company's Directors and key management personnel.

The remuneration of employees who are immediate family members of a Director or the CEO of the Company and whose salary exceeds $100,000 for FY2020 is set out below.

S$301,000 to S$400,000		
Ms. Lin Ruiwen	Executive Director	Daughter of Mr. Lim Hock Eng, niece of Lim Hock Chee, Lim Hock Leng
S$200,001 to S$300,000		
Mdm. Lee Moi Hong	Head of Dry Goods	Wife of Mr.Lim Hock Chee
Mdm. Tan Bee Loo	Head of Vegetables & Fruits	Wife of Mr.Lim Hock Eng
Mr. Lin Jun Lin, Nigel	Executive Assistant to CEO	Son of Mr. Lim Hock Leng, nephew of Lim Hock Eng, Lim Hock Chee
Mr. Lin Zikai	Executive Assistant to CEO	Son of Mr. Lim Hock Chee, nephew of Lim Hock Eng, Lim Hock Leng
Mr. Lin Yuansheng	Executive Assistant to CEO	Son of Mr. Lim Hock Chee, nephew of Lim Hock Eng, Lim Hock Leng
S$101,000 to S$200,000		
Ms. Lim Guek Li	Senior Manager	Sister of Lim Hock Eng, Lim Hock Chee, Lim Hock Leng. Aunt of Lin Rui Wen
Ms. Lim Guek Hun	Manager	Sister of Lim Hock Eng, Lim Hock Chee, Lim Hock Leng. Aunt of Lin Rui Wen
Ms. Lim Guek Kee	Assistant Executive	Sister of Lim Hock Eng, Lim Hock Chee, Lim Hock Leng. Aunt of Lin Rui Wen

Employee Share Schemes

The Sheng Siong ESOS (employees' share option scheme) will expire by 30 June 2021. There were no options granted under the scheme since its inception. The Company will not be extending the duration of the scheme as the Sheng Siong Share Award Scheme which was introduced in 2013 will continue to give the Company greater flexibility in tailoring reward and incentive packages for its Directors and employees, and aligning their interest with those of the Company's shareholders on a longer-term basis.

Grants under the Company's employee share schemes are subject to certain performance conditions which are intended to be based on the Group's medium-term corporate objectives. Performance conditions may include stretched targets based on sales growth, earnings per share and return on investment.

In determining the terms of a grant under an employee share scheme, the scheme committee will take into consideration, *inter alia*, the employee's rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target(s) within the performance period.

Sheng Siong Share Award Scheme

The Sheng Siong Share Award Scheme was approved by the shareholders of the Company at an extraordinary general meeting held on 25 April 2013, and is administered by the scheme committee, comprising the RC, the Finance Director and two (2) Executive Directors duly authorised and appointed by the Board.

Participants in the Sheng Siong Share Award Scheme will receive awards which represent the right to receive fully paid shares of the Company free of charge, upon the participant achieving prescribed performance targets and upon expiry of the prescribed vesting periods.

No awards were granted during FY2020 and as at the date of this Annual Report, no awards are outstanding, under the Sheng Siong Share Award Scheme.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Group's level of risk tolerance and risk management policies are determined by the Board. The Board and Management are responsible for overseeing the Group's risk management framework and policies, including reviewing the Group's business and operational activities to identify areas of significant risk. There is a Risk Committee led by our Executive Director, Ms. Lin Ruiwen, comprising of managers from the various departments who will meet regularly to undertake these tasks. The Board will review the reports and recommendations of the Risk Committee and look into the system of internal controls and measures taken to mitigate such risks.

The Board has received assurance from the CEO, the Finance Director and the internal auditors that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Annual review of the Group's Risk Management and Internal Control Systems

The Board and the AC have undertaken an assessment of the adequacy and effectiveness of the Group's risk management and internal control systems. Based on the internal controls (including financial, operational, compliance and information technology controls and risk management systems) established and maintained by the Group, work performed by the internal and external auditors, the review and documentation of the Group's key risks performed by Management, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems are adequate and effective as at the date of this Annual Report.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises the following non-executive Directors, the majority of whom, including the Chairman, are independent.

- Mr. Jong Voon Hoo (Chairman)
- Mr. Goh Yeow Tin
- Mr. Francis Lee Fook Wah
- Mr. Lee Teck Leng Robson
- Ms. Tan Poh Hong

The Board is of the view that the members of the AC, including the AC Chairman, have sufficient accounting, financial management or legal experience to discharge the AC's responsibilities, given their experience as Directors, partners and/or management in their respective fields.

The AC does not comprise former partners or Directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or Director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The AC has a charter, which is endorsed by the Board and sets out its duties and responsibilities. The principal functions of the AC include:

- reviewing the significant financial reporting issues and judgments, so as to ensure the integrity of the Group's financial statements and quarterly announcements;
- reviewing the scope and results of the internal and external audits;
- reviewing the adequacy and effectiveness of the Group's risk management and internal controls, including financial, operational and compliance controls;
- reviewing the assurance from the CEO and Finance Director on the financial statements and financial records;
- reviewing the independence and objectivity of the external auditors; and
- making recommendations to the Board on the appointment, re-appointment and removal of external auditors and approving the remuneration and terms of engagement of the external auditors.

The AC also reviews the interested person transactions of the Group on a quarterly basis to ensure that such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Group and its minority shareholders.

The AC meets with the internal auditors and the external auditors without the presence of Management annually.

The AC also reviewed the independence of the external auditors and noted that the fees payable by the Group to our external auditors for FY2020 are as follows:

Fees paid/payable to external auditor for FY2020	**S$'000**
Audit	285
Non-audit	20
Total	305

In addition, the AC has undertaken a review of all non-audit services provided by the external auditors, KPMG LLP, and is of the view that such services would not affect the independence of the external auditors.

The Company has complied with Rules 712 and 715 of the Listing Manual in the appointment of its auditor. Sheng Siong Supermarket (Malaysia) Sdn Bhd, the Company's wholly-owned subsidiary, is dormant and Sheng Siong (China) Supermarket Co., Ltd., the Company's 60%-owned subsidiary, which commenced operations in November 2017 and is not considered as significant, are audited by other firms of certified public accountants.

The AC members are given periodic updates on changes to accounting standards and issues which may have a direct impact on financial statements.

The Group has implemented a whistle-blowing policy, which provides employees and any other persons with channels through which they may report any concern, irregularity or improper act committed by another employee of the Group. The AC may commission independent investigations of any suspected fraud or irregularity, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings of such investigations. There were no whistle blowing instances reported to the AC or to any Directors.

Internal Audit

The Group has engaged PricewaterhouseCoopers LLP ("**PwC**") as its internal auditors. The AC approves the hiring, removal, evaluation and compensation of the internal auditors. PwC reports primarily to the AC Chairman and submits its audit plan to the AC for approval prior to commencement of the internal audit. The internal audit is carried out in accordance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. PwC has full access to the documents, records, properties and personnel (including the AC) of the Group.

The AC reviewed and is satisfied with the adequacy and effectiveness of the internal audits performed by PwC at least annually to, *inter alia*, ensure that (i) the internal audit function is adequately resourced and has appropriate standing within the Group; and (ii) the recommendations of the internal auditors are properly implemented.

COMMUNICATION WITH SHAREHOLDERS

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise the shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance and prospects,

Principle 12: The Company communicates regularly with its shareholders and facilitate the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Principle 13: The Board adopts and inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure the best interests of the company are served.

The Company endeavors to maintains regular, timely and effective communication with its shareholders. The Company disseminates all price-sensitive information to its shareholders on a non-selective basis. The Company has opted for half yearly reporting of its consolidated unaudited financial results but has provided business updates for the first and third quarters to keep shareholders informed of the business condition of the Group. All these are published through the SGXNET, together with press releases and presentation materials for analysts' and investors' briefings, which are held quarterly immediately after the release of our quarterly results. Besides these quarterly briefings, the Company will meet with investors upon request or communicate via its website, which provides an email link which has been used by shareholders to raise queries or express their views. The Company has engaged an Investor Relations Consultant to assist with these tasks. The shareholders can also through the Company's website at https://corporate.shengsiong.com.sg/investors/ to access the financial information and profile of the Group.

All shareholders receive the Company's annual report and notice of AGM. The notice of AGM is also advertised in the newspaper. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. The shareholders are also informed on the poll voting procedures at the general meetings.

The Constitution of the Company allows a member of the Company to appoint one or two proxies to attend and vote at general meetings instead of the member. Pursuant to Section 181 of the Companies Act, Chapter 50, members who are relevant intermediaries (as defined in Section 181 of the Companies Act), which include banking corporations providing nominee services and holders of capital markets services licences providing custodial services for securities, are allowed to appoint more than two proxies.

Voting in absentia by mail, facsimile or email is currently not provided in the Company's Constitution as such voting methods would need to be cautiously studied for its feasibility to ensure that the integrity of the information and the authenticity of the shareholder's identity is not compromised.

The Company welcomes the views of shareholders on matters concerning the Group and encourages shareholders' participation at AGM. As the AGM held in 2020 was done virtually, shareholders were encouraged to ask questions in writing through a dedicated website and the Company had answered all the queries by posting the answers on the website and through SGXNET. Nonetheless, though the AGM was held virtually, all Directors, including the Chairman of each of the AC, NC and RC, and Management and the external auditors were in attendance. The attendance of the Directors at general meetings held in 2020 is disclosed in the Annual Report on page 30.

Separate resolutions on substantive matters will be tabled, to avoid the "bundling" of resolutions and all resolutions are to be voted by poll, following which the detailed results showing, *inter alia*, the number of votes cast for and against each resolution and the respective percentages will be announced. The minutes of general meetings, which will typically include substantial comments or queries from shareholders and responses from the Board and Management, will be made available to shareholders upon written request. The minutes for the AGM held in FY2020 was published via SGXNET.

Although the Group does not currently have a formal dividend policy, the Group endeavors to distribute up to 70% percent of our net profit after tax to our Shareholders as we wish to reward our Shareholders for participating in our Group's growth. The declaration and payment of future dividends will depend on our operating results, financial condition, and other cash requirements including capital expenditure, the terms of borrowing arrangements (if any), dividend yield of comparable companies (if any) listed in Singapore and other factors deemed relevant by our Directors. There is no assurance that dividend distributions will be made by our Company in the future.

The Board has recommended a final dividend of S$0.03 per ordinary share for FY2020 which is subject to the shareholders' approval at the forthcoming AGM of the Company.

The Group publishes annually a Sustainability Report which will describe in detail its engagement and relationship with material stakeholders. The Company will, through its corporate website, dedicated Apps on mobile devices and other forms of social media engages and communicates with stakeholders.

Dealings in securities

The Company has adopted an internal policy on dealings in the Company's securities, which is in line with the requirements of the Listing Manual.

The Directors and the Company's officers are prohibited from dealing in the Company's securities during the period commencing one (1) month before the announcement of the Group's half year and full-year financial results.

The Directors and the Company's officers are also prohibited from dealing in the Company's securities on short-term considerations and expected to observe insider-trading laws at all times even when dealing in securities within a permitted trading period, especially if they are in possession of material unpublished price sensitive information of the Company.

Interested Person Transactions

The Company has established procedures to ensure that all interested persons transactions are carried out on normal commercial terms and do not prejudice the interests of the Company and its minority shareholders. Details of the interested person transactions entered into by the Group during FY2020 are set out below:

INTERESTED PERSON TRANSACTIONS
From 1 January 2020 to 31 December 2020

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 S$100,000)
F M Food Court Pte Ltd[1] Lim Hock Eng Lim Hock Chee Lim Hock Leng	Sale of goods and services by Sheng Siong Group Ltd to F M Food Court Pte Ltd[(1)]	48	–
	Lease of operation space by FM Food Court Pte Ltd[(1)] from Sheng Siong Group Ltd	313	–
E Land Properties Pte Ltd[1] Lim Hock Eng Lim Hock Chee Lim Hock Leng	Rent and utilities paid by Sheng Siong Group Ltd. to E Land Properties Pte Ltd[(1)] for lease and license of operations space	2,150	–
Sheng Siong Holdings Pte Ltd[2] Lim Hock Eng Lim Hock Chee Lim Hock Leng Lin Ruiwen	Re-billing at cost of purchases of gold to manufacture long service medallions to be awarded to employees	470	–

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.

Material Contracts

Save as disclosed above, there were no other material contracts, which involve the interests of any Director and/or controlling shareholder, were entered into by the Group during FY2020 and are still subsisting as at 31 December 2020, or were entered into since 31 December 2020.

Directors Statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 60 to 99 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2020 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Lim Hock Chee
Lim Hock Eng
Lim Hock Leng
Tan Ling San
Lin Ruiwen
Goh Yeow Tin
Jong Voon Hoo
Francis Lee Fook Wah
Lee Teck Leng, Robson
Tan Poh Hong

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company or its related corporations (other than the Company's wholly-owned subsidiaries) are as follows:

	Holdings in the name of the director or nominee		Other holdings in which the director is deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Name of director and corporation in which interests are held				
The Company				
Ordinary shares				
Lim Hock Chee	137,900,000	138,374,100	725,707,100[(1)(2)]	725,707,100[(1)(2)]
Lim Hock Eng	137,400,000	137,400,000	724,100,000[(1)]	724,574,100[(1)]
Lim Hock Leng	137,400,000	137,400,000	724,100,000[(1)]	724,574,100[(1)]
Lee Teck Leng, Robson	50,000	50,000	–	–

Notes:

(1) Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng (each a "Lim Director") are siblings and each of them is a director and shareholder (each holding an equity interest of approximately 33.3%) of Sheng Siong Holdings Pte. Ltd. ("SS Holdings"). Pursuant to Section 7 of the Companies Act (Cap. 50):

(a) Mr. Lim Hock Chee is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (274,800,000 shares); and (ii) SS Holdings (448,800,000 shares);

(b) Mr. Lim Hock Eng is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (275,300,000 and 275,774,100 shares as at 1 January 2020 and 31 December 2020 respectively); and (ii) SS Holdings (448,800,000 shares); and

(c) Mr. Lim Hock Leng is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (275,300,000 and 275,774,100 shares as at 1 January 2020 and 31 December 2020 respectively); and (ii) SS Holdings (448,800,000 shares).

(2) Mr. Lim Hock Chee is also deemed to be interested in the 2,107,100 shares in Sheng Siong Group Ltd. held by his spouse, Mdm Lee Moi Hong.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of its related corporations, either at the beginning of the financial year or at the end of the financial year.

Save as disclosed, there were no other changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this statement and in Note 22 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Long term incentive schemes

Sheng Siong Group Ltd's Employee Share Option Scheme ("ESOS") and Sheng Siong Group Ltd's Share Award Scheme ("Sheng Siong Share Award Scheme") were approved by members at Extraordinary General Meetings ("EGM") held on 1 July 2011 and 25 April 2013 respectively. The ESOS will be expiring on 30 June 2021 and the Company does not intend to extend it as the Sheng Siong Share Award Scheme will provide the flexibility in tailoring reward and incentive packages for the employees and directors, and at the same time, aligning their interest with those of the shareholders. The Sheng Siong Share Award Scheme is administered by the Sheng Siong Share Award Scheme Committee comprising members of the Remuneration Committee, two Executive Directors duly authorised and appointed by the Board and the Finance Director.

Other information regarding the Sheng Siong Share Award Scheme is set out below:

Awards represent the right of a Sheng Siong Share Award Scheme participant to receive fully paid shares (via the issue of new shares and/or transfer of treasury shares) free of charge upon achieving prescribed performance targets and upon the expiry of the prescribed vesting periods. The Sheng Siong Share Award Scheme Committee shall have the absolute discretion to decide on, inter alia:

- The date on which the Award is to be vested;
- The number of shares to be awarded;
- The prescribed performance target(s);

- The vesting period; and
- The extent to which shares under the Award shall be released on the prescribed performance targets being achieved, either in full or in part.

The aggregate number of shares which may be delivered pursuant to the Sheng Siong Share Award Scheme shall not exceed 15% of the issued capital of the Company (excluding treasury shares) from time to time. The duration of the Sheng Siong Share Award Scheme is ten years from the respective EGM dates.

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries;

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries; and

(iii) no awards granted by the Company or its subsidiaries to any person under the Sheng Siong Share Award Scheme.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are as follows:

- Jong Voon Hoo (Chairman), independent director
- Goh Yeow Tin, lead independent director
- Francis Lee Fook Wah, independent director
- Tan Poh Hong, independent director
- Lee Teck Leng, Robson, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Singapore Companies Act, Chapter 50, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four (4) meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external auditors and internal auditors to discuss the audit plan, scope of their work, results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual);
- the scope and reports from internal auditors on the effectiveness of the Group's internal controls; and
- non-audit services provided by the external auditors, KPMG LLP, to determine their independence.

Directors Statement

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external and internal auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The external auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Lim Hock Chee
Director

Lim Hock Eng
Director

26 March 2021

Independent Auditors' Report

Report on the financial statements

Opinion

We have audited the financial statements of Sheng Siong Group Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages 60 to 99.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is those matters that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Cash sales/receipts arising from supermarket operations

The key audit matter

A substantial volume of the sales from supermarket operations is derived from cash sales. In view of the high volume of cash transactions, there is a risk of misappropriation of cash and cash sales may not be recorded.

How the matter was addressed in our audit

We assessed the Group's controls over the recording of sales, collection and custody of cash including segregation of duties. We also tested key controls such as reconciliation of sales records to records of receipts and cash and bank balances.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Sarina Lee.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 March 2021

Statements Of Financial Position

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Assets					
Property, plant and equipment	4	340,299	356,189	–	–
Investment in subsidiaries	5	–	–	82,261	82,261
Non-current assets		340,299	356,189	82,261	82,261
Inventories	6	77,911	82,166	–	–
Trade and other receivables	7	19,949	17,981	199,300	181,354
Cash and cash equivalents	8	253,901	76,419	274	299
Current assets		351,761	176,566	199,574	181,653
Total assets		692,060	532,755	281,835	263,914
Equity					
Share capital	9	235,373	235,373	235,373	235,373
Merger reserve	10	(68,234)	(68,234)	–	–
Foreign currency translation reserve		3	(173)	–	–
Accumulated profits		205,248	146,285	46,083	28,094
Equity attributable to owners of the Company		372,390	313,251	281,456	263,467
Non-controlling interest		2,709	2,109	–	–
Total equity		375,099	315,360	281,456	263,467
Liabilities					
Deferred tax liabilities	11	3,615	3,042	–	–
Term loan	12	15,000	–	–	–
Lease liabilities	13	23,129	30,239	–	–
Non-current liabilities		41,744	33,281	–	–
Trade and other payables	14	208,089	140,766	379	447
Current tax payable		29,754	16,605	–	–
Term loan	12	15,000	–	–	–
Lease liabilities	13	22,374	26,743	–	–
Current liabilities		275,217	184,114	379	447
Total liabilities		316,961	217,395	379	447
Total equity and liabilities		692,060	532,755	281,835	263,914

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Revenue	15	1,393,998	991,284
Cost of sales		(1,012,140)	(724,426)
Gross profit		381,858	266,858
Other income		41,243	8,933
Selling and distribution expenses		(7,222)	(7,669)
Administrative expenses		(245,159)	(172,787)
Other expenses		(4,580)	(2,752)
Results from operating activities		166,140	92,583
Finance expenses	16	(2,016)	(2,014)
Finance income	16	984	1,338
Profit before tax		165,108	91,907
Tax expense	18	(25,975)	(16,152)
Profit for the year	17	139,133	75,755
Profit attributable to:			
Owners of the Company		138,650	75,732
Non-controlling interest		483	23
Profit for the year		139,133	75,755
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign entity		293	(137)
Total comprehensive income for the year		139,426	75,618
Total comprehensive income attributable to:			
Owners of the Company		138,826	75,650
Non-controlling interest		600	(32)
Total comprehensive income for the year		139,426	75,618
Earnings per share			
- Basic and diluted (cents)	19	9.22	5.04

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

Year ended 31 December 2020

	Attributable to owners of the Company						
	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group							
At 1 January 2020	235,373	(68,234)	(173)	146,285	313,251	2,109	315,360
Total comprehensive income for the year							
Profit for the year	–	–	–	138,650	138,650	483	139,133
Other comprehensive income							
Foreign currency translation differences for foreign entity	–	–	176	–	176	117	293
Total comprehensive income for the year	–	–	176	138,650	138,826	600	139,426
Transactions with owners, recognised directly in equity							
Distribution to owners of the Company							
Dividends paid (Note 9)	–	–	–	(79,687)	(79,687)	–	(79,687)
Total transactions with owners	–	–	–	(79,687)	(79,687)	–	(79,687)
At 31 December 2020	235,373	(68,234)	3	205,248	372,390	2,709	375,099
Group							
At 1 January 2019	235,373	(68,234)	(91)	123,177	290,225	2,141	292,366
Total comprehensive income for the year							
Profit for the year	–	–	–	75,732	75,732	23	75,755
Other comprehensive income							
Foreign currency translation differences for foreign entity	–	–	(82)	–	(82)	(55)	(137)
Total comprehensive income for the year	–	–	(82)	75,732	75,650	(32)	75,618
Transactions with owners, recognised directly in equity							
Distribution to owners of the Company							
Dividends paid (Note 9)	–	–	–	(52,624)	(52,624)	–	(52,624)
Total transactions with owners	–	–	–	(52,624)	(52,624)	–	(52,624)
At 31 December 2019	235,373	(68,234)	(173)	146,285	313,251	2,109	315,360

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Cash Flows

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Operating activities			
Profit for the year		139,133	75,755
Adjustments for:			
Depreciation of:			
– property, plant and equipment		20,675	18,055
– right-of-use assets	4	29,910	23,702
Loss on disposal of property, plant and equipment	17	124	43
Unrealised exchange gain		(58)	(88)
Interest income		(984)	(1,338)
Interest expense		2,016	2,014
Tax expense		25,975	16,152
		216,791	134,295
Changes in:			
– inventories		4,255	(12,269)
– trade and other receivables		(1,968)	(4,992)
– trade and other payables		67,323	15,103
Cash generated from operations		286,401	132,137
Taxes paid		(12,253)	(14,815)
Cash flows from operating activities		274,148	117,322
Investing activities			
Proceeds from disposal of property, plant and equipment		30	91
Purchase of property, plant and equipment		(17,131)	(53,611)
Interest received		984	1,338
Cash flows used in investing activities		(16,117)	(52,182)
Financing activities			
Dividends paid		(79,687)	(52,624)
Proceeds from borrowings		30,000	–
Payment of lease liabilities		(29,197)	(21,268)
Interest paid on lease liabilities		(2,016)	(2,014)
Cash flows used in financing activities		(80,900)	(75,906)
Net increase/(decrease) in cash and cash equivalents		177,131	(10,766)
Cash and cash equivalents at beginning of the year		76,419	87,234
Effect of exchange rate changes on balances held in foreign currencies		351	(49)
Cash and cash equivalents at end of the year	8	253,901	76,419

The accompanying notes form an integral part of these financial statements.

Notes To The Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 March 2021.

1 Domicile and activities

Sheng Siong Group Ltd (the "Company") was incorporated on 10 November 2010 in the Republic of Singapore and has its registered office at 6 Mandai Link, Singapore 728652.

The financial statements of the Group as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 5.

2 Basis of preparation

2.1 Statement of compliance

The financial statements for the year ended 31 December 2020 have been prepared in accordance with Singapore Financial Reporting Standards (International) "(SFRS(I))".

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the Group's accounting policies and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following amendments to SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition* of *Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

(i) Acquisitions of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholders that control the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interest ("NCI") in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Non-controlling interest (NCI)

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value, or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I).

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iii) Non-controlling interest (NCI) (cont'd)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their own capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of net assets of the subsidiary.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of a foreign operation are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of a foreign operation are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions.

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

Foreign exchange differences are recognised in the other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of other asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Construction-in-progress is not subject to depreciation.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land and properties	-	lease period or useful lives, whichever is shorter
Renovations	-	5 years
Plant and machinery	-	3-5 years
Office equipment, furniture and fittings	-	5 years
Motor vehicles	-	5 years
Computers	-	3 years
Solar panels	-	10 years
Cold room	-	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Dividends

Dividends on ordinary shares are recognised when they are approved for payment. Dividends on ordinary shares classified as equity are accounted for as movements in accumulated profits.

3 Significant accounting policies (cont'd)

3.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on gross turnover, or an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a payment option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3 Significant accounting policies (cont'd)

3.5 Leases

(i) As a lessee (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

Rental income from sub-leased property is recognised as "other income".

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

3 Significant accounting policies (cont'd)

3.7 Impairment

Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates or credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statements of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 Significant accounting policies (cont'd)

3.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9 Revenue

Supermarket operations

The Group operates a chain of supermarket retail stores selling consumer product. Revenue is recognised when control of the goods has been transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. It is the Group's policy to sell its products to the end customer with a right of return within 3 days. However, based on the accumulated historical experience, the estimated amount of returns was negligible. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

3.10 Other income

Rental income

Rental income receivable under operating leases is recognised in profit or loss as 'other income' on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Government grants

Government grants relating to property, plant and equipment ("PPE") are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group can comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the PPE. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3 Significant accounting policies (cont'd)

3.11 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; or
- dividend income.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.12 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

3 Significant accounting policies (cont'd)

3.12 Tax expense (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.13 Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held and for the effects of all dilutive potential ordinary shares.

3.14 Segment reporting

The Group determines and presents operating segments based on the information that is internally provided to the Executive Directors.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Group’s Executive Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

3 Significant accounting policies (cont'd)

3.15 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's and the Company's statements of financial position.

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Covid-19 Related Rent Concessions* (Amendments to SFRS(I) 16)
- *References to Conceptual Framework* (Amendments to SFRS(I) 1-3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual improvements to SFRS(I)s 2018-2020*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- SFRS(I) 17 *Insurance Contracts* (Amendments to SFRS(I) 17)

4 Property, plant and equipment

Group	Leasehold land and properties $'000	Renovations $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Computers $'000	Construction in-progress* $'000	Solar panels $'000	Cold room $'000	Total $'000
Cost										
At 1 January 2019	284,116	18,955	61,589	5,128	10,460	12,846	14,626	3,766	6,378	417,864
Additions	59,071	2,301	9,507	520	1,920	3,862	5,093	–	11	82,285
Disposals	–	(27)	(782)	(29)	(630)	–	–	–	–	(1,468)
At 31 December 2019	343,187	21,229	70,314	5,619	11,750	16,708	19,719	3,766	6,389	498,681
Additions	36,007	1,972	10,969	1,019	986	1,496	(19,719)	–	2,188	34,918
Disposals	(124)	(157)	(5,868)	(198)	(105)	(622)	–	–	–	(7,074)
At 31 December 2020	379,070	23,044	75,415	6,440	12,631	17,582	–	3,766	8,577	526,525
Accumulated depreciation										
At 1 January 2019	19,656	11,859	40,763	4,563	8,778	8,572	–	1,506	6,372	102,069
Depreciation charge for the year	26,818	2,375	7,867	251	922	3,143	–	377	4	41,757
Disposals	–	(27)	(767)	(28)	(512)	–	–	–	–	(1,334)
At 31 December 2019	46,474	14,207	47,863	4,786	9,188	11,715	–	1,883	6,376	142,492
Depreciation charge for the year	33,849	2,515	8,892	435	928	3,219	–	377	370	50,585
Disposals	(55)	(158)	(5,738)	(176)	(103)	(621)	–	–	–	(6,851)
At 31 December 2020	80,268	16,564	51,017	5,045	10,013	14,313	–	2,260	6,746	186,226
Carrying amounts										
At 1 January 2019	264,460	7,096	20,826	565	1,682	4,274	14,626	2,260	6	315,795
At 31 December 2019	296,713	7,022	22,451	833	2,562	4,993	19,719	1,883	13	356,189
At 31 December 2020	298,802	6,480	24,398	1,395	2,618	3,269	–	1,506	1,831	340,299

* Construction-in-progress consists of a leasehold building extension which was completed during the year.

4 Property, plant and equipment (cont'd)

Information about leasehold land and properties classified as right-of-use assets that are presented as property, plant and equipment for which the Group is a lessee is presented below.

	Leasehold land and properties $'000
Group	
Cost	
At 1 January 2019	55,931
Additions	28,674
At 31 December 2019	84,605
Additions	17,787
Disposal*	(124)
At 31 December 2020	102,268
Accumulated depreciation	
At 1 January 2019	–
Depreciation charge for the year	23,702
At 31 December 2019	23,702
Depreciation charge for the year	29,910
Disposal*	(55)
At 31 December 2020	53,557
Carrying amounts	
At 1 January 2019	55,931
At 31 December 2019	60,903
At 31 December 2020	48,711

* Disposal of lease arises as the Group has opted for early termination on one of the leases due to strategic reasons. The Group has given an early written notice on the intention to terminate to the lessor and there is no early termination penalty in accordance with the lease agreement.

The Group's major leasehold properties as at 31 December 2020 were as follows:

Location	Description	Tenure	Floor area (sq. m.)
Blk 4, Lorong 7 Toa Payoh, #01-107 Singapore 310004	1 HDB shop unit	55 years commencing 24 September 2013	219
Blk 506 Tampines Central 1 #01-361 Singapore 520506	3 storey shopping mall*	75 years commencing 31 December 2014	3,876
18 Yishun Avenue 9 Singapore 768897	6 units in shopping mall*	96 years commencing 31 March 2016	1,727
209 New Upper Changi Road #01-631 Singapore 460209	1 HDB shop unit	62 years commencing 20 May 2016	2,844

4 Property, plant and equipment (cont'd)

Location	Description	Tenure	Floor area (sq. m.)
Blk 118 Aljunied Avenue 2 #01-100 Singapore 380118	1 HDB shop unit on 1st and 2nd floor	60 years commencing 26 December 2019	2,717
6 Mandai Link, Singapore 728652	4 storey warehouse with ancillary offices	60 years commencing in 2009	59,549 [3]
Woodlands Road [1]	Leasehold land	22 years commencing in 2016 [2]	

* The excess space are subleased to third parties under operating lease arrangements.

1 This land with an area of 1,795sqm is adjacent to 6 Mandai Link.

2 There is an option for another 30 years extension subject to certain terms and conditions.

3 Floor area of the extended building built on 6 Mandai Link and Woodlands Road.

5 Investment in subsidiaries

	Company 2020 $'000	Company 2019 $'000
Equity investments, at cost	82,261	82,261

The subsidiaries of the Company are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group 2020 %	Effective equity interest held by the Group 2019 %
Sheng Siong Supermarket Pte. Ltd.[1]	Supermarket operations	Singapore	100	100
CMM Marketing Management Pte. Ltd.[1]	Trading of general and wholesale importers and exports	Singapore	100	100
Sheng Siong (M) Sdn. Bhd. [2]	Dormant	Malaysia	100	100
Sheng Siong (China) Supermarket Co, Ltd [2]	Supermarket operations	China	60	60

1 Audited by KPMG LLP, Singapore

2 Audited by other firms of certified public accountants

6 Inventories

	Group	
	2020 $'000	2019 $'000
Goods for resale	77,911	82,166

In 2020, changes in goods for resale recognised in cost of sales amounted to $968,422,000 (2019: $681,813,000).

7 Trade and other receivables

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade receivables	10,405	5,789	–	64
Amounts due from affiliated companies (trade)	12	15	–	–
Amounts due from subsidiaries:				
- non-trade	–	–	136,594	151,284
- dividend receivable	–	–	62,700	30,000
Other receivables	1,759	1,788	–	–
Grant receivable	2,386	–	–	–
Deposits	3,409	8,078	–	–
	17,971	15,670	199,294	181,348
Prepayments	1,978	2,311	6	6
	19,949	17,981	199,300	181,354

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. There is no impairment loss allowance on the outstanding balances.

The grant receivable relates to the Jobs Support Scheme given by the Singapore Government as part of the COVID-19 relief measures to provide wage support to employers to help retain their employees during the period of economic uncertainty.

The Group's exposure to credit and market risks related to trade and other receivables are disclosed in Note 23.

8 Cash and cash equivalents

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash in hand	12,172	13,242	*	*
Cash at banks	12,007	14,191	274	299
Fixed deposits	229,722	48,986	–	–
	253,901	76,419	274	299

* Amount is less than $1,000.

Fixed deposits are placed with banks in Singapore and China with tenors of up to 3 months with interest rates of 0.01% to 2.0% (2019: 0.72% to 1.80%).

9 Share capital

	2020		2019	
	Number of shares '000	Amount $'000	Number of shares '000	Amount $'000
Company				
In issue at 1 January and 31 December	1,503,537	235,373	1,503,537	235,373

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to claims on Company's residual assets.

All issued ordinary shares are fully paid, with no par value.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Company:

	2020 $'000	2019 $'000
Ordinary dividends paid in respect of the financial year ended 2018		
Final cash dividend of 1.75 cents per ordinary share	–	26,312
Ordinary dividends paid in respect of the financial year ended 2019		
Interim cash dividend of 1.75 cents per ordinary share	–	26,312
Final cash dividend of 1.80 cents per ordinary share	27,063	–
Ordinary dividends paid in respect of the financial year ended 2020		
Interim cash dividend of 3.50 cents per ordinary share	52,624	–
	79,687	52,624

Subject to the approval by the shareholders at the forthcoming Annual General Meeting, the directors have proposed an exempt (one-tier) final dividend of 3.0 cents per share (2019: exempt (one-tier) final dividend of 1.80 cents per share) amounting to an estimated amount of $45.1 million (2019: $27.1 million) in respect of the year ended 31 December 2020. This proposed dividend has not been included as a liability in the financial statements. The total dividends paid and proposed for the year, comprising the interim and final dividend in respect of the year ended 31 December 2020 approximates 70.5% (2019: 70.5%) of the Group's net profit after tax.

Capital management

The Group defines capital as share capital and accumulated profits.

The Group's objective when managing capital is to maintain an efficient capital structure in the long term so as to maximise shareholder value. In order to maintain or achieve an efficient capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

10 Merger reserve

Merger reserve represents the difference between the purchase consideration of $78.2 million paid by the Company for the acquisition of the entities under common control which subsequently became subsidiaries of the Company and the aggregated share capital of these entities.

11 Deferred tax liabilities

Movements in deferred tax liabilities during the years are as follows:

	At 1 January 2019 $'000	Recognised in profit or loss (Note 18) $'000	At 31 December 2019 $'000	Recognised in profit or loss (Note 18) $'000	At 31 December 2020 $'000
Group					
Property, plant and equipment	2,919	123	3,042	573	3,615

12 Term loan

	Group	
	2020 $'000	2019 $'000
Unsecured term loan		
Non-current	15,000	–
Current	15,000	–
	30,000	–

This unsecured term loan of $30 million was granted from a government agency.

The Group's exposure to liquidity risk related to term loan is disclosed in Note 23.

12 Term loan (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		
	Lease liabilities $'000	Unsecured term loan $'000	Total $'000
Balance at 1 January 2019	49,576	–	49,576
Changes from financing cash flows			
Payment of lease liabilities	(21,268)	–	(21,268)
Interest paid	(2,014)	–	(2,014)
Total changes from financing cash flows	(23,282)	–	(23,282)
Other changes			
Liability-related			
New leases	28,674	–	28,674
Interest expense	2,014	–	2,014
Total liability-related other changes	30,688	–	30,688
Balance at 31 December 2019	56,982	–	56,982
Balance at 1 January 2020	56,982	–	56,982
Changes from financing cash flows			
Payment of lease liabilities	(29,197)	–	(29,197)
Interest paid	(2,016)	–	(2,016)
Proceeds from borrowings	–	30,000	30,000
Total changes from financing cash flows	(31,213)	30,000	(1,213)
Other changes			
Liability-related			
New leases	17,787	–	17,787
Disposal	(69)	–	(69)
Interest expense	2,016	–	2,016
Total liability-related other changes	19,734	–	19,734
Balance at 31 December 2020	45,503	30,000	75,503

13 Lease liabilities

The Group leases land and properties which includes shop outlets. The leases typically run for a period of 3 to 96 years, some with an option to renew subject to certain terms and conditions on expiry.

For certain shop outlets leases, the Group leases with contract terms of 1 year or less. These leases are short-term. The Group has elected not to recognise these as right-of-use assets and lease liabilities for these leases.

	Group	
	2020	2019
	$'000	$'000
Non-current	23,129	30,239
Current	22,374	26,743
	45,503	56,982

Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

	Currency	Nominal interest rate	Year of maturity	2020 Face value	2020 Carrying amount	2019 Face value	2019 Carrying amount
		%		$'000	$'000	$'000	$'000
Lease liabilities	SGD	3.72%	2022 - 2069	53,165	45,503	65,418	56,982

The Group's exposure to liquidity risk related to lease liabilities is disclosed in Note 23.

i. Amounts recognised in profit or loss

	Group	
	2020	2019
	$'000	$'000
Interest on lease liabilities	(2,016)	(2,014)
Income from sub-leasing right-of-use assets presented in 'other income'	2,081	3,313
Expenses relating to short-term leases	(3,861)	(7,525)

ii. Amounts recognised in consolidated statement of cash flows

	Group	
	2020	2019
	$'000	$'000
Total cash outflow for leases	31,213	23,282

13 Lease liabilities (cont'd)

iii. Extension options

Some property leases contain extension options whereby notice must be served to the landlord prior to the expiry of the lease to negotiate on the new renewal terms and conditions. The Group assesses the renewal terms and conditions and will extend the lease if it makes economic sense.

The Group assumed that condition for extension of its leased land at 6 Mandai Link granted by the lessor, will be met and had used the current rent in calculating the lease liability which amounted to $5,017,000 as at 1 January 2019.

Leases as lessor

The Group subleases a number of excess outlet space to third parties under operating leases. The leases typically run for an initial period of one to three years. All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group subleases a number of excess outlet space to third parties under operating leases. The Group also leases its property to third parties under operating leases. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from property and property sublease recognised by the Group during 2020 was $2,081,000 (2019: $3,313,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2020	**2019**
	$'000	**$'000**
Less than one year	1,585	1,918
One to two years	458	765
Two to three years	233	131
Total	2,276	2,814

14 Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade payables	114,582	95,097	–	–
Amounts due to:				
– affiliated companies (trade)	21	86	–	–
– directors	1,038	520	300	300
Other payables	9,323	6,440	5	51
Deposits received	1,214	1,293	–	–
Accrued expenses	78,412	34,741	74	96
	204,590	138,177	379	447
Advances received from suppliers	3,499	2,589	–	–
	208,089	140,766	379	447

The amounts due to directors relate to payable of short-term employee benefits and directors' fees pending approval by the shareholders. These amounts are unsecured, interest-free and payable within the next twelve months.

The Group's exposure to currency risk and liquidity risk related to trade and other payables are disclosed in Note 23.

15 Revenue

	Group	
	2020	2019
	$'000	$'000
Supermarket operations	1,393,998	991,284

16 Finance income and finance expense

	Group	
	2020	2019
	$'000	$'000
Interest income received/receivable from:		
- financial institutions	984	1,338
Lease liabilities:		
- interest expense	(2,016)	(2,014)

17 Profit for the year

Profit for the year is arrived at after crediting/(charging) the following items:

	Group 2020 $'000	Group 2019 $'000
Audit fees paid/payable to auditors of the Group	(285)	(290)
Non-audit fees paid/payable to auditors of the Group	(20)	(19)
Short-term lease expense	(3,861)	(7,525)
Operating lease income	2,081	3,313
Depreciation of:		
– property, plant and equipment	(20,675)	(18,055)
– right-of-use assets	(29,910)	(23,702)
Loss on disposal of plant and equipment	(124)	(43)
Sales of recyclable items	1,514	1,249
Exchange gain, net	1,326	520
Government grants	34,804	2,109
Staff costs	(208,494)	(128,668)
Contributions to defined contribution plans, included in staff costs	(6,382)	(5,175)

18 Tax expense

	Note	Group 2020 $'000	Group 2019 $'000
Current tax expense			
Current year		24,821	16,133
Under/(Over) provided in prior years		581	(104)
		25,402	16,029
Deferred tax expense			
Origination and reversal of temporary differences	11	573	123
Total tax expense		25,975	16,152
Reconciliation of effective tax rate			
Profit before tax		165,108	91,907
Tax expense using Singapore tax rate of 17% (2019: 17%)		28,068	15,624
Tax exempt income		(3,674)	(225)
Expenses not deductible for tax purposes		1,030	877
Under/(Over) provision in respect of prior years		581	(104)
Tax rebate		(30)	(20)
		25,975	16,152

19 Earnings per share

	Group 2020 $'000	Group 2019 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	138,650	75,732

	Group No. of shares '000	Group No. of shares '000
Total number of shares as at 1 January and 31 December	1,503,537	1,503,537
Weighted average number of shares during the year	1,503,537	1,503,537

There were no potential dilutive ordinary shares in existence for the financial years ended 31 December 2020 and 2019.

20 Segment reporting

The Group operates in one segment which relates to the provision of supermarket supplies and supermarket operations. The Group's operations are mainly located in Singapore. The overseas subsidiaries' operations are not significant for the financial years ended 31 December 2020 and 2019.

21 Commitments

(a) Capital commitments

As at the reporting date, the Group has the following outstanding capital commitments which have not been provided for in the financial statements:

	Group 2020 $'000	Group 2019 $'000
Approved capital expenditure commitment	3,547	4,085

(b) Investment

As at 31 December 2020, the Group has an outstanding commitment of uncalled capital contribution of US$3 million (approximately $4 million) (2019: US$3 million (approximately $4million)) in respect of investment in Sheng Siong (China) Supermarket Co, Ltd.

22 Related parties

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

Affiliated company

An affiliated company is defined as one:

a) In which a director of the Group has substantial financial interests or is in a position to exercise significant influence; and/or

b) Which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors of the holding company and subsidiaries are considered as key management personnel of the Group. The amounts stated below for key management compensation are for all the directors.

Key management personnel compensation included in staff costs, comprises:

	Group	
	2020	**2019**
	$'000	**$'000**
Short-term employee benefits (including defined contribution plans)	26,298	16,123
Directors' fees	520	520
	26,818	16,643

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions carried out with related parties in the normal course of business on terms agreed between the parties are as follows:

	2020	**2019**
	$'000	**$'000**
Corporations in which directors of the Group have substantial financial interests		
Sales	37	42
Rental expenses	(1,888)	(2,011)
Rental income	296	488
Subsidiaries		
Management fee	480	480
Sales	11	11

23 Financial risk management

Overview

The Group's levels of risk tolerance and risk management policies are determined by the Board. The Board and management are responsible for overseeing the Group's risk management framework and policies, including reviewing the Group's business and operational activities to identify areas of significant risk and implementing measures to mitigate such risks.

The Group operates only in Singapore but sources its supplies worldwide and is exposed to a variety of financial risks, comprising market risk like currency and interest rate risks, credit risk and liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty fails to settle its financial and contractual obligations, as and when they fall due.

The Group and the Company's exposure to credit risk arises mainly from cash and cash equivalents and trade receivables. The bulk of the trade receivables relates to amounts owing by credit card companies.

The carrying amounts of financial assets represent the Group's maximum exposures to credit risk, before taking into account any collateral held. The Group does not require any collateral in respect of their financial assets.

The impairment losses recognised on the financial assets for both 2020 and 2019 is insignificant.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of credit card companies. However, the Group's past default experience does not show significantly different loss patterns for different customer segments, the historical loss rate is not further distinguished between the different customer bases.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

Expected credit loss assessment for trade receivables (lifetime ECL)

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL based on historical loss rate. The loss allowance is estimated based on historical credit losses rates and the past due status of the customers, adjusted as appropriate to reflect current and forward looking factors affecting the customers' ability to repay the receivables. Accordingly, the credit risk profile of trade receivables is presented based on their past due status. Trade receivables are substantially from companies with a good collection track record with the Group and hence the loss allowance is negligible to the Group.

23 Financial risk management (cont'd)

Credit risk (cont'd)

Expected credit loss assessment for trade receivables (lifetime ECL) (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December:

	Group Carrying amount $'000	Company Carrying amount $'000	Credit impaired
2020			
Neither past due nor impaired	8,739	–	No
Past due 0 – 30 days	1,633	–	No
Past due 31 – 60 days	8	–	No
Past due more than 60 days	9	–	No
Past due more than 90 days	28	–	No
Past due more than 180 days	–	–	N/A
	10,417	–	
2019			
Neither past due nor impaired	5,447	64	No
Past due 0 – 30 days	267	–	No
Past due 31 – 60 days	47	–	No
Past due more than 60 days	3	–	No
Past due more than 90 days	39	–	No
Past due more than 180 days	1	–	No
	5,804	64	

Expected credit loss assessment for cash and cash equivalents (12-month ECL)

Impairment on cash and cash equivalents have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the credit worthiness of the bank counterparties. The amount of the allowance is negligible.

Cash and cash equivalents consists of cash and fixed deposits which are placed with banks regulated under the Singapore Banking Act and the China Banking Regulatory Commission.

Expected credit loss assessment for non-trade amounts due from subsidiaries (12-month ECL)

The Company held non-trade receivables from its subsidiaries of $199,294,000 (2019: $181,284,000). These are loans to subsidiaries to satisfy their funding requirements. The Company considers that these exposures have low credit risks as there has been no significant increase in the risk of default on the non-trade amounts due from subsidiaries since initial recognition. The amount of the allowance is negligible.

23 Financial risk management (cont'd)

Credit risk (cont'd)

Expected credit loss assessment for other receivables, grant receivable and deposits (12-month ECL)

Impairment on other receivables, grant receivable and deposits have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The other receivables, grant receivable and deposits are considered to have low credit risk as there has been no significant increase in the risk of default on the receivables and deposits since initial recognition. The amount of the allowance is negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and capital expenditure requirements.

Exposure to liquidity risk

The following are the expected contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

		Cash flows			
	Carrying amount $'000	Expected contractual cash flows $'000	Within 1 year $'000	Between 1 to 5 years $'000	More than 5 years $'000
Group					
31 December 2020					
Non-derivative financial liabilities					
Unsecured term loan	30,000	(30,000)	(15,000)	(15,000)	–
Trade and other payables*	204,590	(204,590)	(204,590)	–	–
Lease liabilities	45,503	(53,165)	(23,500)	(16,652)	(13,013)
	280,093	(287,755)	(243,090)	(31,652)	(13,013)
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables*	138,177	(138,177)	(138,177)	–	–
Lease liabilities	56,982	(65,418)	(27,589)	(24,819)	(13,010)
	195,159	(203,595)	(165,766)	(24,819)	(13,010)
Company					
31 December 2020					
Non-derivative financial liabilities					
Trade and other payables*	379	(379)	(379)	–	–
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables*	447	(447)	(447)	–	–

* excludes advances received from suppliers

23 Financial risk management (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of the Company and its subsidiaries. The currencies in which these transactions are primarily denominated in are New Zealand dollars ("NZD"), United States dollars ("USD"), Euro ("EUR") and Australian dollars ("AUD").

The summary of quantitative data about the Group's exposure to foreign currency risk in Singapore dollar equivalent amounts as reported to the management of the Group based on its risk management policy is as follows:

	NZD $'000	USD $'000	EUR $'000	AUD $'000	CNY $'000
Group					
31 December 2020					
Cash and cash equivalents	271	12	19	611	6
Trade payables	–	(3,366)	(56)	(724)	–
Net exposure	271	(3,354)	(37)	(113)	6
31 December 2019					
Cash and cash equivalents	273	5,617	67	1,594	–
Trade payables	(5)	(3,461)	(42)	(632)	–
Net exposure	268	2,156	25	962	–

At reporting date, the Company is not exposed to significant foreign currency risk.

Sensitivity analysis

A 10% weakening of the functional currencies of the Company and its subsidiaries, against the following currencies at the reporting date would have increased/(decreased) profit before tax by the Singapore dollar equivalent amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

23 Financial risk management (cont'd)

Market risk (cont'd)

(i) Foreign currency risk (cont'd)

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

	Profit before tax	
	2020 $'000	2019 $'000
Group		
NZD	27	27
USD	(335)	216
EUR	(3)	2
AUD	(11)	96
CNY	1	–

A 10% strengthening of the functional currencies of the Company and its subsidiaries, against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the Singapore dollar equivalent amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

The Group's exposure to interest rate risk relates primarily to interest earned on the cash balances. As at the reporting date, there is no significant interest rate risks.

(iii) Accounting classification and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
31 December 2020								
Financial assets not measured at fair value								
Trade and other receivables*	7	17,971	–	17,971				
Cash and cash equivalents	8	253,901	–	253,901				
		271,872	–	271,872				
Financial liabilities not measured at fair value								
Unsecured term loan	12	–	(30,000)	(30,000)	–	–	(28,000)	(28,000)
Lease liabilities	13	–	(45,503)	(45,503)				
Trade and other payables**	14	–	(204,590)	(204,590)				
		–	(280,093)	(280,093)				

23 Financial risk management (cont'd)

Market risk (cont'd)

(iii) Accounting classifications and fair values (cont'd)

		Carrying amount			Fair value			
	Note	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
31 December 2019								
Financial assets not measured at fair value								
Trade and other receivables*	7	15,670	–	15,670				
Cash and cash equivalents	8	76,419	–	76,419				
		92,089	–	92,089				
Financial liabilities not measured at fair value								
Lease liabilities	13	–	(56,982)	(56,982)				
Trade and other payables**	14	–	(138,177)	(138,177)				
		–	(195,159)	(195,159)				
Company								
31 December 2020								
Financial assets not measured at fair value								
Trade and other receivables*	7	199,294	–	199,294				
Cash and cash equivalents	8	274	–	274				
		199,568	–	199,568				
Financial liabilities not measured at fair value								
Trade and other payables**	14	–	(379)	(379)				
31 December 2019								
Financial assets not measured at fair value								
Trade and other receivables*	7	181,348	–	181,348				
Cash and cash equivalents	8	299	–	299				
		181,647	–	181,647				
Financial liabilities not measured at fair value								
Trade and other payables**	14	–	(447)	(447)				

* excludes prepayments

** excludes advances received from suppliers

23 Financial risk management (cont'd)

Estimation of fair values

The following methods and assumptions are used to estimate the fair values of the following significant classes of financial instruments:

Unsecured term loan

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted using the market rate of interest at the reporting date.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year or which reprice frequently (including trade and other receivables, cash and cash equivalents, trade and other payables) approximate their fair values because of the short period to maturity pricing.

Valuation techniques and unobservable inputs

The following tables show the valuation technique used in measuring Level 3 fair values, as well as the significant unobservable input used.

Financial instruments not measured at fair value

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Group			
Unsecured term loan	*Discounted cash flows:* The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	Discount rate: 3.0% (2019: nil)	The estimated fair value varies inversely against the discount rate.

财务报表 – 财务状况表

截至2020年12月31日

	备注	集团 2020 $'000	集团 2019 $'000	公司 2020 $'000	公司 2019 $'000
资产					
房地产、厂房与器材	4	340,299	356,189	–	–
子公司	5	–	–	82,261	82,261
非流动资产		340,299	356,189	82,261	82,261
库存	6	77,911	82,166	–	–
贸易和其它应收账款	7	19,949	17,981	199,300	181,354
银行结余和现金	8	253,901	76,419	274	299
流动资产		351,761	176,566	199,574	181,653
总资产		692,060	532,755	281,835	263,914
权益					
股本	9	235,373	235,373	235,373	235,373
储备	10	(68,234)	(68,234)	–	–
外汇兑换储备		3	(173)	–	–
累计盈利		205,248	146,285	46,083	28,094
可归属股东的权益		372,390	313,251	281,456	263,467
非控股权益		2,709	2,109	–	–
总权益		375,099	315,360	281,456	263,467
负债					
递延税款负债	11	3,615	3,042	–	–
定期贷款	12	15,000	–	–	–
租赁负债	13	23,129	30,239	–	–
非流动负债		41,744	33,281	–	–
贸易和其他应付账款	14	208,089	140,766	379	447
当前应缴税务		29,754	16,605	–	–
定期贷款	12	15,000	–	–	–
租赁负债	13	22,374	26,743	–	–
流动负债		275,217	184,114	379	447
总负债		316,961	217,395	379	447
总权益与负债		692,060	532,755	281,835	263,914

综合损益表和其他综合收益表

截至2020年12月31日

	备注	2020 $'000	2019 $'000
营业额	15	1,393,998	991,284
销售成本		(1,012,140)	(724,426)
毛利		381,858	266,858
其它收益		41,243	8,933
销售与分销开支		(7,222)	(7,669)
行政开支		(245,159)	(172,787)
其他开支		(4,580)	(2,752)
营运活动的业绩		166,140	92,583
财务开支	16	(2,016)	(2,014)
财务收益	16	984	1,338
税前盈利		165,108	91,907
税务开支	18	(25,975)	(16,152)
全年盈利	17	139,133	75,755
盈利:			
可归属股东的盈利		138,650	75,732
非控制股权益的盈利		483	23
全年盈利		139,133	75,755
其它综合收益			
可重新分类为损益的项目:			
外企的外币换算差额		293	(137)
全年综合收益总额		139,426	75,618
综合收益:			
可归属股东的综合收益		138,826	75,650
非控股权益的综合收益		600	(32)
全年综合收益总额		139,426	75,618
每股盈利			
- 基本和摊薄（分）	19	9.22	5.04

Statistics Of Shareholdings

As at 15 March 2021

Number of shares	:	1,503,537,000
Number of Treasury Shares and Percentage	:	Nil
Number of Subsidiary Holdings and Percentage	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	17	0.12	264	0.00
100 - 1,000	2,510	17.13	1,875,294	0.13
1,001 - 10,000	8,666	59.15	49,945,436	3.32
10,001 - 1,000,000	3,421	23.35	161,542,713	10.74
1,000,001 AND ABOVE	36	0.25	1,290,173,293	85.81
TOTAL	**14,650**	**100.00**	**1,503,537,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SHENG SIONG HOLDINGS PTE LTD	448,800,000	29.85
2	DBS NOMINEES (PRIVATE) LIMITED	148,727,798	9.89
3	LIM HOCK CHEE	137,700,000	9.16
4	LIM HOCK ENG	137,400,000	9.14
5	LIM HOCK LENG	137,400,000	9.14
6	CITIBANK NOMINEES SINGAPORE PTE LTD	108,087,433	7.19
7	HSBC (SINGAPORE) NOMINEES PTE LTD	33,984,614	2.26
8	DBSN SERVICES PTE. LTD.	28,782,973	1.91
9	RAFFLES NOMINEES (PTE.) LIMITED	24,413,542	1.62
10	PHILLIP SECURITIES PTE LTD	9,438,664	0.63
11	LIM KIM HOCK	8,400,000	0.56
12	BPSS NOMINEES SINGAPORE (PTE.) LTD.	7,378,700	0.49
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	6,818,100	0.45
14	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	5,253,072	0.35
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,082,920	0.34
16	CHUA KOK SOON	4,500,000	0.30
17	OCBC SECURITIES PRIVATE LIMITED	4,357,800	0.29
18	UOB KAY HIAN PRIVATE LIMITED	4,129,100	0.27
19	IFAST FINANCIAL PTE. LTD.	3,651,300	0.24
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,276,679	0.15
	TOTAL	**1,266,582,695**	**84.23**

Statistics Of Shareholdings

As at 15 March 2021

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
NAME	**No. of Shares**	**%**	**No. of Shares**	**%**
Lim Hock Eng	137,400,000	9.14	724,574,100(1)	48.19
Lim Hock Chee	138,374,100	9.20	725,707,100(1) (2)	48.27
Lim Hock Leng	137,400,000	9.14	724,574,100(1)	48.19
Sheng Siong Holdings Pte Ltd	448,800,000	29.85	–	–
Mondrian Investment Partners Limited	–	–	90,178,800	6.0

Notes:

(1) Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng (each a "**Lim Director**") are siblings and each of them is a director and shareholder (each holding an equity interest of approximately 33.3%) of Sheng Siong Holdings Pte. Ltd. ("**SS Holdings**"). Pursuant to Section 7 of the Companies Act (Cap. 50):

(a) Mr. Lim Hock Chee is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (274,800,000 shares); and (ii) SS Holdings (448,800,000 shares);

(b) Mr. Lim Hock Eng is deemed to be interested in the shares of the Company held by (i) the other Lim directors (275,774,100 shares); and (ii) SS Holdings (448,800,000 shares); and

(c) Mr. Lim Hock Leng is deemed to be interested in the shares of the Company held by (i) the other Lim directors (275,774,100 shares); and (ii) SS Holdings (448,800,000 shares).

(2) Mr Lim Hock Chee is also deemed to be interested in the 2,107,100 shares held by his spouse, Mdm Lee Moi Hong.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on the information available to the Company as at 15 March 2021, approximately 36.49% of the issued ordinary shares of the Company are held by the public. Accordingly, the Company had complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of SHENG SIONG GROUP LTD. (the "**Company**") will be convened and held by way of electronic means on 26 April 2021 at 10.00 a.m. (the "**Annual General Meeting**") for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final (one-tier tax exempt) dividend of 3.0 cents per ordinary share for the financial year ended 31 December 2020. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company's Constitution (the "**Constitution**"):

Mr. Lim Hock Chee		**(Resolution 3)**
Ms. Lin Ruiwen		**(Resolution 4)**
Mr. Lee Teck Leng, Robson	*[See Explanatory Note (i)]*	**(Resolution 5)**
Ms. Tan Poh Hong	*[See Explanatory Note (ii)]*	**(Resolution 6)**

4. To approve the payment of Directors' fees of S$300,000 for the year ended 31 December 2020 (2019: S$300,000). **(Resolution 7)**

5. To re-appoint KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares in the capital of the Company ("Shares") - Share Issue Mandate**

"That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"), the Directors of the Company be authorised and empowered to:

(A) (i) issue Shares whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as at the time of passing of this Resolution);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be issued under sub-paragraph (1) above on a pro-rata basis, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), "**subsidiary holdings**" has the same meaning ascribed to it in the rules of the Listing Manual;

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Constitution; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier." *[See Explanatory Note (iii)]* **(Resolution 9)**

8. **Authority to allot and issue Shares under the Sheng Siong Share Award Scheme**

"That, pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant awards ("**Awards**") in accordance with the Sheng Siong Share Award Scheme (the "**Scheme**") and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of Awards under the Scheme, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Scheme, when added to the aggregate number of Shares issued and issuable pursuant to all other share schemes of the Company, shall not exceed fifteen per cent. (15%) of the issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time, and in this resolution, "**subsidiary holdings**" has the same meaning ascribed to it in the rules of the Listing Manual."
[See Explanatory Note (iv)] **(Resolution 10)**

By Order of the Board

Mr. Lim Hock Chee
Chief Executive Officer
Singapore, 7 April 2021

Notice Of Annual General Meeting

Explanatory Notes:

(i) Mr. Lee Teck Leng, Robson is a Non-Executive Director and will, upon re-election as a Director of the Company, continue to serve as a member of the Audit Committee, Nominating Committee and Remuneration Committee. He will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Ms. Tan Poh Hong is an Independent Director and will, upon re-election as a Director of the Company, continue to serve as a member of the Audit Committee and Remuneration Committee. She will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(iii) The Ordinary Resolution 9 proposed in item 7 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued on a pro-rata basis, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares. In determining the 20% which may be issued other than on a pro-rata basis, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time the Ordinary Resolution 9 is passed.

(iv) The Ordinary Resolution 10 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue such number of fully paid Shares from time to time pursuant to the vesting of Awards under the Scheme provided that the aggregate additional shares to be issued pursuant to the Scheme do not exceed in total (for the entire duration of the Scheme) fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting and Proxy Form will be sent to members, whereas, the Annual Report for the financial year ended 31 December 2020 will be sent to members by electronic means via publication on the Company's website at https://corporate.shengsiong.com.sg/investors/. The Notice of Annual General Meeting and Proxy Form will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means, submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the Company's announcement on 7 April 2021 titled "Letter to shareholders on alternative arrangements for the Annual General Meeting ("AGM")". This announcement may be accessed at the Company's website at https://corporate.shengsiong.com.sg/investors/, and will also be made available on the SGX website at https:/www.sgx.com/securities/company-announcements.

3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.

   The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at https://corporate.shengsiong.com.sg/investors/, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 14 April 2021 (being at least seven (7) working days before the Annual General Meeting).

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company at 6 Mandai Link, Singapore 728652; or

   (b) if submitted by email, be received by the Company at investor.relations@shengsiong.com.sg

   in either case, by 10:00 a.m. on 23 April 2021 (being not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting) and in default the Proxy Form for the AGM shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and/ or representatives appointed for the Annual General Meeting and/or any adjournment thereof and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting and/or any adjournment thereof, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where a member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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SHENG SIONG GROUP LTD.
(Company Registration No.: 201023989Z)
(Incorporated in Singapore with limited liabilities)

IMPORTANT

Alternative Arrangements for Annual General Meeting

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting and Proxy Form will be sent to members, whereas, the Annual Report for the financial year ended 31 December 2020 will be sent to members by electronic means via publication on the Company's website at https://corporate.shengsiong.com.sg/investors/. The Notice of Annual General Meeting and Proxy Form will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means, submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the Company's announcement on 7 April 2021 titled "Letter to shareholders on alternative arrangements for the Annual General Meeting ("AGM")". This announcement may be accessed at the Company's website at https://corporate.shengsiong.com.sg/investors/, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.
4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend and vote on his/her/its behalf at the Annual General Meeting.

CPF/SRS Investors

5. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 14 April 2021 (being at least seven (7) working days before the AGM).

ANNUAL GENERAL MEETING

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We*, ______________________________ (name)

(NRIC No. / FIN No. / Passport No. / Company Registration No.) ______________________________

of ______________________________ (address)
being a member/members* of SHENG SIONG GROUP LTD. (the "Company"), hereby appoint:

	Proportion of Shareholdings	
	No. of Shares	**%**
Chairman of the Annual General Meeting ("Meeting")		

as my/our* proxy to attend, speak and vote for me/us on my/our behalf at the Meeting of the Company to be convened and held by way of electronic means on 26 April 2021 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy to vote for or against, or to abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. In terms of proxy voting, the shareholder/shareholders must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

No.	Resolutions relating to:	No. of votes 'For'**	No. of votes 'Against'**	No. of votes 'Abstain'**
Ordinary Business				
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2	Approval of payment of the final dividend			
3	Re-election of Mr. Lim Hock Chee as a Director			
4	Re-election of Ms. Lin Ruiwen as a Director			
5	Re-election of Mr. Lee Teck Leng, Robson as a Director			
6	Re-election of Ms. Tan Poh Hong as a Director			
7	Approval of Directors' fees amounting to S$300,000 for the financial year ended 31 December 2020			
8	Re-appointment of KPMG LLP as Auditors and to authorise the Board of Directors of the Company to fix their remuneration			
Special Business				
9	Authority to allot and issue shares in the capital of the Company – Share Issue Mandate			
10	Authority to grant options and issue shares under the Sheng Siong Share Award Scheme			

** *Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes 'For' or 'Against' or 'Abstain' from voting in respect of a resolution, please tick (ü) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.*

Dated this ________ day of ____________________ 2021.

Total number of Shares in:	No. of Shares Held
(a) CDP Register	
(b) Register of Members	

____
Signatures of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of ordinary shares (Shares) held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this instrument of proxy shall be deemed to relate to all the Shares held by you.

2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person**. A member (whether individual or corporate) (including a Relevant Intermediary*) must appoint the Chairman of the Meeting as his/ her/its proxy to attend and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. This proxy form may be accessed at the Company's website at https://corporate.shengsiong.com.sg/investors/, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 14 April 2021 (being at least seven (7) working days before the Annual General Meeting).

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the office of the Company at 6 Mandai Link, Singapore 728652; or

   (b) if submitted electronically, be submitted via email of the Company at investor.relations@shengsiong.com.sg,

   in either case, **by 10:00 a.m. on 23 April 2021, being 72 hours before the time appointed for holding the Annual General Meeting**.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised. Where the instrument appointing Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

* Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19 of the Laws of the Republic of Singapore) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289 of the Laws of the Republic of Singapore) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36 of the Laws of the Republic of Singapore), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy, a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2021.

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Corporate Information

BOARD OF DIRECTORS:

Mr Lim Hock Eng	*Executive Chairman*
Mr Tan Ling San	*Vice Chairman and Executive Director*
Mr Lim Hock Chee	*Chief Executive Officer*
Mr Lim Hock Leng	*Managing Director*
Ms Lin Ruiwen	*Executive Director*
Mr Goh Yeow Tin	*Lead Independent Director*
Mr Jong Voon Hoo	*Independent Director*
Mr Francis Lee Fook Wah	*Independent Director*
Ms Tan Poh Hong	*Independent Director*
Mr Lee Teck Leng, Robson	*Non-executive Director*

AUDIT COMMITTEE:

Mr Jong Voon Hoo	*Committee Chairman*
Mr Goh Yeow Tin	
Mr Francis Lee Fook Wah	
Mr Lee Teck Leng, Robson	
Ms Tan Poh Hong	

NOMINATING COMMITTEE:

Mr Francis Lee Fook Wah	*Committee Chairman*
Mr Goh Yeow Tin	
Mr Lee Teck Leng, Robson	

REMUNERATION COMMITTEE:

Mr Goh Yeow Tin	*Committee Chairman*
Mr Jong Voon Hoo	
Mr Lee Teck Leng, Robson	
Ms Tan Poh Hong	

COMPANY SECRETARY:

Ms Shirley Tan Sey Liy (ACS, ACG)

INDEPENDENT AUDITOR:

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Partner-in-charge of the audit:
Ms Sarina Lee
(Appointed during the financial year ended
31 December 2020)

SHARE REGISTRAR:

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: 6536 5355
Fax: 6536 1360

REGISTERED OFFICE:

6 Mandai Link
Singapore 728652
Tel: 6895 1888
Fax: 6269 8265
Website: www.shengsiong.com.sg

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