



DELIVERING  
**EXTRAORDINARY VALUE  
EVERYDAY**



**2 0 1 6**  
ANNUAL  
REPORT

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## ABOUT SHENG SIONG GROUP

Sheng Siong Group Ltd is one of Singapore's largest retailers with 43 supermarket/grocery 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 and vegetables to packaged, processed, frozen and/or preserved food products as well as general merchandise, including toiletries and essential household products. Over the last 9 years, 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 400 products under more than 10 housebrands.

In 2014, we started our "allforyou.sg" online shopping platform for groceries, which is a pilot project that currently offers e-commerce services in some residential areas in Singapore.

Established in 1985 and listed in August 2011, our long history and reputation for quality products at

competitive prices has 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, we moved into our new corporate headquarters and purpose-built warehousing and distribution centre at Mandai Link in July 2011. Since 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, 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.







## **BRINGING US CLOSER TO YOUR HOME**

We're focused on growing our business by investing in existing stores, adding new locations and expanding convenience closer to your home.



## 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 2016 ("FY2016").

The Singapore economy grew by 2% in 2016, slightly higher than the 1.9% growth registered in 2015. However, retail sales grew at a tepid 1.5% at constant prices but excluding motor vehicle sales, it contracted by 3.4%. Unsurprisingly, retail sales at supermarket contracted by 2.8% at constant prices<sup>1</sup>. Despite the negative growth in supermarket sales, we managed to deliver stable growth in our top and bottom line.

We demonstrated our resilience amidst the challenging business environment by delivering a 4.2% year-on-year ("yoy") increase in revenue and a 10.4% growth in net profit to S\$796.7 million and S\$62.7 million respectively in FY2016. Our medium term goal of leveraging on our brand name and reaching out to our potential customers in residential areas where we do not have a presence has been underpinning our growth in revenue and net profit.

Despite intense competition for new shops and the difficulty in looking for shops in the old residential areas, we managed to open 5 stores in 2015 and 4 in 2016. The 4 new stores opened in 2016 were at Circuit Road, Upper Boon Keng Road, Fernvale and Yishun Junction 9. Newly re-developed neighbourhoods and existing HDB towns where we do not have a presence continue to be

the potential source of growth. Looking further afar, we could add new HDB towns like Bidadari and Tengah to the list.

### DIVIDEND

The Board has recommended a final cash dividend of 1.85 cents per share to reward shareholders for their continued support, taking our total dividend for FY2016 to 3.75 cents per share, an increase of 7.1% compared to FY2015. The total payout amounted to about 89.9% of our net profit after tax. This is a testament to our commitment to rewarding our shareholders for their unwavering support since our listing in 2011.

### DEPLOYING INNOVATION INITIATIVES TO IMPROVE EFFICIENCY AND PRODUCTIVITY

We have always been committed to investing in innovation to further improve our operational efficiency and to reduce the dependency on labour. To a large extent, all these innovations are digital based, and in response to the government's push towards a smart nation, we introduced the hybrid self-checkout system in six of our stores in 2015 and to a further nine stores in 2016.

This system allows customers to make payments at an automated payment kiosk, which accepts cash or card payments, after the items are scanned and packed by our staff. The total time taken to checkout is reduced, which besides reducing the number of cashiers, enhance our customers' experience.

<sup>1</sup> [https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2016/FullReport\\_AES2016.pdf](https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2016/FullReport_AES2016.pdf)

## CHAIRMAN'S MESSAGE



To make the payment process even simpler if payment is made by cards, we have worked with NETS on a Unified Point-of-Sales (UPOS) terminal which will accept NETS ATM cards, credit cards and mobile wallets.

This system was put on trial in September 2016 in one store and had been fully implemented in all our stores by end 2016. The removal of clutter and confusion caused by multiple machines has also enhanced our customers' experience.

### E-COMMERCE

There has been a lot of discussion on how e-commerce could disrupt the traditional brick and mortar business of grocery retailing. We are mindful of the developments and have remained focused on learning from our "allforyou.sg" online pilot project, which currently offers e-commerce in some residential areas in Singapore.

### CORPORATE SOCIAL RESPONSIBILITY

At Sheng Siong, we not only strive to improve the lives of our customers, but also strongly believe that we should better the lives of our employees, contribute back to the society and protect our environment.

### HELPING THE COMMUNITY

Sheng Siong continues to support "Project R.I.C.E + 2016", a nationwide annual initiative to distribute food and necessities to needy families in Singapore for the 4<sup>th</sup> consecutive year. Organized by Red Cross Singapore, last year's project saw members of the public and our customers made cash and grocery donations at Sheng Siong. A total of 15,520 hampers have been given out to more than 10,000 beneficiaries. These families received a variety of items which included rice, household products, condiments and food products based on their wish lists.

As a partner of the Singapore's Health Promotion Board (HPB), we supported their campaigns such as "The Recipe for Healthy Ageing", "Shop Healthy. Get More From Life" and "The War on Diabetes". At our stores, we distributed HPB's nutritional toolkits, showcased products with the "Healthier Choice" symbol prominently and launched our housebrand brown rice to promote whole grain rice as a healthier alternative.

In encouraging the community to show appreciation and gratitude to their mothers, we took part in Mediacorp's #ILoveYouMumChallenge Campaign. We achieved our target of having 100 employees taking up the challenge to say "I Love You" to their mothers, and



made a \$10,000 donation to the elderly beneficiaries under MediaCorp Cares.

In addition, we gave our support to several events such as Singapore Heartland Enterprise, Project We Care Garden Party at the Istana. The SG50 Seniors Programme, which we have committed to giving 3% discount every Wednesday for senior citizens aged 60 and above, has also been extended for another year.

### **BETTERING THE LIVES OF OUR EMPLOYEES**

Besides ensuring a fair and market based remuneration system, we supported many programs targeted at improving our employees' health, like the HPB "IQuit Challenge", where our staff are challenged to abstain from smoking for 28 days. HPB also conducted Ergonomics Training for our employees, imparting knowledge on how to spread bodyweight when lifting heavy objects. We also partnered them in conducting exercise classes and health checks for employees at our stores and distribution centre.

We realize the importance of productivity. Besides investing in training, we introduced programs to elicit employees' participation in improving work processes such as soliciting their feedback through the employee engagement survey. Also, employees can propose innovative ideas and solutions on saving resources to improving efficiency through our "Innovative Award Scheme".

### **PROTECTING THE ENVIRONMENT**

"Saving Gaia" is Mediacorp's Green Initiative that aims to create public awareness of environmental issues. Our senior management and staff participated by devoting their time and effort to clean up Singapore's beaches. Besides that, we also took the opportunity to share with the public on the environmental protection efforts that the Group adopts such as using solar panels to power our main office building, waste separation and compacting cardboard for delivery to recycling plants.

We were also the official food sponsor for the inaugural "Save Food Cut Waste" Recipes Competition 2016, co-organised by Zero Waste SG and ITE College West. The event aims to inculcate the message of food waste reduction by encouraging homemakers to turn unconsumed food into new dishes. In line with the message of not wasting food, the food ingredients that we sponsored were near expiry. Fresh vegetables and fruits that were blemished on its surface were also used, to highlight that these are still edible.

At our distribution centre and stores, we strive to uphold the highest quality and food safety standards. Since the beginning of 2016, we have successfully upgraded our food safety standards from HACCP to ISO 22000 certification for our processing facility where we process seafood, meat and vegetables and repackaged dried food, frozen food and fruits.



## CHAIRMAN'S MESSAGE

We hold open discussions with our suppliers in encouraging more sustainable farming and sourcing. The Norwegian salmon and rainbow trout available for sale in our stores have been certified as sustainable seafood. To help lower our carbon footprint, we actively promote the sales of home-grown vegetables from organic and local farms.

The efficiency of our solar panels at our distribution centre is also closely monitored, to ensure optimum electricity production and to reduce the use of power generated using fossil based sources. LED lights are used in our main office and distribution centre. At the stores, we are also replacing the lights with LED types and efficient power consumption is now an important criterion when we evaluate cold boxes and freezers.

### AWARDS AND ACCOLADES

We hold the core values of excellence and quality close to our hearts. We are delighted that our commitment to delivering quality services and products has been recognised by reputable organisations. These accreditations will drive us to further enhance our services and product variety.

We are privileged to be awarded the Runner Up of the 17<sup>th</sup> Securities Investors Association of Singapore (SIAS) Investors' Choice Awards - Most Transparent Company Award 2016 under the Consumer Staples Category. The inputs from retail investors on how the companies have performed in terms of transparency practices were considered as part of the selection criteria. This accreditation demonstrates a strong testament to our endeavour in improving our corporate governance and transparency since our listing in 2011.

In addition, we emerged as the Overall Winner of the Billion Dollar Club - Commerce Category awarded by The Edge Singapore. A list of companies that have a market capitalization of S\$1 billion and above were evaluated based on their share price performance, return on equity and pre-tax profit growth over the past years. The award recognised the Group's resilience against the soft economic growth and volatile costs.

We are also honoured, for being recognised as Bronze Winner in the Top 10 Retailers' category by Economy in the 2016 Retail Asia-Pacific Top 500 Awards and Superbrand Status by Superbrands Singapore.

### ACKNOWLEDGMENTS

First of all, I would like to extend our heartfelt gratitude to the management team and staff for their hard work and commitment. To our valued customers, thank you for your unwavering support over the years which has made us the preferred retailer of choice. Of course, we would not be able to progress this far without the cooperation from our business partners and suppliers. We would also like to thank our Board members for their counsel and guidance. With the support from all of you, we are motivated to achieve greater heights and steer through all obstacles.

**LIM HOCK ENG PBM**  
Executive Chairman





## 主席献词



### 亲爱的股东们，

我谨代表董事会，发表截至2016年12月31日财政年（“2016财政年”）的年报。

新加坡2016年的经济增长为2%，比2015年1.9%的增长略高。按现价计算，零售销售指数仅增长1.5%。如果不包括汽车销售，零售销售额其实萎缩了3.4%。在疲弱的大环境下，超市业的零售额也萎缩了2.8%<sup>(1)</sup>。值得一提的是，虽然超市业呈现负增长，但是集团还是在营业额和净利有稳健增加。

尽管经商环境充满挑战，集团2016财政年的营业额还是取得4.2%的年比增长，达到7亿9670万元；净利也增长10.4%，达到6270万元。集团一直以来的中期目标是借助昇菘的品牌，延伸到尚未进驻的住宅区，这样的做法巩固了集团的营业额和净利的增长。

虽然标店的竞争激烈，在旧住宅区寻找店面也困难重重，但集团在2015年和2016年还是分别开设了五间和四间新店。去年的四间新店位于循环路、文庆路上段、芬维尔和义顺Junction 9。另外，重新发展的社区和现有的建屋局市镇，只要是我们还未涉足的地区，都是我们取得增长的潜在源头，当然也包括比达达利和登加等新市镇。

### 股息

为了回馈股东们的支持，董事会建议派发每股1.85分的年终现金股息，2016财政年的股息因此达到每股3.75分，较2015财政年增加了7.1%。股息派发总额也约等于集团税后净利的89.9%，兑现了集团自2011年上市以来为回馈股东所许下的承诺。

### 利用创新项目提升效率 and 生产力

我们一向致力于创新项目的投资，从而大幅度提升集团的营运效率及减少对人力的依赖。整体而言，我们的创新项目以数码化为主。为了响应政府推动发展智慧国的计划，我们在2015年开始于六间分店试行了“混合式自助结账系统”，截至去年已推广至15间分店使用。

这个系统允许顾客在服务人员将货品扫描并装袋后，到自助收银台去使用提款卡、信用卡或现金进行付款。这个系统不仅缩短结账时间，顾客的购物体验也获得提升，超市所需要的收银员也减少了。

为了进一步简化付款过程，集团也跟星网电子付款公司（NETS）合作推出“统一付款终端机”，这台终端机可接受NETS提款卡、信用卡及手机钱包的付款。

<sup>1</sup> 资料来源：[https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2016/FullReport\\_AES2016.pdf](https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2016/FullReport_AES2016.pdf)

## 主席献词



“统一付款终端机”于去年9月开始试行，截至2016年底已经推广到集团旗下的所有43间分店。原本多达数台的银行终端机，经整合到一台后，不仅使柜台变得整齐，也大大提升了顾客的付款体验。

### 电子商务

近年来，大家都在探讨电子商务如何颠覆传统超市的运作。我们一直在留意相关的发展，并竭尽所能地从我们的“allforyou.sg”网购试验平台学习。我们的购物网站目前为一些住宅区提供网购服务。

### 企业社会责任

在昇菘，我们不仅致力于改善顾客的生活，也坚信我们应该提升雇员的生活品质，并不忘回馈社会和保护环境。

### 为社区伸出援手

昇菘连续四年支持“Project R.I.C.E + 2016”。这项红十字会主办的全岛合作项目，为本地有需要的家庭分发食品和必需品。去年，不少公众和昇菘超市的顾客也到超市捐款和捐赠物资。这项计划一共派发了1万5520份礼包给逾1万名受益人。受益的家庭除了获得米粮，也按照愿望清单收到了其他物品，如家用产品、调味料和食品等。

身为保健促进局的合作伙伴，我们也响应当局的一系列推广活动，像是“黄金年华吃出健康乐龄营养手册”、“健康购物，生活更丰裕”及“向糖尿病宣战”等。我们除了在超市内派发营养手册，也在架上显眼处展示标有“较健康选择”标签的食品，并推出自家品牌的金禾糙米向顾客推广全谷物。

为了鼓励大家表达对母亲的爱，我们也参与了新传媒的#ILoveYouMumChallenge活动。我们顺利完成了召集100位职员接受挑战，向妈妈说“我爱你”的目标，集团因此捐助了1万元给MediaCorp Cares旗下的年长受益人。

此外，我们支持的项目还有“新加坡邻里企业”和“关怀计划”在总统府举办的花园派对等。另外，我们将“金禧乐龄配套”延长一年，继续让60岁及以上的公民享有每逢星期三到昇菘超市购物的3%现金折扣。

### 改善雇员生活

除了确保以市场为基准的公平薪酬制度，我们也响应许多提升雇员健康的计划，例如保健促进局主办的“lQuit”戒烟挑战，鼓励员工挑战连续28天不吸烟的纪录。我们也跟当局合作，让超市员工参与职场保健计划，学习以正确的



姿势工作、减少工作造成的劳损等。此外，我们也跟当局合作，分别为职员提供运动课程和健康检查。

由于了解到生产力的重要性，我们除了投资于培训，也推出各项计划，邀请职员参与改善工作流程，并透过问卷来获得职员的反馈。此外，我们也增设“创新奖”让职员提出能节省资源或提高效率的创新点子和方案。

### 保护环境

“拯救地球”是新传媒推出的绿化宣言运动。我们的高层和员工也积极参与，到本地的海边净滩。我们也借此机会与公众分享集团的环保措施，如使用太阳能板为办公室照明、垃圾分类及将纸皮压缩后送到循环厂等。

我们也赞助了首届的“Save Food Cut Waste”食谱比赛。这项比赛由本地环保组织“Zero Waste SG”和工艺教育西区学院联办，透过鼓励主妇将家中未食用的食物转化成新菜肴，来提倡减少食物浪费。我们赞助快过期的食材，及表层受伤或外观不好的新鲜蔬果，来倡导这些食材其实是能食用的。

在我们的分销中心和分店，我们遵守最高的品质和食品安全标准。自2016年初，我们食品处理厂的食物安全标准就从HACCP升级到ISO 22000。除了处理海鲜、肉类和蔬菜，也为干粮、冷冻食品和水果进行重新包装。

我们也一直跟供应商探讨，如何鼓励农业和采购方面的可持续性，像是店内所销售的挪威三文鱼和虹鳟鱼就获得可

持续海产的认证。为了减少碳足迹，我们也大力推广本地农场所种植的蔬菜和有机蔬菜。

我们也注重公司太阳能板的效率以确保最佳的电力生产，从而减少对石化电源的使用。我们的总部和分销中心都使用节能LED灯，分店也陆续使用LED灯，而冷箱和冰箱也是以节能标准为重要的购买条件。

### 奖状

卓越和品质是我们公司的核心价值。很高兴我们秉持提供卓越服务和品质的努力，获得了各界的肯定，这将激励我们继续优化服务和产品种类。

我们很荣幸在新加坡证券投资者协会主办的第17届“投资者的选择”中，获得消费必需品类的“最透明企业奖”亚军。遴选标准包括零售投资者对公司透明度的评估，这份殊荣肯定了集团自2011年上市以来，在提升企业治理和透明度方面所作的努力。

此外，The Edge Singapore也评选集团为商业组——10亿元俱乐部的总冠军。这份奖项以市值超过10亿新元的上市公司在过去几年来的股价表现、股本回报率和税前净利增长为考核标准，充分肯定了集团即使在经济疲弱和成本波动的情况下，仍然具有强大的韧性。

我们在第13届的亚太零售业500强奖项中，也获得新加坡零售市场的铜奖，并继续在2016年取得“超级品牌”的地位。

### 致谢

首先，我想对管理层和员工所付出的心血和努力，表达由衷的感激。我也要感谢顾客长年来的支持，使我们能成为许多消费者心中的首选零售业者。

如果没有生意伙伴和供应商们的帮助，集团也无法发展到现在的规模。我也要感谢董事会成员所给予集团的咨询和指导。有各位的支持，我们才能继续奋发向上，排除万难。

执行主席

林福荣PBM



## CEO'S STATEMENT & OPERATIONS REVIEW



### REVENUE

Revenue increased 4.2% year-on-year (“yoy”) to S\$796.7 million in FY2016, of which 6.2% was contributed by the new stores opened in 2015 and 2016 and 0.2% from comparable same store sales, but was partially offset by a reduction of 2.2% arising from the temporary closure of the Loyang store. All the four stores which were opened in 2016 were in newly redeveloped neighbourhoods within existing HDB towns and since 2015, such redevelopments have been an important source for opening new stores. We are particularly pleased with the newly opened store in Junction 9 at Yishun Avenue 9, not only for the very pleasant and practical new layout but also for its nascent performance.

Perhaps, you could recall that when this piece of retail space was made available in 2013, it was only for sale and not for lease and I thank my fellow directors and senior management for supporting the decision to buy. Our strategies of expanding into potential areas where we do not have a presence have paid off as new stores have underpinned revenue growth. Since 2011, revenue has grown on a CAGR basis by 6.6%.

New stores aside, comparable same store sales were affected by tepid demand caused by the prevailing weak economic conditions, probably a follow through from 2015, where growth was 0.7%. Competition in the industry remained keen and the other large supermarket groups have added new stores in 2016. In addition, the smaller supermarket groups have been bidding up rent for new HDB shops in the redeveloped neighbourhoods aggressively in the last six months. Such challenges are not new to us and I am confident the team is well placed to work something out.

### GROSS PROFIT MARGIN

The Group registered a growth in gross profit margin from 24.7% in FY2015 to 25.7% in FY2016, mainly because of lower input costs arising from higher rebates from suppliers for special promotions, volume, display and bulk handling services. Our gross margin enhancement initiatives adopted since our IPO in 2011 have been yielding results and we will continue to look for areas where we can reduce our input costs. On a slightly longer time horizon, the scope to improve our sales mix to a higher percentage of fresh component looks promising as lifestyle changes will drive consumers from the traditional wet markets to the supermarkets. This should improve gross margin further.

### OPERATING EXPENSES

Administrative expenses increased by S\$7.4 million in FY2016 compared with FY2015, mainly attributed to the increase in staff costs as more headcounts were needed to operate the new stores and a higher bonus provision arising from better financial performance in FY2016. Rental expenses increased by only S\$0.2 million in FY2016 mainly because of benign rental reversions and rent saved from the Bedok 209 store as it was purchased in 2Q2016. The increase in repair and maintenance was attributable mainly to repair and restoration works done at the stores and the purchase of low value equipment which were not capitalized as property, plant and equipment. Administrative expenses as a percentage of revenue edged up slightly to 16.7% in FY2016 from 16.4% in FY2015. Generally due to the lacklustre economic conditions, cost pressures have eased, and with our prudent approach of not over-bidding to lease new HDB shops, administrative expenses as a percentage of sales should be controlled in the region of 16% to 17%.



**TAXES**

The effective tax rate for FY2016 was 17.7%, which was higher than the statutory rate of 17.0%, mainly because of expenses which were not deductible for tax.

**NET PROFIT**

We are pleased to report that, the Group reported a 10.4% yoy increase in net profit to S\$62.7 million for FY2016. On a CAGR basis, net profits have grown 18.1% since our IPO in 2011.

**CASH**

Cash generated from operating activities before working capital changes and payment of tax amounted to S\$90.3 million in FY2016, which were in line with the improved operating performance. Free cash flow<sup>(1)</sup> amounted to a negative S\$10.6 million, due mainly to additions to property, plant and equipment in FY2016 amounting to S\$89.9 million. It consisted of progress payments totalling S\$19.2 million for the purchase of Yishun Junction 9, S\$55.1 million for the purchase of the Bedok store, S\$10.3 million for fitting out new stores, renovating old stores and upgrading supermarket equipment, S\$5.2 million for the upgrading of warehouse facilities including replacement of trucks and S\$0.1 million for the purchase of software by Sheng Siong (China) Supermarket Co., Ltd. The Group's balance sheet remained healthy with cash of S\$63.5 million as at 31 December 2016.

**FY2017 STRATEGY AND OUTLOOK**

The uncertain economic conditions globally and locally have affected retail spending in Singapore and it is not expected to improve spectacularly in the near term. Consumers would continue to be more cost-conscious and would also be looking for more good value for money buys.

We will continue to look for retail space in areas where our potential customers reside and will nurture the growth of the new stores opened in FY2015 and FY2016, which is expected to underpin the growth of the Group. In the last couple of months, some smaller supermarket operators have bid for new HDB shops at record high rental which we think do not make economic sense. We are working assiduously to look for new retail space but will remain prudent when making our choice.

Historically, there were more opportunities for leasing retail space when economic climate is not favourable, and without exception, I believe history will repeat

itself. We have acquired the HDB shop at Block 209 New Upper Changi Road, where our Bedok store is located for defensive reasons. This is a key store and it is located within the recently upgraded Bedok Town Centre, where footfall is heavy. Although overall comparable same store sale was flattish in FY2016, this was one of the stores with a low single digit growth in revenue.

Addition and alteration works to Loyang Point has been completed and we have re-opened our Loyang store in February 2017 with a slightly bigger area of 7,200 square ft.

We have commenced improvement works to Tampines Central Block 506 after the Chinese New Year, which should be completed by the end of June 2017. The supermarket which is now located on the second floor will continue to operate while work is in progress. On completion, it will occupy the first and second floor with a total area of about 25,000 square feet.

The old stores will not be neglected and we will be looking at how to rejuvenate these stores.

With 43 stores, the central warehouse at Mandai is running out of space. We have leased a piece of land of approximately 1,800 square metres, adjacent to where the central warehouse is located, from JTC Corporation. Tenders have been called for the construction of another 45,000 square feet of warehouse space, which will be linked to the existing warehouse.

Our subsidiary Sheng Siong (China) Supermarket Co., Ltd obtained vacant possession of the leased retail space in Kunming, and we envisaged that the supermarket would commence operations by the end of 3Q2017.

**CONCLUSION**

In view of the prevailing uncertainties in the business environment, we will remain focused, prudent and tight on costs. Leveraging on the Group's brand name, we will continue to offer our customers a wide choice of quality products at competitive prices.

**LIM HOCK CHEE** BBM  
CEO

<sup>(1)</sup> Free cash flow is defined as cash flows from operating activities less cash flows used in investing activities

## 总裁献词及业务回顾



### 营业额

集团营业额在2016年取得4.2%的年比增长，达到7亿9670万元。当中，有6.2%的增长来自2015年和2016年所开设的新店，而0.2%则来自同店销售额的增长。这样的营业额增长也因为罗央分店的暂时关闭，所导致的2.2%萎缩而被部分抵消。2016年所开设的4间新分店都位于建屋局现有市镇内经重新发展的邻里。自2015年以来，这类重新发展的社区成为我们新店的重要来源。我们对位于义顺9道新开的Junction 9 分店相当满意。这不仅是因为该分店的设计和格局美观实在，也因为这间分店在开业初期所展现的潜能。

各位或许会记得这个零售空间在2013年问世时，仅能出售而不能出租。我很感谢各位董事和高层当时支持买下这间分店的决定。我们在有潜在顾客居住的地区开店的策略奏效，新分店奠定了营业额的增长。自2011年，集团营业额的复合年均增长率增加了6.6%。

至于同店销售成长，则因为经济疲弱导致的需求放缓而受到影响。这样的状况或许延续自2015年，当时同店销售额的增长只有0.7%。超市业的竞争仍相当激烈，其他大型超市集团在2016年都增添了新店，而小型超市集团过去半年来也将建屋局的新店店租炒高。这样的挑战对我们并不陌生，因此我有信心管理团队将能迎刃而解。

### 毛利率

集团的毛利率增长从2015年的24.7%提高到2016年的25.7%。这主要因为供应商为特别促销、货量、陈设费和集团大宗处理货

品的服务，提供更多的回扣使得成本下降。集团自2011年上市以来，致力于提高毛利率的效果显著，今后也会持续寻找可削减成本的方式。长远来看，随着生活方式的改变，消费者将从巴刹转向超市，因此集团提高生鲜商品的销售比例是至关重要的，而且能进一步提高集团的毛利率。

### 营运开支

2016年的行政开支较2015年增加了740万元，主要因为经营新店需要更多人员，而且集团2016年的财务表现比2015年佳，意味着花红准备金也增加。年比租金开支只增加20万元，这主要因为良性的租金调整，以及2016年第二季购入勿洛209分店所省下的租金。修理和维护费的增加主要来自分店的维修和整修工作，及一些低价值的设备购入，这些设备不能被资本化为房产、厂和设备。2016年行政开支占营业额的16.7%，稍微比2015年的16.4%高。虽然经济条件不明朗，但成本的下调和集团谨慎标店的做法，应该能把行政开支占营业额的比例，控制在16%至17%之间。

### 税收

2016年的有效税率为17.7%，比17%的法定税率来得高，这主要因为部分开支不符合扣税的条件。

### 净利

集团2016年的净利报6270万元，比上一年增加10.4%。自2011年公开售股以来，净利的复合年均增长率增长了18.1%。



## 现金

2016年全年和第四季的营运活动现金流量，在未考虑营运资本变动和税务付款的营运活动前，分别报9030万元和2230万元，与营运表现的改善相符。2016年的自由现金流呈负1060万元。这主要来自添购房产、厂和器材所开销的8990万元，当中包括：义顺Junction 9 的1920万元分期付款；购买勿洛店的5510万元；装修新店、翻新旧店和提升超市设备的1030万元；提升货仓设备如替换卡车的520万元；及昇崧（中国）超市有限公司购买软体的10万元。集团的资产与负债表现保持强劲，截至2016年12月31日的现金报6350万元。

## 2017财政年的策略和展望

全球和本地的经济情况不稳定，也影响了新加坡的零售消费。这样的情况短期内预料也不会改善。消费者将继续保持谨慎，并寻找物超所值的产品。

我们会向有潜在顾客的地区寻找零售空间，并培养新店的成长。这些在2015年和2016年开设的新店，也预料将带动集团的业绩表现。过去几个月，小型的超市业者以创新高的租金标得建屋局的新店面。在我们看来，这样的做法无法带来经济效益。因此，我们会继续寻找新的零售空间，但依然会谨慎选择。

以往当经济环境不理想的时候，零售租赁空间都会出现契机，我相信历史会重演。我们在樟宜路上段第209座组屋，买下勿洛分店的所在地点，主要是因为防御性的理由。勿洛分店是我们的重要据点，同时位于刚翻新的勿洛市镇中心，那里的人流量相当高。虽然2016年整体的同店销售成长并不显著，但勿洛分店的营业额还是达到单位数的增长。

罗央坊的扩建和整修工作已经告一段落，已经在2017年2月以约7200平方英尺的更大面积重新开幕。

我们在农历新年后已经展开对淡滨尼506分店的翻新工作，预料工程将在2017年6月竣工。目前位于该分店二楼的超市将在施工期间继续运作。工程结束后，超市将占一楼和二楼共2万5000平方英尺的总面积。

旧店也不会被忽略，我们将探讨如何整修这些店面。

随着集团开设43间分店，万礼的中央货仓已经没有空间。我们在中央货仓的附近，向裕廊集团租下一块1800平方米的空地，打算建设面积达4万5000平方英尺的仓储空间。这间与中央货仓相连的新仓库已经对外向建商招标。

集团的子公司昇崧（中国）超市有限公司已经获得昆明零售店的入伙证，预料这间超市将在2017年第三季投入营运。

## 结论

有鉴于商业环境的持续不稳定因素，我们将保持专注、谨慎和继续开源节流。我们会继续凭借集团的品牌，为顾客提供种类更多、品质更高，价格更有竞争性的产品。

总裁

林福星BBM





## OUR HOUSEBRANDS





## OUR HOUSEBRANDS

*Softess*



**Tasty Bites**



## BOARD OF DIRECTORS



Lim Hock Eng



Tan Ling San



Lim Hock Chee



Lim Hock Leng



Lin Riuwen



Goh Yeow Tin



Jong Voon Hoo



Francis Lee Fook Wah



Lee Teck Leng, Robson



**LIM HOCK ENG PBM***Executive Chairman**Date of first appointment: 10 November 2010**Date of last re-appointment: 24 April 2014**Standing for re-election at the AGM*

Mr Lim Hock Eng PBM is our Executive Chairman and his areas of responsibility include business strategy 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 outfit such premises.

Mr Lim was 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 32 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 31 December 2016 to 30 November 2018. He is also appointed as a member of the Community Outreach and Co-ownership Committee of the Chinese Development Assistance Council, for a two-year term, from October 2016.

In 2016, Mr Lim was 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 (2014- 2016):**  
NIL

**TAN LING SAN***Vice Chairman and Executive Director**Date of first appointment: 22 June 2011**Date of last re-appointment: 6 October 2016**Standing for re-election at the AGM*

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 Limited), 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 45 years of experience in grocery retailing.

**Present Directorships in other Listed Companies:**  
NIL

**Past Directorships in other Listed Companies (2014- 2016):**  
NIL

**LIM HOCK CHEE BBM***Chief Executive Officer**Date of first appointment: 10 November 2010**Date of last re-appointment: 27 April 2016*

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 was 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 our day-to-day operations, including overseeing 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 32 years of experience in grocery retailing. Prior to founding our Group, Mr Lim was employed in his family's hog rearing business.

Mr Lim was awarded the Pingat Bakti Masyarakat, or the Public Service Medal, by the Singapore Prime Minister's Office in 2006 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 after being re-elected in 2012, 2014 and 2017. He is appointed as the Vice-Chairman of Trade Association & Membership Committee in SCCCI, as well as a committee member of Singapore Chinese Chamber Institute of Business.

Mr Lim also serves on the Marsiling Community Club Management Committee as Chairman, 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 for a two-year term from 1 September 2012 to 31 August 2014, on behalf of SCCCI. From 1 October 2014 to 31 September 2016, Mr Lim continued to be a member of the feedback panel in his own capacity as a corporate taxpayer.

Since October 2012, he has been 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 1 April 2014 to 31 March 2016. In April 2015, he was invited to be a member of the Revitalise Heartland Shops Committee, a new committee set up by the Ministry of National Development to take in views and suggestions from Merchant's Associations, retailers and Grassroots Organisations.

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 (2014- 2016):**  
NIL

## BOARD OF DIRECTORS

### LIM HOCK LENG

*Managing Director*

*Date of first appointment: 10 November 2010*

*Date of last re-appointment: 23 April 2015*

*Standing for re-election at the AGM*

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 was 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 21 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 (2014–2016):**  
NIL

### LIN RUIWEN

*Executive Director*

*Date of first appointment: 27 April 2016*

Ms Lin Ruiwen is our Executive Director and is responsible for identifying, charting and implementing sustainable business strategies in new growth areas. She continues to oversee the overall management and business development for our fresh fruits and vegetables business.

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 managing the direct sourcing, import pricing, marketing and merchandising of our fresh fruits and vegetables.

In terms of business and product development, she introduced the concessionary sales model, ready-to-cook vegetable platters and housebrand products. Her other work aspects also involved overseeing warehousing, processing, packaging and food safety issues.

She has been appointed a member of the AVA Fruit and Vegetable Cluster, and a member of the AVA Taskforce on Imported Fruits and Vegetables Inspection since 2011. She is also a member of the SMF's Standards Development Organisation's Working Group on Organic Primary Produce since 2015.

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. Her areas of responsibility included supervising and developing the Youth Bank project, an online volunteer database cum matching portal, as well as building community partnerships with corporations. 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.

In the community, Ms Lin serves as the assistant secretary to the Management Committee of CDAC at Ang Mo Kio. 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 (2014–2016):**  
NIL

### GOH YEOW TIN

*Lead Independent Director*

*Date of first appointment: 22 June 2011*

*Date of last re-appointment: 23 April 2015*

Mr Goh Yeow Tin is our Lead Independent Director. Since 2001, Mr Goh is a Non-Executive Chairman of Seacare Medical Holdings Pte Ltd and WaterTech 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 Catalyst), 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 Ltd
- Lereno Bio-Chem Ltd
- AsiaPhos Ltd

**Past Directorships in other Listed Companies (2014–2016):**

- Singapore Post Ltd



**JONG VOON HOO***Independent Director**Date of first appointment: 22 June 2011**Date of last re-appointment: 23 April 2015*

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-practising 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)

**Past Directorships in other Listed Companies (2014- 2016):**

NIL

**FRANCIS LEE FOOK WAH***Independent Director**Date of first appointment: 22 June 2011**Date of last re-appointment: 27 April 2016*

Mr Francis Lee Fook Wah is our Independent Director. Mr Lee is currently the chief financial officer of OKH Global Ltd, a company listed on the Mainboard of the Singapore Exchange, formerly known as Sinobest Technology Holdings Ltd.

Previously, 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 overseeing a team of credit officers. 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 and was also tasked with overseeing its overall credit policy.

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:**

- Metech International Ltd
- Net Pacific Financial Holdings Ltd
- AsiaPhos Ltd

**Past Directorships in other Listed Companies (2014- 2016):**

- JES International Holdings Ltd

**LEE TECK LENG, ROBSON***Non-executive Director**Date of first appointment: 22 June 2011**Date of last re-appointment: 24 April 2014**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 18 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 ("SLB")'s corporate finance and international finance practice and had been with SLB since 1994. Mr Lee was also a partner in the SLB's China practice, focusing on cross-border corporate transactions in the PRC.

In recognition of his experience and expertise, Mr Lee is 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 is also an Exco member of the Board of Governors of Hwa Chong Institution, a director and Vice-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 (2014 - 2016):**

- Matex International Ltd
- Serial System Ltd
- Sim Lian Group Ltd
- OKH Global Ltd (formerly known as Sinobest Technology Holdings Ltd)
- Man Wah Holdings Ltd (listed on the Hong Kong Stock Exchange)
- Best World International Ltd

## KEY EXECUTIVES

### WONG SOONG KIT

*Finance Director*

Mr Wong Soong Kit is responsible for overseeing our Group's finance and accounting functions, treasury 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, 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 30 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 30 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 in 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 Limited) 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.



**HO CHEE HAW***Director/Head - Retail Operations*

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

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. On 1 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***Assistant 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.

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.

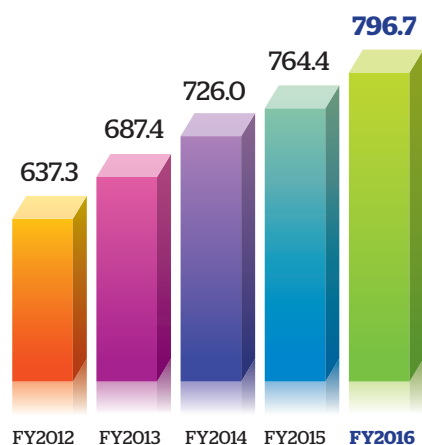
**TAN YONE SHIN***Assistant General Manager  
Store Renovation & Maintenance*

Mr Tan Yone Shin (also known as Mr Khin Maung Lwin) oversees the renovation and upkeep of our stores located in Singapore.

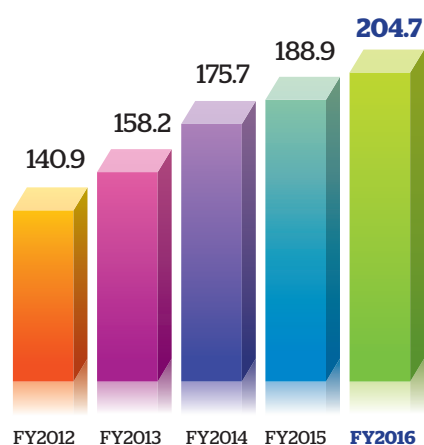
Mr Tan joined us in 1995 as an accountant, and during his career with us, held various positions in our Group. In 2004, Mr Tan served as an area manager overseeing our stores' operations, before being promoted to Assistant General Manager, Supermarket Operations in 2007. With effect from 2012, Mr Tan was tasked to take charge of renovation and refurbishment of our new stores as well as the upgrading works of our older stores. He graduated from the Institute of Economics in Yangon, Myanmar in 1983 with a Bachelor of Commerce degree. He has also attended various training courses, including a course at the Singapore Environment Institute in 2004, and courses at the Singapore Institute of Retail Studies and SSA Consulting Group Pte Ltd in 2008 and 2009 under the Singapore Workforce Skills Qualification Scheme, which is administered by the Singapore Workforce Development Agency.

## FINANCIAL HIGHLIGHTS

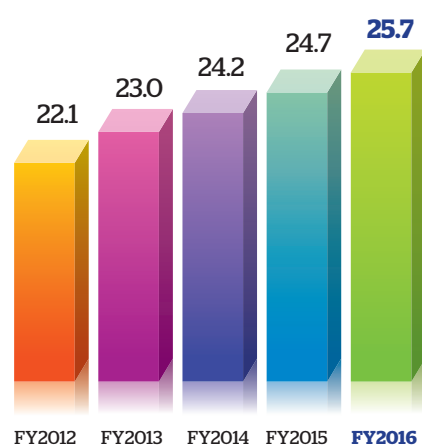
### REVENUE (\$\$M)



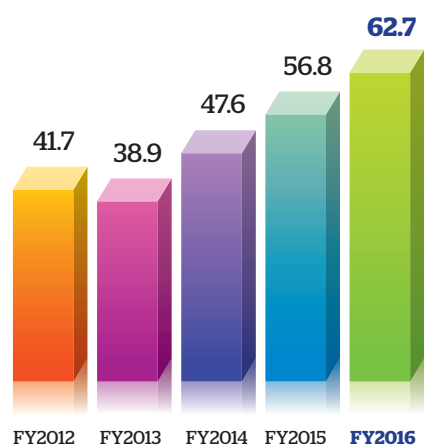
### GROSS PROFIT (\$\$M)



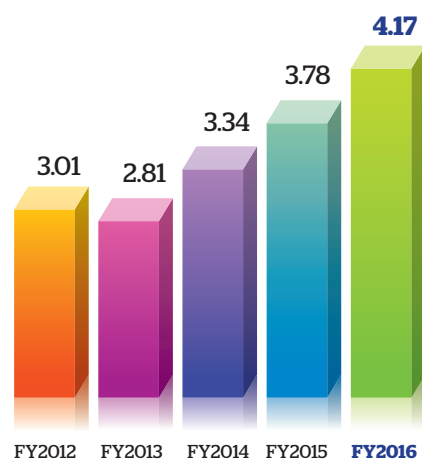
### GROSS PROFIT MARGIN (PERCENTAGE)



### NET PROFIT (\$\$M)



### EARNINGS PER SHARE (CENTS)





## CORPORATE INFORMATION

### BOARD OF DIRECTORS:

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

### AUDIT COMMITTEE:

Mr Jong Voon Hoo	<i>Committee Chairman</i>
Mr Goh Yeow Tin	
Mr Francis Lee Fook Wah	
Mr Lee Teck Leng, Robson	

### NOMINATING COMMITTEE:

Mr Francis Lee Fook Wah	<i>Committee Chairman</i>
Mr Goh Yeow Tin	
Mr Lee Teck Leng, Robson	

### REMUNERATION COMMITTEE:

Mr Goh Yeow Tin	<i>Committee Chairman</i>
Mr Jong Voon Hoo	
Mr Lee Teck Leng, Robson	

### COMPANY SECRETARY:

Ms Yang Yanru, Cheryl

### INDEPENDENT AUDITOR:

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

Partner-in-charge of the audit:  
Ms Yvonne Chiu Sok Hua  
Date appointed: 10 Sep 2015

### 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:

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Singapore 728652  
Tel: 6895 1888  
Fax: 6269 8265  
Website: [www.shengsiong.com.sg](http://www.shengsiong.com.sg)





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# 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**”) believes that good corporate governance serves to protect shareholders’ value and enhance the Group’s financial performance.

This report describes the Group’s corporate governance practices with specific references to the principles of the Code of Corporate Governance 2012 (the “**Code**”).

## BOARD MATTERS

### Board’s Conduct of its Affairs

*Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.*

The Board is primarily responsible for establishing the business strategy of the Group and providing Management with a framework to assess and manage risks by ensuring that there are safeguards, suitable processes and internal controls to ensure that shareholders’ interests are protected. The Board sets the Group’s values and standards, ensures that obligations to shareholders and other stakeholders are understood and met, and oversees Management by periodically reviewing Management’s performance in relation to the Group’s financial, and corporate social responsibility objectives. All Board members possess diversified knowledge and experience and are expected to act in good faith and exercise independent and objective judgement in discharging their duties as fiduciaries, in the best interests of the Group.

In addition, the following matters require the Board’s decision and approval:

- major funding proposals, investments, acquisitions and divestments including the Group’s commitment in terms of capital and other resources; and
- the appointment and remuneration packages of the Directors and Management.

The Board has delegated specific responsibilities to three (3) Board committees: (a) the Nominating Committee (the “**NC**”); (b) the Remuneration Committee (the “**RC**”); and (c) the Audit Committee (the “**AC**”) to facilitate effective management. 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. 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.

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.

## CORPORATE GOVERNANCE

The number of Board and committee meetings held in FY2016 and the attendance of our Directors at these meetings are as follows:

Number of meetings held	Board		NC		RC		AC	
	4		2		2		4	
	Position	Attended	Position	Attended	Position	Attended	Position	Attended
<b>Executive Directors</b>								
Mr. Lim Hock Chee	M	4	-	1*	-	1*	-	4*
Mr. Lim Hock Eng	C	4	-	1*	-	1*	-	4*
Mr. Lim Hock Leng	M	4	-	1*	-	1*	-	4*
Mr. Tan Ling San <sup>(1)</sup>	M	4	-	1*	-	1*	-	4*
Ms. Lin Ruiwen <sup>(2)</sup>	M	2	-	-	-	-	-	2*
<b>Non-executive Directors</b>								
Mr. Goh Yeow Tin	M	4	M	2	C	2	M	4
Mr. Jong Voon Hoo	M	4	-	2*	M	2	C	4
Mr. Francis Lee Fook Wah	M	4	C	2	-	2*	M	4
Mr. Lee Teck Leng, Robson	M	4	M	2	M	2	M	4

**Notes:**

(1) Mr. Tan Ling San was re-designated from Senior Board Adviser to Vice Chairman and Executive Director on 6 October 2016.

(2) Ms. Lin Ruiwen was appointed on 27 April 2016.

\* By invitation

M Member

C Chairman

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.



## CORPORATE GOVERNANCE

### Board Composition and Balance

*Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

Our Board comprises nine (9) Directors, four (4) of whom are non-executive and three (3) of whom 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  
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 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 mix of expertise and experience and collectively possesses the necessary skill sets and core competencies for effective decision-making.

As independent directors make up at least one-third of the Board, the Board has an independent element that sufficiently enables it to exercise objective judgement 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 nine (9) Directors is appropriate, taking into account 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, as more than half of the Board has experience in retail and supply chain management. The Board also includes one lawyer, two qualified accountants and one engineer. The Board welcomed its first female director when Ms. Lin Ruiwen was appointed. While the Executive Chairman is part of the management team, the Board is of the opinion that based on the Group's current size and operations, it is not necessary to have independent directors making up at least half of the Board at present. Nonetheless, the Board is reviewing the composition of the independent directors on the Board with a view to complying with the relevant guidelines of the Code.

Each Director has an equal responsibility towards the Group's operations. Our independent and/or non-executive Directors 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 and/or non-executive Directors participate actively in discussions, reviewing and assessing Management's performance. Led by the Lead Independent Director, they 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 guidelines 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 and Mr. Francis Lee Fook Wah are independent.

## CORPORATE GOVERNANCE

### Executive Chairman and Chief Executive Officer (“CEO”)

*Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

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.

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.

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.

### Nominating Committee

*Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

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

- 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 make 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;



## CORPORATE GOVERNANCE

- 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 were the founders of the Company and were 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 accounting or finance, business or management expertise, 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.

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 committees, notwithstanding that some of the Directors have multiple board representations.

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 Eng, Mr. Lim Hock Leng and Mr. Lee Teck Leng, Robson who are retiring by rotation pursuant to the Company's Constitution, for re-election at the forthcoming Annual General Meeting ("AGM"). The NC has also recommended the nomination of Mr. Tan Ling San, who is also retiring pursuant to Regulation 88 of the Company's Constitution for re-election at the AGM.

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

The information on the directors are disclosed in the "Board of Directors" section of this Annual Report. In addition, information on each director's shareholding in the Company, if any, is set out in the section entitled "Directors' Statement" of this Annual Report.

## CORPORATE GOVERNANCE

### Board Performance

*Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

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 by each Director to the effectiveness of the Board.

The assessment of the Board utilises 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 is 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 FY2016.

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.

### Access to information

*Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

All Directors receive a set of Board papers prior to Board meetings. This is generally issued to them at least three (3) days prior to the meeting in order for the Directors to be adequately prepared for, and make further enquiries (where necessary) at the meeting.

As part of good corporate governance, key matters requiring decisions are reserved for resolution at Board meetings rather than by circulation to facilitate discussion. Key analysts' reports on the Company are forwarded to the Directors on an on-going basis. Financial information, reports and assessments are provided to the Directors on a monthly basis or upon request in order to facilitate the Board's decision-making. The quarterly financial results of the Group are presented to the Board for approval.

The Directors have separate and independent access to Management, including our CEO, Mr. Lim Hock Chee, our Finance Director, Mr. Wong Soong Kit, and other executive officers, as well as the Company's internal and external auditors. Queries by individual Directors on circulated reports are directed to Management, who will respond accordingly. Where relevant, Directors' queries and Management's responses are circulated to all Board members for their information.



## CORPORATE GOVERNANCE

The Board also has separate and independent access to the advice and services of the Company Secretary. The Company Secretary or his/her representative(s) attends all meetings of the Board and, together with Management, ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends all meetings of the AC, RC and NC. Under the Constitution of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

The Board or an individual Board member may seek independent legal and other professional advice, if necessary, at the Company's expense, concerning any aspect of the Company's operations or undertakings in order to fulfil his/her duties and responsibilities as a Director.

### REMUNERATION MATTERS

#### Procedures for developing remuneration policies

*Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

#### Remuneration Committee

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

- Mr. Goh Yeow Tin (Chairman)
- Mr. Jong Voon Hoo
- Mr. Lee Teck Leng, Robson

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.

## CORPORATE GOVERNANCE

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.

### Level and Mix of Remuneration

*Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate(a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

### 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, statutory employer's contributions to the Central Provident Fund and allowances. 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. The variable component for the executive directors and key management personnel 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.

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.



## CORPORATE GOVERNANCE

### Employee Share Schemes

The Sheng Siong ESOS (employees' share option scheme) and the Sheng Siong Share Award Scheme are intended 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.

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 ESOS*

The Sheng Siong ESOS was established with the aim to motivate employees to achieve and maintain a high level of performance and contribution, make total employee remuneration sufficiently competitive to recruit and retain employees whose contributions are important to long term growth and profitability of the Company, and foster an ownership culture within the Company. The Sheng Siong ESOS was approved by the shareholders of the Company at an extraordinary general meeting held on 1 July 2011, and is administered by the RC.

The exercise price of each option is determined and fixed by the RC. Options may be granted at market price<sup>1</sup> ("**Market Price Option**") or at a discount of up to 20% of the market price ("**Incentive Option**"). The period for the exercise of an option shall be:

- (a) in the case of a Market Price Option, a period commencing after the first anniversary of the date of grant and expiring on the fifth anniversary of such grant date; and
- (b) in the case of an Incentive Option, a period commencing after the second anniversary of the date of grant and expiring on the fifth anniversary of such grant date,

or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST.

No options were granted during FY2016 and as at the date of this Annual Report, no options are outstanding, under the Sheng Siong ESOS.

#### *Sheng Siong Share Award Scheme*

The Sheng Siong Share Award Scheme and Sheng Siong ESOS are intended to complement each other in the Group's continuing efforts to reward, retain and motivate employees to achieve better performance.

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.

<sup>1</sup> The market price is calculated by the average of the closing prices of the Company's shares for the past five (5) market days immediately preceding the date of grant of the option.

## CORPORATE GOVERNANCE

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 FY2016 and as at the date of this Annual Report, no awards are outstanding, under the Sheng Siong Share Award Scheme.

### Disclosure on Remuneration

*Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

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 FY2016 is set out below.

	Salary <sup>(3)</sup>	Variable Bonus	Director's Fees	Benefits in Kind	Total
	(S\$'000)				
Executive Directors					
Mr. Lim Hock Eng	304	2,505	20*	44	2,873
Mr. Lim Hock Chee	381	2,505	20*	40	2,946
Mr. Lim Hock Leng	311	2,505	20*	45	2,881
Mr. Tan Ling San <sup>(1)</sup>	288	2,505	20*	33	2,846
Ms. Lin Ruiwen <sup>(2)</sup>	243	-	-	10	253
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

#### Notes:

(1) Mr. Tan Ling San was re-designated from Senior Board Adviser to Vice Chairman and Executive Director on 6 October 2016.

(2) Ms. Lin Ruiwen was appointed on 27 April 2016.

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

\* 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.



## CORPORATE GOVERNANCE

The remuneration of the top five key management personnel for FY2016 is set out below. The total remuneration paid to these personnel (who are not directors or the CEO of the Company) is approximately \$1.95 million (2015: \$1.95 million).

	Salary <sup>(1)</sup>	Variable Bonus	Director's Fees	Benefits in Kind	Total
	(%)				
Key personnel					
S\$500,001 to S\$750,000					
Mr. Wong Soong Kit	38.0	45.6	3.4*	13.0	100
S\$250,001 to S\$500,000					
Mr. Ho Chee Haw, Alvin	28.3	62.3	4.6*	4.8	100
Mdm. Lee Lay Chin	27.6	65.3	4.8*	2.3	100
Mdm. Lee Moi Hong <sup>(2)</sup>	90.7	-	7.7*	1.6	100
Mdm. Tan Bee Loo <sup>(3)</sup>	92.1	-	7.9*	-	100

**Notes:**

- (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.
- \* Directors' fees payable by subsidiaries of the Company.

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 \$50,000 for FY2016 is set out below.

<i>\$250,001 to \$300,000</i>		
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
<i>\$50,001 to \$100,000</i>		
Mr. Tan Yong Ghee	Manager	Brother of Mdm. Tan Bee Loo, brother-in-law of Mr. Lim Hock Eng
Mr. Lin Zi Kai	Assistant Manager	Son of Mr. Lim Hock Chee
Mdm. Lim Guek Li	Manager	Sister of Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng
Mdm. Lim Guek Kee	Assistant Executive	Sister of Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng
Mdm. Lim Huek Hun	Manager	Sister of Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng

## CORPORATE GOVERNANCE

### ACCOUNTABILITY AND AUDIT

#### Accountability

*Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Board seeks to set out a balanced and understandable assessment of the Group's financial performance and position in its quarterly and annual financial results announcements. Competitive conditions in the industry as well as risks associated with the general state of the economy are discussed and reported.

Quarterly and annual financial results are released via SGXNET to shareholders within 45 days after the end of the quarter, and 60 days after the relevant financial period respectively. The financial results of the Group have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and approved by the Board prior to release to the SGX-ST and shareholders.

#### Risk Management and Internal Controls

*Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

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. The Board will also look into the system of internal controls and measures taken to mitigate such risks. The results of these reviews are documented in a risk matrix which was jointly developed with the assistance of an international accounting firm in FY2012 and has been used on an ongoing basis to monitor and manage risks, including for the design or strengthening of internal control systems to mitigate risks.

The Board has received assurance from the CEO, the Finance Director and the internal auditors (i) that 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 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.



## CORPORATE GOVERNANCE

### AUDIT COMMITTEE

*Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

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

The Board is of the view that the members of the AC 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 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 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 discussed with management and the external auditors on the following significant matters impacting the financial statements:

## CORPORATE GOVERNANCE

### ***Significant matter***

#### *Cash sales/receipts arising from supermarket operations*

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.

#### *Inventory*

The Group holds inventory at many retail locations. A full inventory count is not carried out at the year end. Instead the Group relies on cyclical inventory counts to ensure the reliability of its inventory records. Adjustments are made to inventory at the year end for expected variances and pilferages. Such adjustments contain a degree of estimation.

### ***How the matter was addressed by the AC***

The AC assessed the Group's controls over the recording of sales, collection and custody of cash including segregation of duties and discussed with the external auditors the results of their tests over key controls such as the reconciliation of sales records to credit card records and cash and bank balances.

The AC assessed the key controls over the conduct of the cyclical counts and discussed with management on the results of the count.

The AC also discussed with the external auditors on the results of their attendance at the cyclical inventory counts at selected retail outlets which was done on a sample basis.

The AC reviewed management's assessment of year end inventory adjustments against the stock loss adjustments from historical cycle count results and concurred with management's assessment.

The AC also reviewed the independence of the external auditors and noted that the fees paid/payable by the Group to our external auditors for FY2016 are as set out in Note 15 to the financial statements.

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 audited by another firm of certified public accountants. Sheng Siong (China) Supermarket Co., Ltd., the Company's 60%-owned subsidiary, has not appointed any external auditors as it has not commenced operations.

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.

### **Internal Audit**

*Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*



## CORPORATE GOVERNANCE

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 reviews 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 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders’ rights, and continually review and update such governance arrangements.*

*Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

*Principle 16: Companies should encouraged greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

The Company endeavours to maintain regular, timely and effective communication with its shareholders. The Company disseminates all price-sensitive information to its shareholders on a non-selective basis. Quarterly and annual financial results 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 with shareholders 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.

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.

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, 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.

The Company welcomes the views of shareholders on matters concerning the Group and encourages shareholders’ participation at AGMs. All Directors, including the Chairman of each of the AC, NC and RC, and Management are in attendance at the general meetings to allow shareholders the opportunity to air their views and ask Directors or Management questions regarding the Group. The external auditors are also invited to attend the AGMs to assist the Directors in answering queries relating to the conduct of the audit and the preparation and content of the auditors’ report.

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.

## CORPORATE GOVERNANCE

### 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 two (2) weeks before the announcement of the Group's quarterly financial results, and the period commencing one (1) month before the announcement of the Group's 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.

### 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 FY2016 are set out below:

### INTERESTED PERSON TRANSACTIONS

From 1 January 2016 to 31 December 2016

Name of Interested Person(s) and Nature of Transactions	Aggregate value of all interested person transactions during the financial year 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) <sup>(4)</sup>
<b>F M Food Court Pte Ltd<sup>(1)</sup></b> Provision of goods/lease of operations space	777	-
<b>E Land Properties Pte Ltd<sup>(2)</sup></b> Lease and license of operations space	1,636	-
<b>Mr. Lim Hock Chee</b> Purchase of motor vehicle from Sheng Siong Group Ltd.	150	-
<b>Mr. Lim Hock Eng</b> Sale of motor vehicle to Sheng Siong Group Ltd.	260	-
<b>Proper People Design Pte Ltd<sup>(3)</sup></b> Purchase of long service gold medallions to be awarded to employees	297	-

## CORPORATE GOVERNANCE

### Notes:

- (1) Our CEO, Mr. Lim Hock Chee, our Executive Chairman, Mr. Lim Hock Eng, and our Managing Director, Mr. Lim Hock Leng, (each a **"Lim Director"**), hold an aggregate of 64.7% approximately of the equity interest in FM Food Court Pte Ltd. Accordingly, F M Food Court Pte Ltd is an associate of the Lim Directors and an interested person *vis-à-vis* the Group.
- (2) Each of the Lim Directors holds approximately 33.3% of the equity interest in E Land Properties Pte Ltd. Accordingly, E Land Properties Pte Ltd is an associate of each of the Lim Directors, and an interested person *vis-à-vis* the Group.
- (3) A daughter of our Executive Chairman, Mr. Lim Hock Eng, and sister of our Executive Director, Ms. Lin Ruiwen, holds 50% of the equity interest in Proper People Design Pte Ltd. Accordingly, Proper People Design Pte Ltd is an associate of each of Mr. Lim Hock Eng and Ms. Lin Ruiwen, and an interested person *vis-à-vis* the Group.
- (4) The Group did not obtain a Mandate under Rule 920 of the Listing Manual.

### Material Contracts

Save as disclosed above and note 20 to the financial statements, there were no other material contracts, which involve the interests of any Director and/or controlling shareholder, entered into by the Group during FY2016 and are still subsisting as at 31 December 2016, or entered into since 31 December 2016.



## 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 2016.

In our opinion:

- (a) the financial statements set out on pages 52 to 84 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and 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; 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 (Appointed on 27 April 2016)  
Goh Yeow Tin  
Jong Voon Hoo  
Francis Lee Fook Wah  
Lee Teck Leng, Robson

### Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the 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:

Name of director and corporation in which interests are held	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
<b>The Company</b>				
<b>Ordinary shares</b>				
Lim Hock Chee	170,400,000	170,400,000	791,250,000 <sup>(1)(2)</sup>	791,250,000 <sup>(1)(2)</sup>
Lim Hock Eng	170,400,000	170,400,000	789,600,000 <sup>(1)</sup>	789,600,000 <sup>(1)</sup>
Lim Hock Leng	170,400,000	170,400,000	789,600,000 <sup>(1)</sup>	789,600,000 <sup>(1)</sup>
Lee Teck Leng, Robson	50,000	50,000	-	-
<b>Sheng Siong (China) Supermarket Co., Ltd., the Company's subsidiary</b>				
<b>Interest in capital</b>				
Tan Ling San	10% <sup>(3)</sup>	-	-	-

## DIRECTORS' STATEMENT

### 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), each of the Lim Directors is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (340,800,000 shares); and (ii) SS Holdings (448,800,000 shares).
- (2) Mr. Lim Hock Chee is also deemed to be interested in the 1,650,000 shares held by his spouse, Mdm. Lee Moi Hong.
- (3) Mr. Tan Ling San has 10% equity interest in Sheng Siong (China) Supermarket Co., Ltd. which has a registered capital of US\$10 million, as at the beginning of the financial year.

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 date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2017.

### Arrangements to enable directors to acquire shares or debentures

As at the beginning of the financial year, the Company is a party to a Joint Venture Agreement (the "**JVA**") with each of Kunming LuChen Group Co., Ltd., and Mr. Tan Ling San, the Company's Vice Chairman and Executive Director, in relation to, *inter alia*, the proposed incorporation of Sheng Siong (China) Supermarket Co., Ltd. ("**SS China**") under the laws of the People's Republic of China ("**PRC**"). The Company had, on 13 May 2015, received all necessary approvals from the relevant authorities in the PRC for the investment by the parties to the JVA in, and the incorporation of, SS China. The JVA provides, *inter alia*, that SS China will have a registered capital of US\$10 million, and the parties to the JVA have agreed to contribute capital as follows:

- (i) the Company will subscribe for 60% of the equity interest in SS China, for a cash consideration of US\$6 million;
- (ii) Kunming LuChen Group Co., Ltd. will subscribe for 30% of the equity interest in SS China, for a cash consideration of US\$3 million; and
- (iii) Mr. Tan Ling San, the Company's Vice Chairman and Executive Director, will subscribe for 10% of the equity interest in SS China, for a cash consideration of US\$1 million.

The JVA provides that the profits of SS China shall be allocated in accordance with the equity interest held by the parties to the JVA i.e. the Company shall be allocated 60% of SS China's profits, Kunming LuChen Group Co., Ltd. shall be allocated 30% of SS China's profits, and Mr. Tan Ling San shall be allocated 10% of SS China's profits.

Mr. Tan Ling San has transferred his entire equity interest in SS China to iSmart Investments Pte Ltd on 31 May 2016.

Save as disclosed above, 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.

## DIRECTORS' STATEMENT

### Directors' contractual benefits

Save for the JVA with Mr. Tan Ling San as disclosed above, except for salaries, bonuses and fees and those benefits that are disclosed in this statement and in Note 20 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 Company believes that by adopting both the ESOS and the Sheng Siong Share Award Scheme, the Company will have greater 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 ESOS is administered by the Remuneration Committee and the Sheng Siong Share Award Scheme is administered by the Sheng Siong Share Award Scheme Committee comprising members of the Remuneration Committee, the Finance Director and two Executive Directors duly authorised and appointed by the Board.

Other information regarding the ESOS is set out below:

- The consideration of each option is S\$1.00 and the exercise price (the "Exercise Price") for each share in respect of which an option is exercisable shall be determined and fixed by the Remuneration Committee and shall be equal to the average of the closing prices of the shares of the Company for the past five (5) market days immediately preceding the relevant date of grant of the option (the "Market Price").
- The Remuneration Committee may grant options on a yearly basis and any such grants shall be made at least 60 days after the end of the financial year of the Company.
- The period for the exercise (the "Exercise Period") of an option granted under the ESOS shall be:
  - (a) in the case of an option granted at Market Price (the "Market Price Option"), a period commencing after the first anniversary of the relevant date of the grant and expiring on the fifth anniversary of such date of grant or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST; and
  - (b) in the case of an option granted at a discount of up to 20% of the Market Price (the "Incentive Option"), a period commencing after the second anniversary of the relevant date of the grant and expiring on the fifth anniversary of such date of grant or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Incentive Options.

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:



## DIRECTORS' STATEMENT

- 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 ESOS and 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 ESOS and 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
- 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.

## DIRECTORS' STATEMENT

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.

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

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**Lim Hock Chee**  
*Director*

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**Lim Hock Eng**  
*Director*

31 March 2017

# INDEPENDENT AUDITORS' REPORT

Members of the Company  
**Sheng Siong Group Ltd**

## **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 2016, 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 52 to 84.

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 Financial Reporting Standards in Singapore (FRSs) 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 2016 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 matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were 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 these matters.



## INDEPENDENT AUDITORS' REPORT

### Cash sales/receipts arising from supermarket operations

(Refer to Note 13 to the financial statements)

#### ***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 the reconciliation of sales records to credit card records and cash and bank balances.

#### ***Findings***

The Group has control processes in place to ensure segregation of duties, recording of sales and collection of cash. The control processes include daily cash counts and reconciliation of sales records to credit card records and cash and bank balances.

### Inventory

(Refer to Note 6 to the financial statements)

#### ***The key audit matter***

The Group holds inventory at many retail locations. A full inventory count is not carried out at the year end. Instead the Group relies on cyclical inventory counts to ensure the reliability of its inventory records. Adjustments are made to inventory at the year end for expected variances and pilferages. Such adjustments contain a degree of estimation.

#### ***How the matter was addressed in our audit***

We attended the cyclical inventory counts at selected retail outlets on a sample basis and reviewed the records of inventory variances. We also assessed the count controls and checked that physical test counts were accurately reflected in the accounting records. We compared management's assessment of year end inventory adjustments against the stock loss adjustments from historical cycle count results to assess reasonableness of these adjustments.

#### ***Findings***

The Group has count controls in place and we found no material variances during the stock counts. We also found that the physical counts results were accurately reflected in the accounting records. We considered management's estimates of year end variances and pilferage adjustments to be balanced when compared to stock loss adjustments from historical cycle count results.

## INDEPENDENT AUDITORS' REPORT

### *Other information*

Management is responsible for the other information. The other information comprises the Chairman's message, CEO's statement and operations review, financial highlights, Board of Directors, key executives, corporate information, corporate governance, Directors' statement and statistics of shareholdings.

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 FRSs, 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.

## INDEPENDENT AUDITORS' REPORT

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.



## INDEPENDENT **AUDITORS' REPORT**

### **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 Yvonne Chiu Sok Hua.

### **KPMG LLP**

*Public Accountants and  
Chartered Accountants*

### **Singapore**

31 March 2017

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Assets</b>					
Property, plant and equipment	4	252,043	177,649	-	-
Investments in subsidiaries	5	-	-	82,261	78,234
<b>Non-current assets</b>		252,043	177,649	82,261	78,234
Inventories	6	61,886	52,459	-	-
Trade and other receivables	7	10,364	11,762	181,852	172,880
Cash and cash equivalents	8	63,510	125,931	232	11,754
<b>Current assets</b>		135,760	190,152	182,084	184,634
<b>Total assets</b>		387,803	367,801	264,345	262,868
<b>Equity</b>					
Share capital	9	235,373	235,373	235,373	235,373
Merger reserve	10	(68,234)	(68,234)	-	-
Foreign currency translation reserve		91	*	-	-
Accumulated profits		84,830	77,057	28,643	27,134
<b>Equity attributable to owners of the company</b>		252,060	244,196	264,016	262,507
<b>Non-controlling interest</b>		2,792	-	-	-
<b>Total equity</b>		254,852	244,196	264,016	262,507
<b>Liabilities</b>					
Deferred tax liabilities	11	2,445	2,241	-	-
<b>Non-current liabilities</b>		2,445	2,241	-	-
Trade and other payables	12	117,514	108,715	329	361
Current tax payable		12,992	12,649	-	-
<b>Current liabilities</b>		130,506	121,364	329	361
<b>Total liabilities</b>		132,951	123,605	329	361
<b>Total equity and liabilities</b>		387,803	367,801	264,345	262,868

\* Amount is less than \$1,000.

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 2016

	Note	2016 \$'000	2015 \$'000
Revenue	13	796,683	764,433
Cost of sales		(592,029)	(575,531)
<b>Gross profit</b>		<b>204,654</b>	188,902
Other income		10,543	9,262
Selling and distribution expenses		(5,114)	(4,431)
Administrative expenses		(132,663)	(125,264)
Other expenses		(1,794)	(1,984)
<b>Results from operating activities</b>		<b>75,626</b>	66,485
Finance income	14	573	1,215
<b>Profit before tax</b>		<b>76,199</b>	67,700
Tax expense	16	(13,499)	(10,914)
<b>Profit for the year</b>	15	<b>62,700</b>	56,786
<b>Profit attributable to:</b>			
Owners of the Company		62,652	56,786
Non-controlling interests		48	-
<b>Profit for the year</b>		<b>62,700</b>	56,786
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified</b>			
<b>subsequently to profit or loss:</b>			
Foreign currency translation differences for foreign entity		151	-
<b>Total comprehensive income for the year</b>		<b>62,851</b>	56,786
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		62,743	56,786
Non-controlling interests		108	-
<b>Total comprehensive income for the year</b>		<b>62,851</b>	56,786
<b>Earnings per share</b>			
- Basic and diluted (cents)	17	4.17	3.78

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the Company						
	Share capital \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Group</b>							
As at 1 January 2015	235,373	(68,234)	*	69,136	236,275	-	236,275
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	56,786	56,786	-	56,786
<b>Transactions with owners, recognised directly in equity</b>							
<b>Distribution to owners</b>							
Dividends declared (Note 9)	-	-	-	(48,865)	(48,865)	-	(48,865)
<b>At 31 December 2015</b>	235,373	(68,234)	*	77,057	244,196	-	244,196
As at 1 January 2016	235,373	(68,234)	*	77,057	244,196	-	244,196
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	62,652	62,652	48	62,700
<b>Other comprehensive income</b>							
Foreign currency translation differences for foreign entity	-	-	91	-	91	60	151
<b>Total comprehensive income for the year</b>	-	-	91	62,652	62,743	108	62,851
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contribution by and distribution to owners of the Company</b>							
Dividends declared (Note 9)	-	-	-	(54,879)	(54,879)	-	(54,879)
<b>Total transactions with owners</b>	-	-	-	(54,879)	(54,879)	-	(54,879)
Capital contribution by non-controlling interests	-	-	-	-	-	2,684	2,684
<b>At 31 December 2016</b>	235,373	(68,234)	91	84,830	252,060	2,792	254,852

\* Amount is less than \$1,000.

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
<b>Operating activities</b>			
Profit for the year		62,700	56,786
Adjustments for:			
Depreciation of property, plant and equipment	15	14,918	13,411
Gain on disposal of property, plant and equipment		(43)	-
Unrealised exchange gain		(249)	(36)
Interest income		(573)	(1,215)
Tax expense		13,499	10,914
		<b>90,252</b>	<b>79,860</b>
Changes in inventories		(9,427)	(9,317)
Changes in trade and other receivables		1,398	(1,014)
Changes in trade and other payables		8,799	12,870
Cash generated from operations		<b>91,022</b>	<b>82,399</b>
Taxes paid		(12,952)	(8,926)
<b>Cash flows from operating activities</b>		<b>78,070</b>	<b>73,473</b>
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		587	3
Purchase of property, plant and equipment		(89,856)	(30,401)
Interest received		573	1,215
<b>Cash flows used in investing activities</b>		<b>(88,696)</b>	<b>(29,183)</b>
<b>Financing activities</b>			
Dividends paid		(54,879)	(48,865)
Capital contribution by non-controlling interest		2,684	-
<b>Cash flows used in financing activities</b>		<b>(52,195)</b>	<b>(48,865)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(62,821)</b>	<b>(4,575)</b>
Cash and cash equivalents at beginning of the year		125,931	130,470
Effect of exchange rate changes on balances held in foreign currencies		400	36
<b>Cash and cash equivalents at end of the year</b>	8	<b>63,510</b>	<b>125,931</b>

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 31 March 2017.

## 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 2016 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 below.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

### 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 FRSs 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. Information about assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

#### *Inventories*

Estimation is required in determining adjustment for inventory at year end for expected variances and pilferage from the previous cyclical counts to the year end. Losses are estimated based on historical losses supported by historical cyclical counts results conducted at each retail location.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 BASIS OF PREPARATION (CONTINUED)

#### 2.5 Changes in accounting policies

With effect from 1 January 2016, the Group adopted the new or revised FRS that are mandatory for application from that date. The adoption of these new or revised FRS did not have any significant impact 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, and have been applied consistently by Group entities.

#### 3.1 Basis of consolidation

##### *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.

##### *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.

##### *Non-controlling interests (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 FRSS.

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.



## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Basis of consolidation (Continued)

##### *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### *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.

##### *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.

#### 3.2 Foreign currency

##### *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 year are retranslated 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 retranslated 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 retranslation are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Foreign currency (Continued)

##### *Foreign operation*

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.

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 Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3 Property, plant and equipment (Continued)

##### *Recognition and measurement (Continued)*

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 (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) 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.

##### *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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Property, plant and equipment (Continued)

#### *Depreciation (Continued)*

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

Leasehold properties	- lease period or useful lives, whichever is shorter
Renovations	- 5 years
Plant and machinery	- 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

#### *Non-derivative financial assets*

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into loans and receivables.



## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Financial instruments (Continued)

##### *Non-derivative financial assets (Continued)*

###### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits.

##### *Non-derivative financial liabilities*

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

##### *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, net of any tax effects.

###### *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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Leases

##### *Operating lease*

*When operating lease entities within the Group are lessors of an operating lease*

Leases where the Group retains substantially all the risk and rewards of ownership of the assets are classified as operating lease. Assets subject to operating lease are included in property, plant and equipment in the statement of financial position. Revenue recognition policy of lease rental income is classified under Note 3.9.

*When operating lease entities within the Group are lessees of an operating lease*

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

##### *Finance lease*

*When the Group are lessees of a finance lease*

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Impairment

##### *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, and economic conditions that correlate with defaults or the disappearance of an active market for a security.

##### *Loans and receivables*

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (e.g. repayment by a debtor), then the previously recognised impairment loss is reversed through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Impairment (Continued)

##### *Non-derivative financial assets (Continued)*

##### *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 to sell. 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.

#### 3.8 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 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.



## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.9 Revenue

##### *Supermarket operations*

Revenue consists of the net value of goods sold to customers and income from concessionaire sale. Revenue is recognised at the point of sale when the significant risks and rewards of ownership of the goods have been transferred to customers and is recorded at the net amount received from customers. Revenue excludes goods and services taxes.

##### *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*

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.

#### 3.10 Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

#### 3.11 Tax expense

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

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.11 Tax expense (Continued)

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 the laws that have been enacted or substantively enacted by the reporting date.

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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional tax and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

#### 3.12 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.13 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.

#### 3.14 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted. The Group has not early applied the following new or amended standards in preparing these statements.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for the adoption by the Group and the Company on 1 January 2018 and FRS 116 *Leases* which is mandatory for the adoption by the Group and the Company on 1 January 2019.

Except for FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 is described below.

##### ***Applicable to 2018 financial statements***

##### ***Convergence with International Financial Reporting Standards (IFRS)***

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this Note.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.14 New standards and interpretations not yet adopted (Continued)

#### *Applicable to 2018 financial statements (Continued)*

#### *Convergence with International Financial Reporting Standards (IFRS) (Continued)*

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

#### **Applicable to 2019 financial statements**

#### **New standards**

#### **Summary of the requirements**

#### **Potential impact on the financial statements**

#### **FRS 116 Leases**

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17; INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases-Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to Note 19(d)). Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard.

The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017.

The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.



# NOTES TO THE FINANCIAL STATEMENTS

## 4 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold 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
<b>Cost</b>										
At 1 January 2015	121,978	11,489	33,631	4,352	9,849	2,789	22,780	-	6,365	213,233
Additions	-	1,529	8,087	72	213	2,186	17,996	318	-	30,401
Transfer	-	-	-	-	-	-	(3,448)	3,448	-	-
Disposals	-	(439)	(679)	(32)	-	(14)	-	-	-	(1,164)
At 31 December 2015	121,978	12,579	41,039	4,392	10,062	4,961	37,328	3,766	6,365	242,470
Additions	55,981	1,475	7,045	583	2,205	3,183	19,371	-	13	89,856
Transfer	56,572	-	-	-	-	-	(56,572)	-	-	-
Disposals	-	(815)	(2,472)	(56)	(1,444)	(72)	-	-	-	(4,859)
At 31 December 2016	<b>234,531</b>	<b>13,239</b>	<b>45,612</b>	<b>4,919</b>	<b>10,823</b>	<b>8,072</b>	<b>127</b>	<b>3,766</b>	<b>6,378</b>	<b>327,467</b>
<b>Accumulated depreciation</b>										
At 1 January 2015	7,084	8,311	22,147	2,303	6,173	2,295	-	-	4,258	52,571
Depreciation charge for the year	2,795	1,532	5,071	751	1,083	529	-	377	1,273	13,411
Disposals	-	(439)	(676)	(32)	-	(14)	-	-	-	(1,161)
At 31 December 2015	9,879	9,404	26,542	3,022	7,256	2,810	-	377	5,531	64,821
Depreciation charge for the year	2,918	1,533	6,100	705	1,205	1,296	-	377	784	14,918
Disposals	-	(814)	(2,413)	(56)	(1,008)	(24)	-	-	-	(4,315)
At 31 December 2016	<b>12,797</b>	<b>10,123</b>	<b>30,229</b>	<b>3,671</b>	<b>7,453</b>	<b>4,082</b>	<b>-</b>	<b>754</b>	<b>6,315</b>	<b>75,424</b>
<b>Carrying amounts</b>										
At 1 January 2015	114,894	3,178	11,484	2,049	3,676	494	22,780	-	2,107	160,662
At 31 December 2015	112,099	3,175	14,497	1,370	2,806	2,151	37,328	3,389	834	177,649
At 31 December 2016	<b>221,734</b>	<b>3,116</b>	<b>15,383</b>	<b>1,248</b>	<b>3,370</b>	<b>3,990</b>	<b>127</b>	<b>3,012</b>	<b>63</b>	<b>252,043</b>

\* Construction-in-progress consists of retail shop units purchased which were still under construction.

## NOTES TO THE FINANCIAL STATEMENTS

### 4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's leasehold properties as at 31 December 2016 were as follows:

Location	Description	Tenure	Floor area (sq. m.)
6 Mandai Link, Singapore 728652	4 storey warehouse with ancillary offices	60 years lease commencing in 2009	50,455
Woodlands Road	Leasehold land	22 years lease commencing in 2016	1,795
Blk 4, Lorong 7 Toa Payoh, #01-107 Singapore 310004	1 HDB shop unit	55 years lease commencing 24 September 2013	219
Blk 506 Tampines Central 1 #01-361 Singapore 520506	3 storey shopping mall*	75 years lease commencing 31 December 2014	3,876
18 Yishun Avenue 9 Singapore 768897	6 units in shopping mall*	96 years lease commencing 31 March 2016	1,727
209 New Upper Changi Road #01-631 Singapore 460209	1 HDB shop unit	62 years lease commencing 20 May 2016	2,844

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

## NOTES TO THE FINANCIAL STATEMENTS

### 5 SUBSIDIARIES

	<b>Company</b>	
	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>
Equity investments, at cost	<b>82,261</b>	78,234

The subsidiaries of the Group are as follows:

<b>Name of subsidiaries</b>	<b>Principal activities</b>	<b>Country of incorporation</b>	<b>Effective equity interest held by the Group</b>	
			<b>2016</b>	2015
			<b>%</b>	<b>%</b>
Sheng Siong Supermarket Pte. Ltd. <sup>1</sup>	Supermarket operations	Singapore	<b>100</b>	100
CMM Marketing Management Pte. Ltd. <sup>1</sup>	Trading of general and wholesale importers and exports	Singapore	<b>100</b>	100
Sheng Siong (M) Sdn. Bhd. <sup>2</sup>	Dormant	Malaysia	<b>100</b>	100
Sheng Siong (China) Supermarket Co, Ltd <sup>3</sup>	Not operational yet	China	<b>60</b>	60

<sup>1</sup> Audited by KPMG LLP, Singapore

<sup>2</sup> Audited by other firm of certified public accountants

<sup>3</sup> During the current financial year, the Company has injected \$4 million (US\$3 million) (2015: Nil) into Sheng Siong (China) Supermarket Co, Ltd (the "Subsidiary"). The Subsidiary has not commenced operations during the current financial year. The auditors have not been appointed.

### 6 INVENTORIES

	<b>Group</b>	
	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>
Goods for resale	<b>61,886</b>	52,459

In 2016, changes in goods for resale recognised in cost of sales amounted to \$565,920,000 (2015: \$548,323,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade receivables	<b>6,291</b>	4,897	-	-
Amounts due from affiliated companies (trade)	<b>66</b>	18	<b>5</b>	-
Amounts due from subsidiaries:				
- non-trade	-	-	<b>152,556</b>	146,566
- dividend income	-	-	<b>29,280</b>	26,300
Other receivables	<b>247</b>	559	-	8
Deposits	<b>2,693</b>	4,213	<b>5</b>	1
	<b>9,297</b>	9,687	<b>181,846</b>	172,875
Prepayments	<b>1,067</b>	2,075	<b>6</b>	5
	<b>10,364</b>	11,762	<b>181,852</b>	172,880

Amounts due from subsidiaries are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

The ageing of trade and other receivables\* at the reporting date is:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Not past due	<b>8,022</b>	8,673	<b>181,846</b>	172,875
Past due 1 - 30 days	<b>836</b>	842	-	-
Past due 31 - 60 days	<b>313</b>	77	-	-
Past due more than 60 days	<b>126</b>	95	-	-
	<b>9,297</b>	9,687	<b>181,846</b>	172,875

\* exclude prepayments

The Group believes that no impairment allowance is necessary in respect of its trade and other receivables, based on historic payment behaviour and analysis of the underlying customers' credit quality.

### 8 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash in hand	<b>6,596</b>	4,455	*	*
Cash at banks	<b>55,726</b>	36,196	<b>232</b>	718
Fixed deposits	<b>1,188</b>	85,280	-	11,036
	<b>63,510</b>	125,931	<b>232</b>	11,754

\* Amount is less than \$1,000.

Fixed deposits are denominated in S\$, with tenors of up to 3 months and placed with banks in Singapore.



## NOTES TO THE FINANCIAL STATEMENTS

### 9 SHARE CAPITAL

	2016 Number of shares '000	2015 Number of shares '000
<b>Company</b>		
In issue at 1 January and 31 December	<b>1,503,537</b>	1,503,537

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 the 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:

	2016 \$'000	2015 \$'000
<i>Ordinary dividends paid in respect of the financial year ended 2014</i>		
Final cash dividend of 1.50 cents per ordinary share	-	22,553
<i>Ordinary dividends paid in respect of the financial year ended 2015</i>		
Interim cash dividend of 1.75 cents per ordinary share	-	26,312
Final cash dividend of 1.75 cents per ordinary share	<b>26,312</b>	-
<i>Ordinary dividends paid in respect of the financial year ended 2016</i>		
Interim cash dividend of 1.90 cents per ordinary share	<b>28,567</b>	-
	<b>54,879</b>	48,865

Subject to the approval by the shareholders at the forthcoming Annual General Meeting, the directors have proposed an exempt (one-tier) final dividend of 1.85 cents per share (2015: exempt (one-tier) final dividend of 1.75 cents per share) amounting to an estimated net dividend of \$27.8 million (2015: \$26.3 million) in respect of the year ended 31 December 2016. This proposed dividend has not been included as a liability in the financial statements. The total dividends paid and payable for the year, comprising the interim and final dividend in respect of the year ended 31 December 2016 approximates 89.9% (2015: 92.6%) of the Group's net profit after tax.

# NOTES TO THE FINANCIAL STATEMENTS

## 9 SHARE CAPITAL (CONTINUED)

### 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 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.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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

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

	At 1 January 2015 \$'000	Recognised in profit or loss (Note 16) \$'000	At 31 December 2015 \$'000	Recognised in profit or loss (Note 16) \$'000	At 31 December 2016 \$'000
<b>Group</b>					
Property, plant and equipment	2,204	37	2,241	204	2,445

## 12 TRADE AND OTHER PAYABLES

	<b>Group</b>		<b>Company</b>	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	76,877	68,782	-	-
Amounts due to affiliated companies (trade)	12	14	-	-
Amounts due to directors (trade)	933	954	240	240
Other payables	6,413	5,274	3	6
Deposits received	803	773	-	-
Accrued expenses	30,501	31,504	86	115
	115,539	107,301	329	361
Advance received from suppliers	1,975	1,414	-	-
	117,514	108,715	329	361

# NOTES TO THE FINANCIAL STATEMENTS

## 12 TRADE AND OTHER PAYABLES (CONTINUED)

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.

### Contractual undiscounted cash flow

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Cash flows		
		Expected contractual cashflows \$'000	Within 1 year \$'000	Between 1 to 5 years \$'000
<b>Group</b>				
<b>2016</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables*	115,539	(115,539)	(115,539)	-
<b>2015</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables*	107,301	(107,301)	(107,301)	-
<b>Company</b>				
<b>2016</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables*	329	(329)	(329)	-
<b>2015</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables*	361	(361)	(361)	-

\* exclude advance received from suppliers

# NOTES TO THE FINANCIAL STATEMENTS

## 13 REVENUE

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Supermarket operations	<b>796,683</b>	764,433

## 14 FINANCE INCOME

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income received/receivable from:		
- financial institutions	<b>573</b>	1,215

## 15 PROFIT FOR THE YEAR

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

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit fees paid/payable to auditors of the Company	<b>(280)</b>	(280)
Non-audit fees paid/payable to auditors of the Company	<b>(43)</b>	(48)
Operating lease expense	<b>(21,244)</b>	(21,022)
Operating lease income	<b>3,445</b>	3,563
Depreciation of property, plant and equipment	<b>(14,918)</b>	(13,411)
Gain on disposal of plant and equipment	<b>43</b>	-
Sales of recyclable items	<b>1,265</b>	1,198
Exchange gain, net	<b>671</b>	26
Government grants	<b>4,360</b>	2,836
Staff costs	<b>(100,665)</b>	(99,362)
Contributions to defined contribution plans, included in staff costs	<b>(4,861)</b>	(4,641)



# NOTES TO THE FINANCIAL STATEMENTS

## 16 TAX EXPENSES

	Group	
	2016 \$'000	2015 \$'000
<b>Current tax expense</b>		
Current year	13,687	11,888
Over provided in prior years	(392)	(1,011)
	<b>13,295</b>	<b>10,877</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	64	37
Under provided in prior years	140	-
	<b>204</b>	<b>37</b>
<b>Total tax expense</b>	<b>13,499</b>	<b>10,914</b>
<b>Reconciliation of effective tax rate</b>		
Profit before tax	76,199	67,700
Tax expense using Singapore tax rate of 17% (2015: 17%)	12,954	11,509
Tax exempt income	(140)	(261)
Expenses not deductible for tax purposes	987	717
(Over)/under provision in respect of prior years		
- current tax	(392)	(1,011)
- deferred tax	140	-
Tax rebate	(50)	(40)
	<b>13,499</b>	<b>10,914</b>

## 17 EARNINGS PER SHARE

	Group	
	2016 \$'000	2015 \$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	62,652	56,786
	Group	
	No. of shares '000	No. of shares '000
Total number of shares as at 1 January	1,503,537	1,503,537
Issuance of new shares during the year	-	-
Total number of shares as at 31 December	<b>1,503,537</b>	<b>1,503,537</b>
Weighted average number of shares during the year	<b>1,503,537</b>	<b>1,503,537</b>

There were no potential dilutive ordinary shares in existence for the financial years ended 31 December 2016 and 2015.

## NOTES TO THE FINANCIAL STATEMENTS

### 18 SEGMENT REPORTING

The Group operates in one segment which relates to the provision of supermarket supplies and supermarket operations. The Group's operations are located in Singapore. The overseas subsidiaries were inactive for the financial years ended 31 December 2016 and 2015.

### 19 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	
	2016 \$'000	2015 \$'000
Approved capital expenditure commitment	3,942	19,663

In addition, subsequent to 31 December 2016, the Group has entered into a contract for the extension of its warehouse. This contract gives rise to a capital commitment of \$19.4 million.

#### (b) Investment

As at 31 December 2016, the Company (2015: the Company and a director of the Company) has an outstanding commitment of uncalled capital contribution of \$4.3 million (US\$3 million) (2015: \$8.0 million and \$1.3 million, respectively) in respect of investment in the China's subsidiary (see Note 5).

#### (c) Operating lease commitments 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 five years.

At 31 December, the future minimum lease payments that are receivable under non-cancellable operating lease are as follows:

	Group	
	2016 \$'000	2015 \$'000
Receivable:		
- Within 1 year	2,105	2,323
- After 1 year but within 5 years	3,504	861
	5,609	3,184

## NOTES TO THE FINANCIAL STATEMENTS

### 19 COMMITMENTS (CONTINUED)

#### (d) Operating lease commitments as lessee

The Group leases a number of shop units under operating leases. The leases typically run for an initial period of three to five years. Some leases may contain an option to renew the lease after that date.

At 31 December, the Group has commitments for future minimum lease payments under non-cancellable operating lease as follows:

	<b>Group</b>	
	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Payable:		
- Within 1 year	<b>15,578</b>	17,111
- After 1 year but within 5 years	<b>15,516</b>	14,650
	<b>31,094</b>	31,761

### 20 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:

- In which a director of the Group has substantial financial interests or is in a position to exercise significant influence; and/or
- Which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

## NOTES TO THE FINANCIAL STATEMENTS

### 20 RELATED PARTIES (CONTINUED)

#### 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.

Compensation payable to key management personnel, included in staff costs, comprises:

	<b>Group</b>	
	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits (including defined contribution plans)	<b>13,604</b>	12,508
Directors' fees	<b>440</b>	500
	<b>14,044</b>	13,008

#### 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:

	<b>Group</b>	
	<b>2016</b>	2015
	<b>\$'000</b>	<b>\$'000</b>
<b>Corporations in which directors of the Company have substantial financial interests</b>		
- Sales	<b>233</b>	263
- Purchases	<b>(2)</b>	-
- Rental expenses	<b>(1,575)</b>	(1,541)
- Rental income	<b>505</b>	500
<b>Directors</b>		
- Sale of subsidiary's vehicle	<b>150</b>	-
- Purchase of subsidiary's vehicle	<b>(260)</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

### 21 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 results of these reviews are documented in a risk matrix which was jointly developed with the assistance of an international accounting firm and used on an ongoing basis to monitor and manage risks, including the design or strengthening of internal control systems to mitigate 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 risk, credit risk and liquidity risk.

#### Credit risk

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

The Group'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. There are internal processes to check the credit worthiness of these companies and as the amounts due are usually settled within the credit terms, the credit risk is mitigated.

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

#### 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.

#### 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.



# NOTES TO THE FINANCIAL STATEMENTS

## 21 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market risk (Continued)

#### (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"), Euros ("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	USD	EUR	AUD
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
<b>2016</b>				
Cash and cash equivalents	352	5,847	37	1,037
Trade payables	(326)	(2,912)	-	(870)
Net exposure	26	2,935	37	167
<b>2015</b>				
Cash and cash equivalents	157	3,140	289	714
Trade payables	-	(2,117)	(8)	(1,098)
Net exposure	157	1,023	281	(384)

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.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit before tax	
	2016	2015
	\$'000	\$'000
<b>Group</b>		
NZD	3	16
USD	294	102
EUR	4	28
AUD	17	(38)

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 21 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market risk (Continued)

#### (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 risk.

#### (iii) Accounting classifications 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:

	Loans and receivables \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Total carrying amount \$'000
<b>Group</b>			
<b>31 December 2016</b>			
Trade and other receivables*	9,297	-	9,297
Cash and cash equivalents	63,510	-	63,510
	<b>72,807</b>	<b>-</b>	<b>72,807</b>
Trade and other payables**	-	115,539	115,539
<b>31 December 2015</b>			
Trade and other receivables*	9,687	-	9,687
Cash and cash equivalents	125,931	-	125,931
	<b>135,618</b>	<b>-</b>	<b>135,618</b>
Trade and other payables**	-	107,301	107,301
<b>Company</b>			
<b>31 December 2016</b>			
Trade and other receivables*	181,846	-	181,846
Cash and cash equivalents	232	-	232
	<b>182,078</b>	<b>-</b>	<b>182,078</b>
Trade and other payables**	-	329	329
<b>31 December 2015</b>			
Trade and other receivables*	172,875	-	172,875
Cash and cash equivalents	11,754	-	11,754
	<b>184,629</b>	<b>-</b>	<b>184,629</b>
Trade and other payables**	-	361	361

\* exclude prepayments

\*\* exclude advance received from suppliers

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/repricing.

# 财务报表

## 财务状况表

截至2016年12月31日

	集团		公司	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>资产</b>				
房地产、厂房与器材	252,043	177,649	-	-
于子公司的投资	-	-	82,261	78,234
<b>非流动资产</b>	<b>252,043</b>	<b>177,649</b>	<b>82,261</b>	<b>78,234</b>
存货	61,886	52,459	-	-
贸易和其他应收账款	10,364	11,762	181,852	172,880
现金	63,510	125,931	232	11,754
<b>流动资产</b>	<b>135,760</b>	<b>190,152</b>	<b>182,084</b>	<b>184,634</b>
<b>总资产</b>	<b>387,803</b>	<b>367,801</b>	<b>264,345</b>	<b>262,868</b>
<b>权益</b>				
股本	235,373	235,373	235,373	235,373
合并储蓄	(68,234)	(68,234)	-	-
外汇兑换储备	91	*	-	-
累计盈利	84,830	77,057	28,643	27,134
<b>可归属股东的权益</b>	<b>252,060</b>	<b>244,196</b>	<b>264,016</b>	<b>262,507</b>
<b>非控制权权益</b>	<b>2,792</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>总权益</b>	<b>254,852</b>	<b>244,196</b>	<b>264,016</b>	<b>262,507</b>
<b>负债</b>				
递延税款负债	2,445	2,241	-	-
<b>非流动负债</b>	<b>2,445</b>	<b>2,241</b>	<b>-</b>	<b>-</b>
贸易和其他应付账款	117,514	108,715	329	361
当前应缴税务	12,992	12,649	-	-
<b>流动负债</b>	<b>130,506</b>	<b>121,364</b>	<b>329</b>	<b>361</b>
<b>总负债</b>	<b>132,951</b>	<b>123,605</b>	<b>329</b>	<b>361</b>
<b>总权益与负债</b>	<b>387,803</b>	<b>367,801</b>	<b>264,345</b>	<b>262,868</b>

\* 数额不到1000新元。

# 综合 损益表和其他综合收益表

截至2016年12月31日全年

	2016 \$'000	2015 \$'000
营业额	796,683	764,433
销售成本	(592,029)	(575,531)
毛利	204,654	188,902
其他收益	10,543	9,262
销售与分销开支	(5,114)	(4,431)
行政开支	(132,663)	(125,264)
其他开支	(1,794)	(1,984)
营运活动的业绩	75,626	66,485
财务收益	573	1,215
税前盈利	76,199	67,700
税务开支	(13,499)	(10,914)
全年盈利	62,700	56,786
盈利：		
可归属股东的盈利	62,652	56,786
非控制权权益的盈利	48	-
全年盈利	62,700	56,786
其他综合收益		
可能重新分类为损益的项目：		
外企的外币换算差额	151	-
全年综合收益总额	62,851	56,786
综合收益：		
可归属公司股东的综合收益	62,743	56,786
非控股的综合收益	108	-
全年综合收益总额	62,851	56,786
每股盈利		
— 基本与摊薄的（分）	4.17	3.78

# STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2017

**Class of shares :** Ordinary shares  
**Voting right :** One vote per share

The company does not hold any treasury shares.

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	13	0.11	231	0.00
100 - 1,000	1,354	11.54	1,177,814	0.08
1,001 - 10,000	6,585	56.14	42,316,346	2.82
10,001 - 1,000,000	3,740	31.89	183,044,653	12.17
1,000,001 AND ABOVE	37	0.32	1,276,997,956	84.93
<b>TOTAL</b>	<b>11,729</b>	<b>100.00</b>	<b>1,503,537,000</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SHENG SIONG HOLDINGS PTE LTD	448,800,000	29.85
2	LIM HOCK CHEE	170,400,000	11.33
3	LIM HOCK ENG	170,400,000	11.33
4	LIM HOCK LENG	170,400,000	11.33
5	CITIBANK NOMINEES SINGAPORE PTE LTD	100,085,762	6.66
6	DBS NOMINEES (PRIVATE) LIMITED	37,206,960	2.47
7	DBSN SERVICES PTE. LTD.	36,069,374	2.40
8	HSBC (SINGAPORE) NOMINEES PTE LTD	27,983,935	1.86
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	21,494,426	1.43
10	RAFFLES NOMINEES (PTE) LIMITED	19,485,929	1.30
11	LIM KIM HOCK	8,400,000	0.56
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,536,300	0.37
13	OCBC SECURITIES PRIVATE LIMITED	5,162,500	0.34
14	PHILLIP SECURITIES PTE LTD	5,080,100	0.34
15	LIN YUANFENG	5,000,000	0.33
16	CHUA KOK SOON	4,300,000	0.29
17	CIMB SECURITIES (SINGAPORE) PTE. LTD.	4,129,901	0.27
18	LIM GUAN PHENG	3,700,000	0.25
19	MS VENTURE PTE LTD	3,000,000	0.20
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,772,925	0.18
	<b>TOTAL</b>	<b>1,249,408,112</b>	<b>83.09</b>



# STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2017

## SUBSTANTIAL SHAREHOLDERS

*(As shown in the register of substantial shareholders)*

NAME	DIRECT INTEREST		DEEMED INTEREST	
	No. of Shares	%	No. of Shares	%
Lim Hock Eng <sup>(1)</sup>	170,400,000	11.33	789,600,000	52.52
Lim Hock Chee <sup>(1)</sup>	170,400,000	11.33	791,250,000 <sup>(2)</sup>	52.63
Lim Hock Leng <sup>(1)</sup>	170,400,000	11.33	789,600,000	52.52
Sheng Siong Holdings Pte Ltd	448,800,000	29.85	n.a.	n.a.

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), each of the Lim Directors is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (340,800,000 shares); and (ii) SS Holdings (448,800,000 shares).
- (2) Mr Lim Hock Chee is also deemed to be interested in the 1,650,000 shares held by his spouse, Mdm Lee Moi Hong.

## FREE FLOAT

Based on information available to the Company, approximately 35.37% of the shareholding in the Company was held in the hands of the public.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixth Annual General Meeting of SHENG SIONG GROUP LTD. (the “**Company**”) will be held at 6 Mandai Link, Singapore 728652 on Friday, 28 April 2017 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 2016 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final (one-tier tax exempt) dividend of 1.85 cents per ordinary share for the financial year ended 31 December 2016. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company's Constitution (the “**Constitution**”):
 

Mr. Lim Hock Eng	<b>(Resolution 3)</b>
Mr. Lim Hock Leng	<b>(Resolution 4)</b>
Mr. Lee Teck Leng, Robson	<b>(Resolution 5)</b>

*[See Explanatory Note (i)]*
4. To re-elect Mr. Tan Ling San retiring pursuant to Regulation 88 of the Constitution. **(Resolution 6)**
5. To approve the payment of Directors' fees of S\$240,000 for the year ended 31 December 2016 (2015: S\$240,000). **(Resolution 7)**
6. To re-appoint KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**
7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

## NOTICE OF 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:

#### 8. 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, Cap. 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), 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) 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) 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) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares) 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 outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares.

## NOTICE OF ANNUAL GENERAL MEETING

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST 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 (ii)]*

**(Resolution 9)**

### 9. Authority to grant options and issue Shares under the Sheng Siong ESOS

“That, pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to grant options, and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted under the Sheng Siong ESOS (the “**ESOS**”) provided always that the aggregate number of Shares in respect of which such options may be granted and which may be issued pursuant to the ESOS, 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 share capital of the Company from time to time.”

*[See Explanatory Note (iii)]*

**(Resolution 10)**

### 10. 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 share capital of the Company from time to time.”

*[See Explanatory Note (iv)]*

**(Resolution 11)**

### 11. Proposed renewal of the Share Buyback Mandate

“That:-

- (A) for the purposes of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
  - (i) market purchases (each a “**Market Purchase**”) on the SGX-ST; and/or

## NOTICE OF ANNUAL GENERAL MEETING

- (ii) off-market purchases (each an **“Off-Market Purchase”**) effected otherwise than on the SGX-ST in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **“Share Buyback Mandate”**);

- (B) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next annual general meeting of the Company is held or is required by law to be held;
- (ii) the date on which the Share buybacks pursuant to the Share Buyback Mandate have been carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

- (C) in this Resolution:

**“Prescribed Limit”** means 10% of the total number of issued Shares (excluding treasury shares) as at the date of passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time);

**“Relevant Period”** means the period commencing from the date of passing of this Resolution and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier;

**“Maximum Price”** in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

**“Average Closing Price”** means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, in the case of a Market Purchase, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period, or in the case of an Off-Market Purchase, preceding the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and



# NOTICE OF ANNUAL GENERAL MEETING

- (D) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient, or desirable to give effect to the transactions contemplated by this Resolution.”

*[See Explanatory Note (v)]*

**(Resolution 12)**

By Order of the Board

Mr. Lim Hock Chee  
Chief Executive Officer

Singapore, 13 April 2017

## **Explanatory Notes:**

- (i) Mr. Lee Teck Leng, Robson is a Non-Executive Non-Independent 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.
- (ii) The Ordinary Resolution 9 proposed in item 8 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) 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) will be calculated based on the total number of issued Shares (excluding treasury shares) 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) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time the Ordinary Resolution 9 is passed.
- (iii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue Shares upon the exercise of such options in accordance with the ESOS.
- (iv) The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors of the Company, to allot and issue such number of fully paid Shares from time to time pursuant to the vesting of Awards under the Scheme.
- (v) The Ordinary Resolution 12 proposed in item 11 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting to purchase or otherwise acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Buyback Mandate does not exceed the Prescribed Limit, and at such price(s) as may be determined by the Directors of the Company from time to time up to but not exceeding the Maximum Price. The information relating to the Ordinary Resolution 12 is set out in the Appendix enclosed together with the Annual Report.

## **Notes:**

1. A Member of the Company entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote instead of him.
2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
3. If the member is a corporation, the instrument appointing the proxy must be under its common seal or the hand of its attorney or a duly authorised officer.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 6 Mandai Link, Singapore 728652 not less than 48 hours before the time appointed for holding the Annual General Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

### Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, 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.

# SHENG SIONG GROUP LTD.

(Company Registration No.: 201023989Z)

(Incorporated in Singapore with limited liabilities)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the capital of Sheng Siong Group Ltd., this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
3. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, \_\_\_\_\_ (name)

of \_\_\_\_\_ (address)

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

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %

and/or (delete as appropriate)

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or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting ("**Meeting**") of the Company to be held at 6 Mandai Link, Singapore 728652 on Friday, 28 April 2017 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions relating to:	No. of votes For*	No. of votes Against*
1.	Directors' Statement and Audited Financial Statements for the year ended 31 December 2016		
2.	Approval of payment of the final dividend		
3.	Re-election of Mr. Lim Hock Eng as a Director		
4.	Re-election of Mr. Lim Hock Leng as a Director		
5.	Re-election of Mr. Lee Teck Leng, Robson as a Director		
6.	Re-election of Mr. Tan Ling San as a Director		
7.	Approval of Directors' fees amounting to S\$240,000 for the financial year ended 31 December 2016		
8.	Re-appointment of KPMG LLP as Auditors		
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 ESOS		
11.	Authority to allot and issue shares under the Sheng Siong Share Award Scheme		
12.	Proposed renewal of the Share Buyback Mandate		

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution as set out in the Notice of Annual General Meeting, please indicate with a cross [X] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the respective number of shares in the boxes provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Signatures of Shareholder(s)  
or Common Seal

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A member who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote at the Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

**"relevant intermediary"** means:

- (a) a banking corporation licensed under the Banking Act, Cap. 19 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;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore (the **"SFA"**), and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board (the **"Board"**) established by the Central Provident Fund Act, Cap. 36 of Singapore (the **"Act"**), 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.
4. A proxy need not be a member of the Company.
  5. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
  6. This proxy form must be deposited at the Company's registered office at 6 Mandai Link, Singapore 728652 not less than **48 hours** before the time set for the Meeting.
  7. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
  8. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

**General:**

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By attending the Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.







**SHENG SIONG**

**SHENG SIONG GROUP LTD.**

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