



SHENGSIONG

enhancing the Quality of Life

2015 ANNUAL REPORT

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ABOUT SHENG SIONG GROUP

Sheng Siong Group Ltd is one of Singapore's largest retailers with 39 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 8 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 our 10 housebrands.

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. In January 2016, we attained ISO 22000:2005 certification for our processing of fish, seafood, meat and vegetables from the receiving of raw materials, storage, processing, packing to transportation of finished products. Our repacking of dried food and fruits from the receiving of raw materials, storage, repacking and transportation of finished products, as well as the receiving, storage and transportation of frozen food, vegetables and fruits are also ISO 22000:2005 certified.

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.



The image shows the storefront of a Sheng Siong convenience store. The store has a green and white color scheme. A large sign above the entrance reads "SHENG SIONG" in blue letters. To the right of the entrance, a vertical sign features a large "24" inside a green circle, with the word "Hours" below it. Below the sign are five circular icons: a no smoking sign, a no eating or drinking sign, a no pets sign, a no mobile phones sign, and a no photography sign. At the bottom of the sign is the website "www.shengsiong.com.sg". To the right of the sign is a stack of blue plastic crates on a metal cart. The store interior is visible through the glass doors, showing shelves stocked with goods and a cashier at a counter. The floor is made of grey tiles with a yellow tactile paving strip along the edge of the store.

SHENG SIONG

Growing Convenience

We focus on growing our business by investing in existing stores, adding new locations, and extending our operating hours.

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 December 31, 2015 ("FY2015").

The slowdown in China's economy has affected many economies. Singapore's economy registered a growth of 2% in 2015 which was lower than the 3.3% growth in 2014¹. Retail sales grew by 4.6% at current prices¹, but excluding motor vehicle sales, it contracted by 1.1%. In line with this tepid environment, retail sales at supermarket grew by only 0.4%. Competition remained keen and the total store-count in the industry has increased.

Notwithstanding the tough economic and competitive environment, we managed to deliver a 5.3% increase in revenue and a 19.3% increase in net profit to S\$56.8 million in FY2015. Despite the challenges in securing retail space, in FY2015, we expanded our retail network by opening five new stores, bringing the total number of stores to 39, compared with 1 new store opened in 2014, and none in 2013.

FY2015 also marked our 30th year anniversary, representing a significant milestone for us. The last 30 years have been an enriching experience, filled with challenges, achievements and growth. We are grateful to our staff, loyal customers and business partners for their support and encouragement throughout the years. Our 30th anniversary also coincided with SG50, which reminded us that we have to progress in tandem with the nation.

DIVIDEND

The Board has recommended a final cash dividend of 1.75 cents per share to reward shareholders for their continued support, taking our total dividend for FY2015 to 3.5 cents per share. The total payout amounted to about 92.6% of our net profit after tax, which was higher than our commitment of up to 90%, for FY2015 and FY2016. The final dividend will be paid on the 26 May 2016 if it is approved by the shareholders at the forthcoming AGM.

DELIVER GREATER VALUE TO CUSTOMERS

Recently, the National Productivity Council launched a new campaign named "We Are InDIYpendent" to encourage consumers to adopt a self-service mindset. The introduction of this campaign is also aligned with the government's objective in encouraging supermarkets and other businesses to improve their productivity. With the support from the government, we have rolled out a hybrid self-payment system in 2015 and target to implement this system to another 10 stores in 2016. This system enhances the customers' experience by accelerating the payment process and allowing customers to choose from different payment methods including cash, NETS or credit cards. Unlike other market players who implemented self-checkout systems that require shoppers to scan the items and make payment by themselves, the hybrid self-payment system lets shoppers make their own payments after the items are scanned and packed by our staff. This would eventually save 15 to 30 seconds for each transaction and reduce the time taken to check out.

CHAIRMAN'S MESSAGE



Ensuring the quality of our food offerings is one of our top priorities. We also have the responsibility to ensure the sustainability of our food supply. The Norwegian salmon available for sale in our stores is certified sustainable seafood. We have also attained ISO International Standards in the handling of food items. This is a testament to our promise to deliver safe, reliable and high quality food products to our customers.

CORPORATE SOCIAL RESPONSIBILITY

At Sheng Siong, we make an effort to contribute back to the society by helping the needy or less fortunate through our participation in community projects, as a gesture of compassion and gratitude towards our society. The following are some examples:

COMMUNITY

We supported and participated in “One Community Walk 2015” which was organised by the People’s Association. To celebrate Singapore’s jubilee, the mass walk event took place at 70 venues island-wide simultaneously and attracted around 100,000 participants, making it the largest community walk to-date. A total of S\$100,000 raised from the event was channeled to beneficiaries such as Singapore Children’s Society, Thye Hua Kwan Moral Society and Reach Community Services Society.

We also sponsored 1,000 low-income families to participate in SG50 Jubilee Big Walk, a five-kilometre mass walk which covered more than 20 iconic locations within the Civic District and Marina Bay area. The purpose of sponsoring these families was to engage them as part of the major event in Singapore and also encourage them to spend quality time with their family members and other residents. We also hope this event would serve as a reminder for them to taking greater care of their own health.

In addition, we lent our support to “Project R.I.C.E Plus 2015” which was an island-wide collaborative effort among Red Cross Youth Chapters to deliver rice, a staple, and other food or non-food necessities to needy families across Singapore. This initiative was first started in 2008. We provided the platform for student volunteers to promote this event in our stores and assisted them in preparing the items to be distributed to needy households through cash donations by our customers. Besides rice, household products, condiments and food based on the wish lists of needy families, were distributed to around 1,250 families or 5,000 individuals.

Besides focusing on business operations, we also embrace a spirit of giving within the organisation by encouraging our employees to spend some time in volunteerism activities. With this in mind, we collaborated with MediaCorp to launch “50 Hours of Giving” in line with the SG50 celebrations. This was a community service relay where employees from 3 organisations took turns to complete a total of 50 hours in volunteerism activities. Our staff devoted 3 weeks in July to beneficiaries from St John’s Home for the Elderly, Lions Befrienders and Jamiya Home.

The Shopwatch Community Safety and Security Programme, a collaboration between Singapore Police Force and the Group which was launched in July 2014, has been extended to all Sheng Siong supermarkets in 2015. This programme was first initiated within Woodlands areas and has been proven to be effective in deterring shoplifting by reducing the number of shoplifting cases by about 42%. Selected employees from each store don dark blue vests with the words: “ShopWatch: May I help you” during their shift. Staff underwent training to be more alert to the surroundings and to spot suspicious persons before they have any chance to commit crimes. Besides that, the presence of these employees has also improved customers’ shopping experience as they are more visible and are able to provide assistance to the customers.

Our staff also took part in “A little from all, Together it’s more”, an event organised by the Chinese Development Assistance Council (CDAC) in conjunction with SG50 celebrations, to promote the spirit of caring and mutual support in the community. One of the major activities of the event was to enhance the community spirit whereby people from all walks of life came together for the making of 50,000 Heart Knots (knots in the shape of a heart), symbolising an act of love and kindness. The Heart Knots were then given as encouragement and well wishes to the beneficiaries while the participants got to keep a token as a reminder to care for those in need.

Other events that we have supported included Singapore Heartland Enterprise Awards, ITE Endowment Fund, SG 50 Seniors Programme by giving 3% discount every Wednesday for senior citizens aged 60 and above and Health Promotion Board’s “Shop Healthy, Get More from Life” Campaign.

ENVIRONMENT

National Environment Agency (NEA) launched a new campaign with the purpose of curbing food wastage in Singapore as a survey revealed that residents in Singapore wasted a total of 687,200 tonnes of food in 2014. Sheng Siong was one of the food retailers supportive of NEA’s drive to educate the public on food wastage issue. Proper food handling and storage is imperative to minimise food wastage. Food will be easily contaminated and no longer suitable for consumption



without proper food handling and storage. Eventually, these foods will be disposed and result in food wastage. Here in Sheng Siong, we emphasise on the safety of the food products by enforcing strict control procedure at every stage of the process, from food processing to transportation of finished products to the customers.

AWARDS AND ACCOLADES

Sheng Siong is pleased that our continuing efforts in pursuing excellence and quality have been widely acknowledged by various reputable institutions and associations and this would definitely motivate us to do better.

We are honoured to be awarded The Enterprise of the Year Award by Singapore Business Awards 2015, one of the most reputable business awards in Singapore jointly organised by The Business Times and DHL Express



CHAIRMAN'S MESSAGE

Singapore since 1985. A panel of judges of the award from the business sector, official agencies and academia had recognised our dedication to grow from a fledgling brand to one of the largest supermarket chains in Singapore with 39 supermarkets across Singapore.

Besides, we also won the Innovation Excellence Award which was awarded by SPRING Singapore and the Singapore Quality Award Governing Council in October 2015. This award is conferred to Sheng Siong in recognition of our endeavor to improve productivity by involving in several innovative processes including the hybrid self-checkout system and individually quick frozen technology to preserve the freshness of the fish or seafood for a longer period. These innovations have helped us to drive down the costs of manpower significantly.

We emerged as the Bronze Award winner among the Singapore retailers in the 12th Retail Asia Pacific Top 500 Awards, and were also inducted into the Hall of Fame as the “Best of the Best” retailer in Singapore. In addition, we were privileged to be among the Top 50 Publicly Listed Companies in Singapore² which have good

corporate governance practices. Notably, we achieved “Superbrand” status for 2015 and our store at Loyang Point was voted as of the Top 50 Favourite Shops among 24 HDB shopping centres.

ACKNOWLEDGMENTS

I would like to express my heartfelt appreciation to our customers and suppliers for the trust they have placed in us throughout the years. I also want to thank our staff for their teamwork and contribution. In addition, our thanks goes out to our Board members for their contributions as well as their guidance and sound advice.

On a sad note, we are bidding farewell to our Executive Director, Mr Tan Ling San, who has decided to retire and will not seek re-election at the forthcoming AGM. The Board and the staff would like to thank Mr Tan for his contributions and wish him well in his retirement.

LIM HOCK ENG

Executive Chairman

¹ https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2015/FullReport_AES2015.pdf

² <http://bschool.nus.edu/Portals/0/docs/asean-corp-governance-lawrenceloh-presentation.pdf>



主席献词



亲爱的股东们：

我谨代表董事会，发表截至2015年12月31日财政年（“2015财政年”）的年报。

中国经济的放缓，影响了许多经济体。新加坡2015年的经济增长率为2%，比2014年的3.3%¹来得低。按现价计算，零售销售额增长4.6%¹，但如果不包括汽车销售，则萎缩了1.1%。受到如此疲弱的环境影响，超市的零售销售额只增长了0.4%。竞争依旧激烈，而整体超市行业的总店数也增加了。

尽管经济环境艰难、市场竞争激烈，我们的营业额在2015财政年取得5.3%的增长，净利也增加19.3%，达5680万新元。虽然争取店面营业有诸多挑战，但是我们在2015财政年开设了5间新店，促使总店数增至39间。相比之下，我们2014年只开了一间新店，2013年则没有增设任何新店。

2015财政年也是我们成立的30周年，对集团来说是个重大的里程碑。过去30年充满了挑战，但不乏成就与增长，是个充实的体验。我们感谢员工、顾客和商业伙伴这些年的支持与鼓励。公司的30周年刚巧也是新加坡独立50周年（SG50），这提醒了我们，必须与国家一同成长、前进。

股息

为了回馈股东的支持，董事会建议派发每股1.75分的年终现金股息，使得2015财政年的总股息达每股3.5分。股息派发总额等于我们税后净利的约92.6%，比我们把2015财政年和2016财政年税后净利的达90%派为股息的承诺还要高。如果在来临的常年股东大会获得股东们的批准，年终股息将在2016年5月26日派发。

为顾客带来更高的价值

全国生产力理事会最近推出了一项名为“人人齐出力，自助更便利”的新运动，鼓励消费者采纳自助服务的心态，在生活中多使用自助服务设备，从而推动更多公司踊跃地利用创新的科技，提高工作效率和服务水准。在政府的支持下，集团于2015年推出混合式自助付款系统，并计划于2016年在另外10间店继续推行。该系统加速了付款的流程，方便顾客选择心仪的付款方式，包括现金、电子转账NETS或信用卡，提升了顾客的体验。其他市场同行推行的自助结账系统需要购物者自己扫描物品和付款，而我们的混合式自助付款系统则先由我们的员工扫描和包装，再让购物者自行付款。这最终将为每项交易缩短15到30秒，节省结账的时间。

确保我们所售卖的食品品质佳，是我们的首要考虑之一。我们也有责任确保我们的食品供应链是可持续的。在我们分店售卖的挪威三文鱼获鉴定为可持续海产。此外，我们在处理食品方面，也达到国际ISO标准。这印证了我们为顾客提供安全、可靠及高品质食品的承诺。

主席献词

企业社会责任

在昇菘，我们秉着取诸社会、用诸社会的精神，通过参与多项社区计划协助贫困或较不幸的人，借此回馈社会，表达我们对社会的同理心和感恩之情。以下是其中一些例子：

社区

我们支持并参加了由人民协会主办的2015年度“全民一心齐步行”。为了欢庆新加坡的金禧年，这项慈善义走在全岛70个地点同时举行，吸引了大约10万人参与，是至今最大规模的社区义走活动。该活动共筹得的约10万新元，过后捐赠给了数个受益团体如新加坡儿童会、德教太和观和社会福利组织援触社区服务协会等等。

我们也赞助1000户低收入家庭，让他们参与由《新报》和人民协会联办的“金禧大竞走”。全程长约5公里的“金禧大竞走”，涵盖部分的“金禧之行”——以沿途25个市政区和滨海湾地标展示我国发展历程，是一个让公众通过参考地图、手册或阅读沿途永久导览看板等方式，自行游览的路线。获得我们赞助的弱势家庭，有机会参加新加坡其中一个大型活动，也能和家人、其他居民善加利用宝贵的时间共处。当然，我们还希望此活动能提醒他们更好地照顾本身的健康。

此外，我们也在“Project R.I.C.E Plus 2015”给予支持。这是红十字会各青年团的一项全岛性合作项目，把公众捐赠的米粮送给我国有需要的家庭。“Project R.I.C.E”在2008年发起，我们至今已多次与红十字会合作，包括让学生义工到我们的分店推广这个项目，方便我们的顾客捐款行善，协助学生准备要分发给贫困家庭的物品。去年，除了米粮，贫困家庭也希望获取家用产品、酱料和其他食品，所以这项计划也尽可能满足这些需要。共有1250户家庭或5000人从中受益。

除了注重商业运作，我们也鼓励职员拨出一些时间从事义务工作。因此，我们与新传媒携手合作，配合国家的金禧年，参与“50个小时的社区服务”接力活动。除了我们和新传媒，还有另一家机构参与其中。三家机构的职员在7月份的其中三个星期，轮流到受益团体——圣约翰年长者之家、狮子乐龄之友和Jamiya老人院当义工。

新加坡警察部队和公司于2014年7月在兀兰地区联合推出的商店防窃社区安全与治安计划，在2015年推广到所有的昇菘分店。据统计，该计划在昇菘三家兀兰超市试行后，店内的行窃案例减少了约四成。去年10月起，每间分店的一些前线职员在值勤时都会穿上特别订制的





社区安全与治安计划背心外套，后面印着：“请问我能协助你吗？”员工有接受培训，以提高他们对周遭环境的警觉性和识别可疑人物的能力，从而降低犯罪率。此外，这些员工也能为其他顾客提供协助，提升顾客的购物体验。

我们的员工也参与华社自助理事会为配合新加坡独立金禧年而主办的“一人一点心，社会更温馨”活动，借此促进社区互相关怀、互相扶持的精神。此活动的其中一个大型活动是广邀各领域的国人，一起编织5万个爱心结，象征人人都能协助创造一个更有爱心的社会。

其他我们支持的活动包括新加坡邻里之星企业奖、工艺教育学院基金、金禧乐龄配套(每逢星期三到本超市购物的60岁及以上公民享有3%现金折扣)以及保健促进局的“健康购物，生活更丰裕”运动等等。

环境

国家环境局推出了一个新运动，减少新加坡的食物浪费，因为调查显示，国人在2014年共浪费了68万7200公吨的食物。昇菘是其中一家支持环境局宣导、教育公众有关食品浪费课题的零售商之一。适当地处理和储存食物，对于减少食物浪费是当务之急。没有适当的处理和储存，食品将容易受到污染，而不再适合食用。这些食物最终将被丢弃，导致食物浪费。在昇菘，我们从食品加工到把成品运送到分店、再卖到顾客手中，每个阶段的流程都严加控制，强调食品的安全性。

奖状

我们持续追求卓越和品质的努力，广受各界承认，这肯定激发我们做得更好。

我们很荣幸获颁2015年新加坡商业奖的“年度企业奖”。这个由《商业时报》和敦豪速递联办的奖项，是最受市场认可的商业大奖之一。由商界人士、政府机构代表和学者组成的评审团，看到了我们把公司发展成为新加坡最大连锁超市之一的热忱、坚毅与决心。

此外，我们也因努力不懈地采用多项创新作业方式、提高生产力，而在2015年10月赢得“创新优异奖”。我们的创新项目包括混合式自动付款系统、利用特别的速冻技术让海产有更长的保鲜期等等。这种种的创新有助我们显著地降低人力成本。

我们在第12届亚太零售业500强奖项中获得新加坡零售市场的铜奖，并因为三次获选为新加坡零售业的“强中之强”而登上荣誉榜。此外，新加坡50家有良好企业治理作业方式的顶尖上市公司当中，本集团榜上有名。²我们继续在2015年取得“超级品牌”的地位。我们的罗央坊超市获民众投选为“50大最受欢迎邻里商店”。这个由建屋发展局主办的活动，旨在表彰用心服务街坊、与居民建立紧密联系的邻里商户。

致谢

我想对我们的顾客和供应商表达由衷的谢意，感激他们多年来给予我们的信任。我也要感谢我们的员工发挥团队精神，不断地为公司作出贡献。此外，我们要谢谢董事会成员给予集团指导和提供宝贵的意见。

另一方面，我们以不舍的心情向执行董事陈能山先生送别。陈先生决定荣休，因此不会在来临的常年股东大会寻求连任。董事会和全体员工很感谢陈先生为集团所作出的贡献，在此衷心祝福他。

执行主席
林福荣

¹ 资料来源参考网址https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2015/FullReport_AES2015.pdf

² 资料来源参考网址<http://bschool.nus.edu/Portals/0/docs/asean-corp-governance-lawrenceloh-presentation.pdf>



Always in Touch

We strive to keep an eye on emerging trends, listen attentively to consumers' feedback and apply technology to boost our productivity, so as to offer high quality, affordable products that meet or even exceed our customers' expectations.

CEO'S STATEMENT & OPERATIONS REVIEW



Photo of CEO by SPRING Singapore

REVENUE

We are pleased that the Group achieved a 5.3% year-on-year (“yoy”) growth in our top line in 2015 which out-performed the nation-wide supermarket’s growth of 0.4% measured at constant prices.¹ Out of this 5.3% growth, 4.6% was contributed by the new stores opened in 2014 and 2015 and 0.7% from comparable same store sales. The growth in comparable same store sales was lower than 2014’s growth of 3.3% because in that year 24 hours operation commenced and there was some gain in market share as competitors close stores. Furthermore, growth in comparable same store sales in 2015 was affected when it contracted by 1.7% in 4Q2015, caused mainly by renovation in the vicinity of our Loyang store, refurbishment of our big store in Clementi, the weaker ringgit which affected our Woodlands store, restriction on the selling of alcohol which affected our Geylang store and general weakness in demand due to the tepid economic environment.

GROSS PROFIT AND GROSS MARGIN

Gross profit increased by 7.5% as revenue grew and gross margins improved to 24.7% in 2015 compared with 24.2% in 2014. Selling prices were mostly stable, albeit with some downward bias in 2015. Opportunities to improve input costs continued to exist in 2015, aided mostly by the global over-supply situation, weakening of emerging currencies leading to price discounts in cases where the suppliers invoiced in Singapore Dollar and various margin enhancing initiatives taken by the Group.

OTHER INCOME

Other income increased by S\$4.6 million because of higher rental income, mainly from Tampines Block 506, Government grants for productivity projects, wages

and special employment credit schemes and a one-off advertising support from suppliers and business partners to a special event in 3Q2015.

OPERATING EXPENSES

Administrative expenses increased by S\$7.8 million in 2015 compared with 2014, mainly because of the increase in staff costs as more headcounts were needed to operate the new stores as well as a higher bonus provision arising from the improved financial performance of the Group in 2015. Rental expenses remained at about 2.7% of revenue, despite an overall increase of S\$1.2 million in rent compared with 2014 mainly because of the new stores. Costs were well controlled and administrative expenses as a percentage of revenue in 2015 was a shade higher at 16.4% compared with 16.2% in 2014 as revenue generated from the new stores would require time to reach its optimum level.

TAXES

The effective tax rate for 2015 was 16.1%, which was lower than the statutory rate of 17.0%, mainly because of net tax refunds relating to prior years of S\$1.0 million.

NET PROFIT

We are pleased to report that, the Group reported a 19.3% yoy increase in net profit to S\$56.8 million for 2015.

CASH

Cash generated from operating activities before working capital changes and payment of tax amounted to S\$79.9 million in 2015, which was in line with the improved operating performance. Free cash flow generated in 2015 was S\$44.3 million, after paying for

CEO'S STATEMENT & OPERATIONS REVIEW

capital expenditures amounting to S\$30.4 million which included the progress payment amounting to S\$18.0 million for Yishun Junction 9, fitting out of the 5 new outlets opened in 2015 and renovation of existing outlets of S\$8.5 million, purchase of IT related equipments of S\$2.0 million for supermarket operation and purchase of plant and machinery to improve the capability of the warehouse of S\$1.9 million.

The Group's balance sheet remained strong with cash of S\$125.9 million as at 31 December 2015.

FY2016 STRATEGY AND OUTLOOK

We will continue to look for retail space particularly in areas where our potential customers are residing. The HDB is expected to release some new shops for bidding and we will evaluate its viability before deciding whether to participate in the bids.

The store at Tampines Block 506 will be temporarily closed in 4Q2016 as we will be renovating the building and should re-open in the beginning of 2017, with an expanded floor area of at least 25,000 sq. ft, occupying a substantial portion of the first and second floor. This expansion will allow us to serve our customers in Tampines, which is the third largest housing estate with around 261,230 residents in 2015.²

Our supermarket at Loyang Point will also be closed on 15 April 2016 as the HDB will be doing some renovation work to the building. When renovation is completed by the 1Q2017, our Loyang Supermarket will be re-located to another new unit in the building.

On 2 March 2016, we took vacant possession of the six retail lots we bought in Yishun Junction 9, and have applied to the URA and HDB for change of use for five of the lots which are not designated for supermarket use. Assuming that the change of use is approved for all the five lots, we will open a new supermarket in Yishun Junction 9 with a floor area of approximately 19,000 sq. ft. in 2Q2016. We have also signed tenancy agreements for a new store of approximately 3,500 sq. ft. at Circuit Road, and another of 3,000 sq. ft. at Upper Boon Keng Road. These three stores should be operational in 2Q2016. We were also the highest bidder for a HDB shop with an area of approximately 3,300 sq. ft. at Fernvale Street and are waiting for HDB to grant the tenancy.

Our new stores are important contributors to revenue and we will be diligently nurturing the growth of these new stores.

The tightening of the foreign worker policy in Singapore is unlikely to be eased in the near term and would continue to exert pressure on our manpower cost. In view of this, we incorporated self service automated payment machines into the check-out process in some of our stores to improve productivity. The number of staff required for check-out would be reduced as they will only be involved in the scanning and packing and the customers would make the payment at the machines. The use of the automated cash machines will also reduce handling of cash at the back-end.

Since our listing in 2011, we have seen our effort to enhance gross profit margin by extracting for more efficiency gains in the supply chain and improving sales mix paying off. We will continue to improve the efficiency of our logistic capabilities to support our effort to extract even more efficiency gains.

Our subsidiary, Sheng Siong (China) Supermarket Co., Ltd., has on 13 May 2015 obtained the licenses to operate supermarkets in the People's Republic of China and has recently entered into a lease for a retail space of approximately 54,400 sq.ft. in a shopping mall in Kunming. The supermarket is expected to be operational in 4Q2016, to coincide with the soft opening of the shopping mall.

CONCLUSION

We are pleased with the steady growth in revenue and net profits since our listing, which was contributed mainly by the growth of the new stores and the improvement in operating margins. Together with my fellow colleagues and with the support of our customers and suppliers, we will continue to pursue our strategies to enhance shareholder's value.

LIM HOCK CHEE BBM
CEO

¹ https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2015/FullReport_AES2015.pdf

² https://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/population_and_population_structure/population2015.pdf

总裁献词及业务回顾



营业额

集团营业额在2015年取得5.3%的年比增长，表现超越了全国超市0.4%的增长率(按不变或固定价格计算)。我们的这5.3%增长当中，4.6%来自2014年和2015年开业的新店，而0.7%则来自同店销售额增长。同店销售额2015年的增长比2014年的3.3%来得低，因为我们在2014年开始推行24小时营运，竞争者于当年关闭它们旗下的一些店面也促使我们的市场占有率有所提高。此外，同店销售额在2015年第四季萎缩了1.7%，主要原因有：我们的罗央坊分店附近有大型装修工程、我们金文泰规模较大的分店进行翻新、马国令吉转弱影响了我们兀兰分店的生意、酒精销售局限与管制影响了我们的芽笼分店，以及经济环境疲软导致市场整体需求疲弱。上述原因影响了我们2015年的同店销售额增长。

毛利和毛利率

由于营业额取得增长，毛利增加7.5%，毛利率从2014年的24.2%提高到2015年的24.7%。尽管有些微下调的倾向，2015年的物品售价大致稳定。全球供应过剩的情况、新兴经济体的货币疲弱让我们享有价格折扣(当供应商以新元收取付款时)以及集团采取各项提高利润的举措，使我们在2015年仍然有机会改善进货成本。

其他收入

由于租金收入较高(主要来自淡滨尼大牌506)、政府在公司提高生产力专项、工资和特别就业补贴计划给予津贴，以及供应商与商业伙伴为公司在2015年第三季的一项特别活动提供一次性的广告支持，所以其他收入增加460万新元。

营运开支

2015年的行政开支比2014年增加780万新元，主要因为经营新店需要更多人员，而且集团2015年的财务表现比2014年佳，意味着花红准备金也增加。尽管租金因为新店而整体比2014年增加了120万新元，但租金开支仍维持在营业额的大约2.7%。成本受到良好的控制，2015年的行政开支占营业额的16.4%，稍微比2014年的16.2%高，因为新店产生的营业额需要时间达到最适宜的水平。

税务

2015年的有效税率为16.1%，比17%的法定税率来得低。这主要与前几年的净退税有关，退税金额总计100万元。

净利

集团2015年的净利报5680万新元，比上年增长19.3%。

现金

2015年末考虑营运资本变动和税务付款的营运活动现金流量报7990万新元，与营运表现的改善相符。为资本开支支付3040万新元之后，2015年的自由现金流达4430万新元。资本开支包括义顺Junction 9的1800万新元分期付款、装修2015年开设的5家新店和翻新现有分店花费的850万新元、用200万元新元购买超市营运所需的资讯科技相关配备，及以190万新元购买厂房与机器从而改善货仓技能。

集团的资产与负债表保持强劲，截至2015年12月31日的现金报1亿2590万新元。

总裁献词及业务回顾

2016财政年的策略与展望

我们将继续物色适合的店面，尤其是位于我们的准顾客居住的地区。建屋局料将推出一些新店面供招标，我们将检讨其可行性，才决定是否参与这些投标。

淡滨尼大牌506的分店将在2016年第四季暂时关闭，因为我们将为大厦进行装修。该分店应该能在2017年初重新开业，楼面扩大到至少2万5000平方英尺，占据一楼和二楼相当大的面积。这项扩充将能让我们为淡滨尼的顾客服务。淡滨尼是全国第三大组屋区，在2015年有大约26万1230名居民²。

我们位于罗央坊的超市也将在2016年4月15日关闭，因为建屋发展局将在该大厦进行一些装修。当装修工程于2017年第一季度完成时，我们的罗央超市将搬到大厦内的另一个新店面。

2016年3月2日，我们接过所买下的义顺Junction 9六个店面的拥有权，并向市区重建局和建屋发展局申请改变其中五个原本不是超市用途的店面。假设这五个店面都获准改为超市用途，我们于2016年第二季在义顺Junction 9所开设的新超市，面积将大约是1万9000平方英尺。此外我们也签定了循环路一间新店的租约，面积约3500平方英尺，以及文庆路上段一个3000平方英尺店面的租约。这三个营业地点应该会在2016年第二季投入服务。我们也是盛港芬薇尔街一个建屋局商店出价最高的投标者，目前在等候当局授予租约。该店面积约3300平方英尺。

我们的新店是重要的营业额贡献者，我们将勤奋努力地栽培这些新店取得增长。

新加坡束紧的外劳政策看来在短期内不会放宽，将继续对我们的人力成本施加压力。有鉴于此，我们在一些分店的收银流程结合了自助自动化付款系统，从而提高生产力。在收



银处所需的员工将减少，因为他们将只扫描和包装顾客选购的货品，顾客则会在自助付款处付款。使用自动化现金机器也将省去员工在后勤处理现金的过程。

自集团2011年上市以来，我们通过在供应链取得效率增长和改善货品种类来提高毛利率的努力见效。我们将继续提高物流技能的效率，竭尽所能争取更高的效率。

我们的子公司——昇菘(中国)超市有限公司，于2015年5月13日获颁在中国经营超市的相关执照，并于最近签署了租赁协议，将在昆明一座新建的购物商场开设超市。为了配合商场的试营业，这间超市预料在2016年第四季投入运作。

结论

我们上市以来，营业额和净利都稳健增长。这主要是来自新店的增长和营运盈利率的改善。有我们的顾客与供应商的支持，我和同事们将继续推行能提高股东价值的各种策略。

总裁

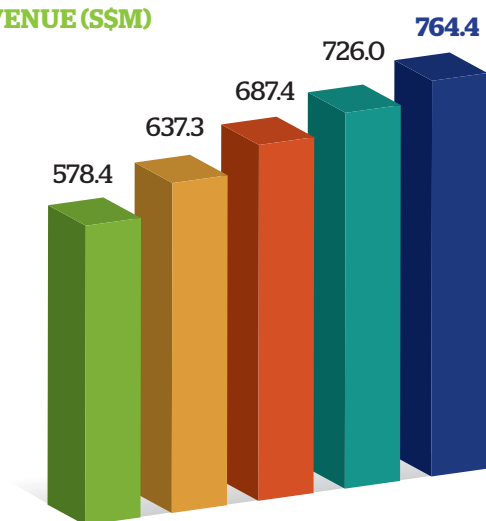
林福星BBM

¹ 资料来源参考网址 https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2015/FullReport_AES2015.pdf

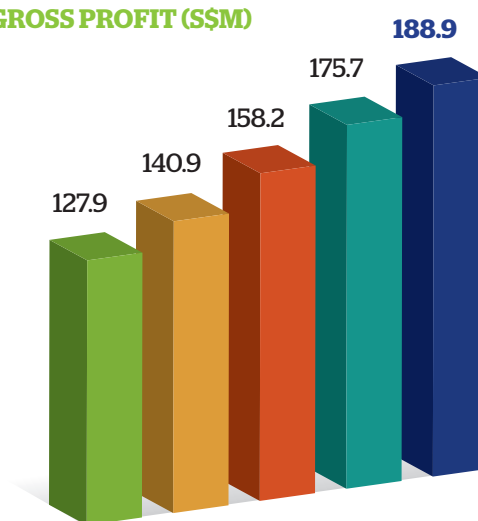
² 资料来源参考网址 https://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/population_and_population_structure/population2015.pdf

FINANCIAL HIGHLIGHTS

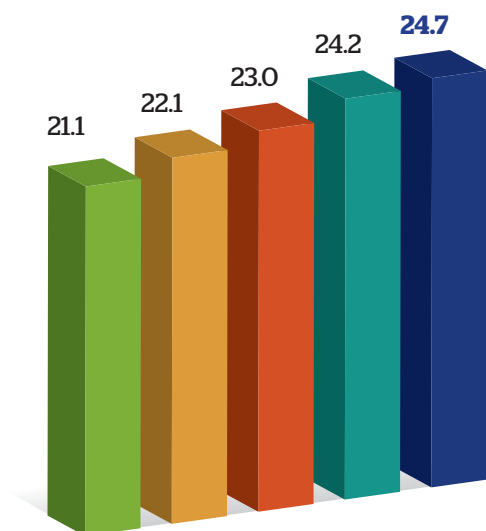
REVENUE (\$M)



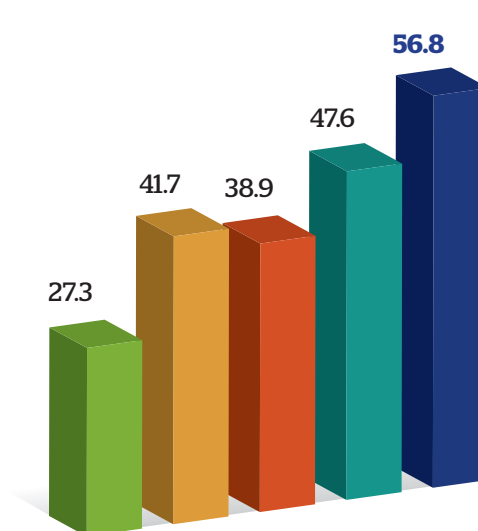
GROSS PROFIT (\$M)



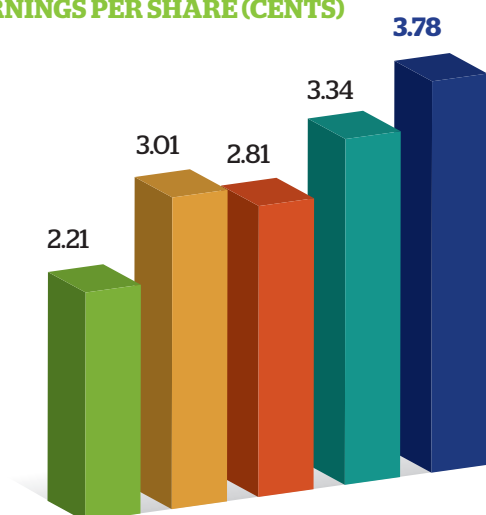
GROSS PROFIT MARGIN (PERCENTAGE)



NET PROFIT (\$M)



EARNINGS PER SHARE (CENTS)



BOARD OF DIRECTORS



LIM HOCK ENG

Executive Chairman

Date of first appointment: 10 November 2010

Date of last re-appointment: 24 April 2014

Mr Lim Hock Eng is our Executive Chairman and his areas of responsibility include business strategy and planning and business administration. Mr Lim also manages our day-to-day operations, including overseeing the setting-up process for our new stores, supervising the preparation and submission of our bids and tenders for new premises, as well as the renovation works and equipment purchases and installations required to 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 has been appointed as a patron of Yio Chu Kang Citizens' Consultative Committee since December 2012. He is also appointed as a member of the Community Outreach and Co-ownership Committee of the Chinese Development Assistance Council (CDAC), for a two-year term, from June 2014. He also serves as Chairman of the Management Committee of CDAC @ Ang Mo Kio.

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 (FY2013-2015):
NIL



LIM HOCK CHEE ^{BBM}

Chief Executive Officer

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 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 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 and 2014. 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. With effect from 1 October 2014, Mr Lim continues 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 (FY2013-2015):
NIL



LIM HOCK LENG

Managing Director

Date of first appointment: 10 November 2010

Date of last re-appointment: 23 April 2015

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 (FY2013-2015):

NIL



TAN LING SAN

Executive Director

Date of first appointment: 22 June 2011

Date of last re-appointment: 23 April 2015

Retiring and not seeking re-election at the AGM

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

Prior to joining our Group in 2006, Mr Tan founded and served as the executive chairman of PSC Corporation (now known as Hanwell Holdings Ltd), a company currently listed on the SGX-ST and engaged in, *inter alia*, the supply of consumer essentials through its chain of Econ Minimart stores (as they were then known). Mr Tan has more than 45 years of experience in grocery retailing.

Mr Tan will be retiring and will resign from his services with the Company.

Present Directorships in other Listed Companies:

NIL

Past Directorships in other Listed Companies (FY2013-2015):

NIL

BOARD OF DIRECTORS



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 1990 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:

- TVL Holdings Ltd
- Vicom Ltd
- Lereno Bio-Chem Ltd
- AsiaPhos Ltd
- Singapore Post Ltd

Past Directorships in other Listed Companies (FY2013-2015):

- Juken Technology Ltd
- OEL Holdings Ltd (previously known as Oakwell Engineering 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-practicing member of the Institute of Singapore Chartered Accountants (ISCA).

Present Directorships in other Listed Companies:

NIL

Past Directorships in other Listed Companies

(FY2013-2015):

NIL



FRANCIS LEE FOOK WAH

Independent Director

Date of first appointment: 22 June 2011

Date of last re-appointment: 25 April 2013

Standing for re-election at the AGM

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 (FY2013-2015):

- 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

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 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:

- 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)

Past Directorships in other Listed Companies (FY2013-2015):

- Qian Hu Corporation Ltd
- 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.

LAW AH YI

Director/Head - Business Development and Promotions

Mr Law Ah Yi was in charge of developing and promoting our housebrand products, as well as our nation-wide advertising & promotion campaigns. On 1 January 2014, Mr Law 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 us in 2007, Mr Law worked in PSC Corporation (now known as Hanwell Holdings Ltd), a company currently listed on the SGX-ST. Between 1974 and 2007, Mr Law held various positions in PSC Corporation, and served as general sales manager in PSC Corporation for over 10 years, where his responsibilities included the franchising of chain stores and mini-marts, as well as the distribution of housebrand products. Having worked in the industry since 1974, he had over 41 years of relevant experience in grocery retailing. Mr Law had expressed his intent to retire in early 2016 and his decision was accepted by the Board. His last day of service is 31 March 2016.

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 Ltd) between 1976 and 2007, beginning as a sales clerk and rising through a series of promotions to merchandising manager, a senior managerial position. She graduated from the Singapore Institute of Management in 1984 with a Diploma in Business Studies.

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. In January 2014, he was appointed a director of our subsidiaries, Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd.

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

GARY POW HAN CHIN*Chief Information Officer
Information Technology*

Mr Gary Pow is responsible for overseeing our Group's design, development, implementation and maintenance of the various computer systems required for our operations, including our Management Information System, as well as our Enterprise Resource Planning System, data recovery plans and back-up schemes. He also oversees the review of our systems' architecture and is involved in liaising with external technology vendors, to constantly improve on our processes and adopt best practices.

Prior to joining us in May 2014, Mr Pow was a Lead Consultant at Pentech Marketing, a IT consultancy and services firm based in Singapore, since 2012. From 2000 to 2012, he was a Director of Application in eC-LINK.com Pte Ltd, a supplier of application software systems, specialising in Enterprise Resource Planning and Supply Chain Management systems for small and medium-sized enterprises in the trading and distribution industries. Mr Pow began his career at Business Decisions Systems Development Pte Ltd in 1990, where he was engaged as a Systems Engineer. His last job position held in the firm was that of a Project Manager. Mr Pow graduated from Monash University, Australia, in 1996, with a Bachelor's degree in Applied Science.

KEY EXECUTIVES

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 has been a member of the Food Fish Business Cluster since 2013. 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

LIN RUIWEN

*Senior Manager
International Business Development*

Ms Lin Ruiwen manages the direct sourcing, import pricing and strategic planning, marketing and merchandising of our fresh fruits and vegetables. She also oversees the business and product development aspects, such as introducing concessionary sales model and management, ready-to-cook vegetable platters and housebrand products; as well as the operational aspects, including warehousing, goods picking and distribution, processing and packaging, and food safety issues.

Ms Lin 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 in 2009 as manager of international business development, 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. Ms Lin is the daughter of our Executive Chairman, Mr Lim Hock Eng.

Ms Lin holds 1,225,000 shares in the Company and is deemed to be interested in 500,000 shares held by her spouse, Mr Florent Cailleau. Presently, she is not a director in other listed companies. She also has not been a director in other listed companies from FY2013 to FY2015.

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr Lim Hock Eng	<i>Executive Chairman</i>
Mr Lim Hock Chee	<i>Chief Executive Officer</i>
Mr Lim Hock Leng	<i>Managing Director</i>
Mr Tan Ling San	<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 Yee Chinn Ling, Adeline

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:

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#32-01 Singapore Land Tower
Singapore 048623
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Tel: 6895 1888
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Website: www.shengsiong.com.sg





Health is Wealth

Sheng Siong is committed to sourcing for products of the best value and quality, for the benefit of our customers.

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 met, and oversees Management by periodically reviewing the Group’s financial performance 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 FY2015 and the attendance of our Directors at these meetings are as follows:

Number of meetings held	Board		NC		RC		AC	
	4		1		1		4	
	Position	Attended	Position	Attended	Position	Attended	Position	Attended
Executive Directors								
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	M	4	-	1*	-	1*	-	4*
Non-executive Directors								
Mr Goh Yeow Tin	M	4	M	1	C	1	M	4
Mr Jong Voon Hoo	M	4	-	1*	M	1	C	4
Mr Francis Lee Fook Wah	M	4	C	1	-	1*	M	4
Mr Lee Teck Leng, Robson	M	3	M	1	M	1	M	3

* 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 without 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 retail management where appropriate. 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.

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 eight (8) 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, 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

CORPORATE GOVERNANCE

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.

The Board is of the opinion that its current size of eight (8) Directors is appropriate, taking into account the nature and scope of the Group's operations. As independent and/or non-executive Directors make up half of the Board, no individual or group of individuals is able to dominate the Board's decision-making process. The current Board composition represents a well-balanced mix of experience and expertise to facilitate effective decision-making.

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 will also participate in discussions, reviewing and assessing Management's performance.

The independence of each Director is reviewed by the NC on an annual basis, based on 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. Mr Lee Teck Leng, Robson was a partner at Shook Lin & Bok LLP ("SLB") up till 31 March 2015. SLB provides legal advisory and corporate secretarial services to the Group. However, Mr Robson Lee was not professionally involved in the provision of such legal and corporate secretarial services.

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.

Mr Lim Hock Eng, Mr Lim Hock Chee, our CEO, and Mr Lim Hock Leng, our Managing Director, are siblings and 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 Chairman works together with the Finance Director and the Company Secretary to set the agenda for board meetings, overseeing the quality of the board papers and promoting open discussions 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. In addition, our independent and/or non-executive Directors regularly meet to discuss the affairs of the Group, without the presence of the Executive Directors/Management.

CORPORATE GOVERNANCE

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 Goh Yeow Tin
- Mr Lee Teck Leng, Robson

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;
- 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 at the present moment for the Chairman or CEO, as Mr Lim Hock Eng, Mr Lim Hock Chee and Mr Lim Hock Leng were the founders of the Group and were responsible for building up the business, each of them are capable of succeeding either the 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/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.

CORPORATE GOVERNANCE

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 has not defined the maximum number of listed company directorships which any director may hold, but 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, 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 Chee and Mr Francis Lee Fook Wah, who are retiring by rotation pursuant to the Company's Constitution, for re-election at the forthcoming Annual General Meeting ("AGM"). Mr Tan Ling San, who is also retiring by rotation pursuant to the Company's Constitution, has decided not to seek re-election as a director at the AGM as he has decided to retire and will resign from the Company.

The NC has also considered Ms Lin Ruiwen's qualifications and experience and found her to be a suitable candidate to replace Mr Tan Ling San as an Executive Director. As such, the NC has recommended the appointment of Ms Lin Ruiwen as a Director at the AGM. The Board has accepted the NC's recommendations and being eligible, Mr Lim Hock Chee, Mr Lee Fook Wah, Francis and Ms Lin Rui Wen will be standing for re-election/appointment, at the AGM. The information on the director 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 "Report of the Directors" of this Annual Report. The information on Ms Lin Ruiwen (including her shareholding in the Company) is disclosed in the "Key Executives" section of this Annual Report.

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 evaluation of individual Directors is conducted informally by the NC. Some factors taken into consideration by the NC include attendance, contributions during Board meetings, as well as individual performance of principal functions and fiduciary duties.

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.

CORPORATE GOVERNANCE

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 decision 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.

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, the majority of whom, including the Chairman, are independent:

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

CORPORATE GOVERNANCE

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 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; and
- administering Sheng Siong Group Ltd's Employee Share Option Scheme ("**Sheng Siong ESOS**") and Sheng Siong Group Ltd's Share Award Scheme ("**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's in the event of termination of their contracts of service.

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

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 motive (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 is not limited just to financial performance. Non quantitative criteria includes 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.

CORPORATE GOVERNANCE

(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.

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.

Employee Share Schemes

The Sheng Siong ESOS and 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 a 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, 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 price¹ ("**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.

¹ 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

No options were granted during FY2015 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.

Participants in the Sheng Siong Share Award Scheme will receive awards which represent the right to receive fully paid shares (via the issue of new shares and/or transfer of treasury 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 FY2015 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 FY2015 is set out below.

	Salary ⁽¹⁾	Variable Bonus	Director's Fees	Benefits in Kind	Total
	← (S\$'000) →				
Executive Directors					
Mr Lim Hock Eng	297	2,193	20.0*	45	2,555
Mr Lim Hock Chee	371	2,193	20.0*	41	2,625
Mr Lim Hock Leng	301	2,193	20.0*	46	2,560
Mr Tan Ling San	285	1,857	20.0*	100	2,598
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:

* Directors' fees paid by subsidiaries of the Company.

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

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

CORPORATE GOVERNANCE

The remuneration of the top five key management personnel for FY2015 is set out below. The total remuneration paid to these personnel (who are not directors or the CEO) is approximately \$1.95million, (2014: \$1.74million).

	Salary ⁽¹⁾	Variable Bonus	Director's Fees*	Benefits in Kind	Total
	←—————(%)—————→				
Key personnel					
<i>\$500,001 to \$750,000</i>					
Mr Wong Soong Kit	44.3	48.6	3.9	3.2	100
<i>\$250,001 to \$500,000</i>					
Mr Ho Chee Haw, Alvin	29.8	59.0	4.8	6.4	100
Mdm Lee Lay Chin	29.0	62.1	5.1	3.8	100
Mr Law Ah Yi	28.8	62.1	5.1	4.0	100
Mdm Lee Moi Hong ⁽²⁾	90.1	-	7.8*	2.1	100

Notes:

- * Directors' fees paid by subsidiaries of the Company.
- (1) Includes the annual wage supplement, fixed bonus and employers' CPF.
- (2) Mdm Lee Moi Hong is the wife of our CEO, Mr Lim Hock Chee.

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 and whose salary exceeds \$50,000 for FY2015 is set out below.

\$250,001 to \$500,000

Mdm Lee Moi Hong	Head of Dry Goods	Wife of Mr Lim Hock Chee, CEO
Mdm Tan Bee Loo	Head of Vegetables & Fruits	Wife of Mr Lim Hock Eng, Executive Chairman

\$100,001 to \$150,000

Mr Tan Yong Ghee	Manager	Brother of Mdm Tan Bee Loo, brother-in-law of Mr Lim Hock Eng
Ms Lin Ruiwen	Manager	Daughter of Mr Lim Hock Eng

\$50,001 to \$100,000

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 and the Finance Director (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 and compliance risks, are adequate.

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 and external auditors without the presence of Management annually.

The AC also reviewed the independence of the external auditors and noted that the fees payable by the Group to our external auditors for FY2015 are as follows:

Fees paid to external auditor for FY2015	S\$'000
Audit	280
Non-audit	48
Total	328

CORPORATE GOVERNANCE

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 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 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.

The Group has engaged PricewaterhouseCoopers LLP ("**PwC**") as its 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.

The AC reviews the adequacy and effectiveness of the internal audits performed by PwC and to, ensure that 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 material for analyst briefings which are held immediately after the release of the results.

The Company, via its website, provides an email link, which has been used by shareholders to raise their queries or express their views.

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.

CORPORATE GOVERNANCE

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.

As previously announced by the Company in its announcement dated 4 September 2014, although the Company currently does not have a formal dividend policy, the Company intends to continue to distribute up to 90.0% of its net profit after tax to its shareholders for the financial years ending 31 December 2015 and 31 December 2016, as the Company wishes to reward its shareholders for participating in the Group's growth. The declaration and payment of future dividends will depend on the Group's operating results, financial condition, other cash requirements including capital expenditure, the terms of borrowing arrangements (if any), and other factors deemed relevant by the Directors. There is no assurance that dividend distributions will be made by the Company in the future.

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 FY2015 are set out below:

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

From 1 January 2015 to 31 December 2015

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) ³
F M Food Court Pte Ltd⁽¹⁾		
Provision of goods/lease of operations space	836	-
E Land Properties Pte Ltd⁽²⁾		
Lease and license of operations space	1,628	-
Mr Tan Ling San		
Joint venture entered into between Sheng Siong Group Ltd, Kunming LuChen Group Co., Ltd and Mr Tan Ling San ⁽⁴⁾	8,031	-

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"), each holds approximately 21.6% of the equity interest in F M Food Court Pte Ltd. Accordingly, F M Food Court Pte Ltd is an associate of each of the Lim Directors, and an interested person *vis-a-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-a-vis* the Group.
- (3) The Group did not obtain a Mandate under Rule 920 of the Listing Manual.
- (4) Please refer to the Company's announcement made on 14 May 2015.

MATERIAL CONTRACTS

Save as disclosed above and save for the conditional Joint Venture Agreement, the Company and Mr Tan Ling San, the Company's Executive Director, are parties to, as set out in the section "Directors' Statement", no other material contracts, which involve the interests of any Director and/or controlling shareholder, were entered into by the Group during FY2015 and are still subsisting as at 31 December 2015, or were entered into since 31 December 2015.

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 2015.

In our opinion:

- (a) the financial statements set out on pages 48 to 79 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 2015 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
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 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
The Company				
Ordinary shares				
Lim Hock Chee	170,400,000	170,400,000	791,250,000 ⁽¹⁾⁽²⁾	791,250,000 ⁽¹⁾⁽²⁾
Lim Hock Eng	170,400,000	170,400,000	789,600,000 ⁽¹⁾	789,600,000 ⁽¹⁾
Lim Hock Leng	170,400,000	170,400,000	789,600,000 ⁽¹⁾	789,600,000 ⁽¹⁾
Lee Teck Leng, Robson	50,000	50,000	-	-
Sheng Siong (China) Supermarket Co., Ltd., the Company's subsidiary				
Interest in capital				
Tan Ling San	-	10%	-	-

DIRECTORS' STATEMENT

Directors' interests (Continued)

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.

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 related corporations, either at the beginning of the financial year 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 2016.

Arrangements to enable directors to acquire shares or debentures

As at the end of the financial year, the Company is a party to a conditional Joint Venture Agreement (the "JVA") with each of Kunming LuChen Group Co., Ltd., and Mr Tan Ling San, the Company's 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 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.

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, and except for salaries, bonuses and fees and those benefits that are disclosed in this statement and in note 21 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 ("**Sheng Siong 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 Sheng Siong 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 Sheng Siong 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, two executive directors duly authorised and appointed by the Board and the Finance Director.

Other information regarding the Sheng Siong 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 Sheng Siong 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.

DIRECTORS' STATEMENT

Long term incentive schemes (Continued)

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

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

- The date on which the Award is to be vested;
- The number of shares to be awarded;
- The prescribed performance target(s);
- The vesting period; and
- The extent to which shares under the Award shall be released on the prescribed performance targets being achieved, either in full or in part.

The aggregate number of shares which may be delivered pursuant to the Sheng Siong 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 Sheng Siong 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.

DIRECTORS' STATEMENT

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' report. In performing its functions, the Audit Committee met with the Company's external auditors and internal auditors to discuss the audit plan, scope of their work, results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

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

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.

DIRECTORS' STATEMENT

Auditors

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

On behalf of the Board of Directors

Lim Hock Chee

Director

Lim Hock Eng

Director

31 March 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
Sheng Siong Group Ltd

Report on the financial statements

We have audited the accompanying financial statements of Sheng Siong Group Ltd (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 79.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

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.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

31 March 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets					
Property, plant and equipment	4	177,649	160,662	-	-
Investments in subsidiaries	5	-	-	78,234	78,234
Non-current assets		177,649	160,662	78,234	78,234
Inventories	6	52,459	43,142	-	-
Trade and other receivables	7	11,762	10,748	172,880	182,900
Cash and cash equivalents	8	125,931	130,470	11,754	386
Current assets		190,152	184,360	184,634	183,286
Total assets		367,801	345,022	262,868	261,520
Equity attributable to owners of the Company					
Share capital	9	235,373	235,373	235,373	235,373
Merger reserve	10	(68,234)	(68,234)	-	-
Foreign currency translation reserve		*	*	-	-
Accumulated profits		77,057	69,136	27,134	25,794
Total equity		244,196	236,275	262,507	261,167
Liabilities					
Deferred tax liabilities	11	2,241	2,204	-	-
Non-current liabilities		2,241	2,204	-	-
Trade and other payables	12	108,715	95,845	361	353
Current tax payable		12,649	10,698	-	-
Current liabilities		121,364	106,543	361	353
Total liabilities		123,605	108,747	361	353
Total equity and liabilities		367,801	345,022	262,868	261,520

* Amount is less than \$1,000.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Revenue	13	764,433	725,987
Cost of sales		(575,531)	(550,301)
Gross profit		188,902	175,686
Other income		9,262	4,677
Selling and distribution expenses		(4,431)	(4,259)
Administrative expenses		(125,264)	(117,417)
Other expenses		(1,984)	(1,855)
Results from operating activities		66,485	56,832
Finance income	14	1,215	916
Profit before tax		67,700	57,748
Tax expense	16	(10,914)	(10,146)
Profit for the year	15	56,786	47,602
Other comprehensive income		-	-
Profit attributable to owners of the Company		56,786	47,602
Total comprehensive income attributable to owners of the Company		56,786	47,602
Earnings per share			
- Basic and diluted (cents)	18	3.78	3.34

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Share capital \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total equity \$'000
Group					
As at 1 January 2014	156,349	(68,234)	*	61,656	149,771
Total comprehensive income for the year					
Profit for the year	-	-	-	47,602	47,602
Transactions with owners, recognised directly in equity:					
Contribution by and distribution to owners					
Issuance of new shares (note 9)	79,024	-	-	-	79,024
Dividends declared (note 9)	-	-	-	(40,122)	(40,122)
Total contribution by and distribution to owners	79,024	-	-	(40,122)	38,902
At 31 December 2014	235,373	(68,234)	*	69,136	236,275
As at 1 January 2015	235,373	(68,234)	*	69,136	236,275
Total comprehensive income for the year					
Profit for the year	-	-	-	56,786	56,786
Transactions with owners, recognised directly in equity:					
Distribution to owners					
Dividends declared (note 9)	-	-	-	(48,865)	(48,865)
At 31 December 2015	235,373	(68,234)	*	77,057	244,196

* 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 2015

	Note	2015 \$'000	2014 \$'000
Operating activities			
Profit for the year		56,786	47,602
Adjustments for:			
Depreciation of property, plant and equipment	15	13,411	10,935
Gain on disposal of property, plant and equipment		-	(58)
Unrealised exchange loss		(36)	(35)
Interest income		(1,215)	(916)
Tax expense		10,914	10,146
		79,860	67,674
Changes in inventories		(9,317)	2,424
Changes in trade and other receivables		(1,014)	1,499
Changes in trade and other payables		12,870	7,602
Cash generated from operations		82,399	79,199
Taxes paid		(8,926)	(7,477)
Cash flows from operating activities		73,473	71,722
Investing activities			
Proceeds from disposal of property, plant and equipment		3	159
Purchase of property, plant and equipment		(30,401)	(80,942)
Interest received		1,215	916
Cash flows used in investing activities		(29,183)	(79,867)
Financing activities			
Dividends paid		(48,865)	(40,122)
Issuance of new shares		-	79,024
Cash flows (used in)/from financing activities		(48,865)	38,902
Net (decrease)/increase in cash and cash equivalents		(4,575)	30,757
Cash and cash equivalents at beginning of the year		130,470	99,678
Effect of exchange rate changes on balances held in foreign currencies		36	35
Cash and cash equivalents at end of the year	8	125,931	130,470

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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 2016.

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 2015 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.

2.5 Changes in accounting policies

With effect from 1 January 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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 in the combined financial statements at the carrying amounts recognised in the acquired entities' 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.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

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. When a foreign operation is disposed off, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining controls, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

YEAR ENDED 31 DECEMBER 2015

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 of 55 to 75 years
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 as appropriate. In 2015, the Company revised the useful lives of certain property, plant and equipment, whose financial effects are disclosed in note 4.

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

YEAR ENDED 31 DECEMBER 2015

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

YEAR ENDED 31 DECEMBER 2015

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 3.4.

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.

Leased assets are depreciated over the shorter of the lease term and their useful lives. 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

YEAR ENDED 31 DECEMBER 2015

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

YEAR ENDED 31 DECEMBER 2015

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

YEAR ENDED 31 DECEMBER 2015

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.

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

YEAR ENDED 31 DECEMBER 2015

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 law 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, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

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, and plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

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

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue - Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group is currently assessing the potential impact on its financial statements and to implement the standards. The Group does not plan to adopt these standards early.

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 ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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
				Office equipment, furniture and fittings \$'000	Motor vehicles \$'000						
Cost											
At 1 January 2014	54,995	11,002	31,364	4,172	7,829	2,686	15,273	-	-	6,365	133,686
Additions	66,983	594	2,928	213	2,538	179	7,507	-	-	-	80,942
Disposals	-	(107)	(661)	(33)	(518)	(76)	-	-	-	-	(1,395)
At 31 December 2014	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)	-	-	-	-
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	6,365	242,470
Accumulated depreciation											
At 1 January 2014	5,182	6,975	18,379	1,601	5,790	2,018	-	-	-	2,985	42,930
Depreciation charge for the year	1,902	1,443	4,407	734	823	353	-	-	-	1,273	10,935
Disposals	-	(107)	(639)	(32)	(440)	(76)	-	-	-	-	(1,294)
At 31 December 2014	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
Carrying amounts											
At 1 January 2014	49,813	4,027	12,985	2,571	2,039	668	15,273	-	-	3,380	90,756
At 31 December 2014	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	834	177,649

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's leasehold properties as at 31 December 2015 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 ⁽ⁱ⁾	50,455
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

* The excess outlet space of the 3 storey shopping mall are subleased to third parties under operating lease arrangements.

(i) Change in estimates:

In 2015, the Jurong Town Council approved an extension of 30 years to the lease for the land at 6 Mandai Link subject to the fulfilment of certain conditions. As the management intends to use the leasehold property for the whole term, the expected lease period is now increased from 30 years to 60 years. The effect of this change on the depreciation expense, included in cost of sales, for each of the immediate five years and thereafter till the expiry of the extended term, is shown below.

	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	Later \$'000
(Decrease)/increase in depreciation expense	(194)	(778)	(778)	(778)	(778)	3,306

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

5 SUBSIDIARIES

	Company	
	2015 \$'000	2014 \$'000
Equity investments, at cost	78,234	78,234

The subsidiaries of the Group are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2015 %	2014 %
Sheng Siong Supermarket Pte. Ltd. ¹	Supermarket operations	Singapore	100	100
CMM Marketing Management Pte. Ltd. ¹	Trading of general and wholesale importers and exports	Singapore	100	100
Sheng Siong (M) Sdn. Bhd. ²	Dormant	Malaysia	100	100
Sheng Siong (China) Supermarket Co, Ltd ³	Not operational yet	China	60	-

¹ Audited by KPMG LLP, Singapore

² Audited by other firm of certified public accountants

³ As at 31 December 2015, the Company has not injected any capital into the Sheng Siong (China) Supermarket Co, Ltd (the "Subsidiary"). The Subsidiary has not commenced operations during current financial year. The auditors have not been appointed.

6 INVENTORIES

	Group	
	2015 \$'000	2014 \$'000
Goods for resale	52,459	43,142

In 2015, changes in goods for resale recognised in cost of sales amounted to \$548,323,000 (2014: \$523,980,000).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	3,673	4,970	-	86
Amounts due from affiliated companies (trade)	18	27	-	-
Amounts due from subsidiaries:				
- non-trade	-	-	146,566	152,800
- dividend income	-	-	26,300	30,000
Other receivables	1,783	1,242	8	-
Deposits	4,213	2,975	1	-
	9,687	9,214	172,875	182,886
Prepayments	2,075	1,534	5	14
	11,762	10,748	172,880	182,900

Non-trade 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not past due	8,673	8,219	172,875	182,886
Past due 1 - 30 days	842	826	-	-
Past due 31 - 60 days	77	68	-	-
Past due more than 60 days	95	101	-	-
	9,687	9,214	172,875	182,886

* 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash in hand	4,455	4,155	*	-
Cash at banks	36,196	36,947	718	386
Fixed deposits	85,280	89,368	11,036	-
	125,931	130,470	11,754	386

* Amount is less than \$1,000.

Fixed deposits are denominated in S\$ with tenors of up to 12 months, placed with banks in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

9 SHARE CAPITAL

	2015 Number of shares '000	2014 Number of shares '000
Company		
In issue at 1 January	1,503,537	1,383,537
New shares issued	-	120,000
In issue at 31 December	1,503,537	1,503,537

On 9 September 2014, the Company issued 120,000,000 shares at \$0.67 per ordinary share through a private placement. Transaction costs incurred on this private placement amounted to \$1,376,000.

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:

	2015 \$'000	2014 \$'000
<i>Ordinary dividends paid in respect of the financial year ended 2013</i>		
Final cash dividend of 1.40 cents per ordinary share	-	19,369
<i>Ordinary dividends paid in respect of financial year ended 2014</i>		
Interim cash dividend of 1.50 cents per ordinary share	-	20,753
Final cash dividend of 1.50 cents per ordinary share	22,553	-
<i>Ordinary dividends paid in respect of financial year ended 2015</i>		
Interim cash dividend of 1.75 cents per ordinary share	26,312	-
	48,865	40,122

Subject to the approval by the shareholders at the forthcoming Annual General Meeting, the directors have proposed an exempt (one-tier) final dividend of 1.75 cents per share (2014: exempt (one-tier) final dividend of 1.50 cents per share) amounting to an estimated net dividend of \$26.3 million (2014: \$23 million) in respect of the year ended 31 December 2015. 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 2015 approximates 92.6% of the Group's net profit after tax.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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 2014 \$'000	Recognised in profit or loss (note 16) \$'000	At 31 December 2014 \$'000	Recognised in profit or loss (note 16) \$'000	At 31 December 2015 \$'000
Group					
Property, plant and equipment	2,292	(88)	2,204	37	2,241

12 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables	68,782	60,417	-	-
Amounts due to affiliated companies (trade)	14	19	-	-
Amounts due to directors (trade)	954	757	240	200
Other payables	5,274	3,882	6	21
Deposits received	773	777	-	-
Accrued expenses	31,504	28,619	115	132
	107,301	94,471	361	353
Advance received	1,414	1,374	-	-
	108,715	95,845	361	353

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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	
Group				
2015				
Non-derivative financial liabilities				
Trade and other payables*	107,301	(107,301)	(107,301)	-
2014				
Non-derivative financial liabilities				
Trade and other payables*	94,471	(94,471)	(94,471)	-
Company				
2015				
Non-derivative financial liabilities				
Trade and other payables*	361	(361)	(361)	-
2014				
Non-derivative financial liabilities				
Trade and other payables*	353	(353)	(353)	-

* exclude advance received

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

13 REVENUE

	Group	
	2015	2014
	\$'000	\$'000
Supermarket operations	764,433	725,987

14 FINANCE INCOME

	2015	2014
	\$'000	\$'000
Interest income received and receivable from:		
- financial institutions	1,215	916

15 PROFIT FOR THE YEAR

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

	Group	
	2015	2014
	\$'000	\$'000
Audit fees paid/payable to auditors of the Company	(280)	(258)
Non-audit fees paid to auditors of the Company	(48)	(24)
Operating lease expense	(21,022)	(19,842)
Operating lease income	3,563	1,218
Professional fee paid to a firm in which a director was a member ⁽¹⁾	-	(166)
Depreciation of property, plant and equipment	(13,411)	(10,935)
Gain on disposal of plant and equipment	-	58
Sales of recyclable items	1,198	1,109
Exchange gain/(loss), net	26	(48)
Government grants	2,836	1,374
Staff costs	(99,362)	(89,876)
Contributions to defined contribution plans, included in staff costs	(4,641)	(3,996)

⁽¹⁾ The director was with the firm up to 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

16 TAX EXPENSES

	Note	Group	
		2015 \$'000	2014 \$'000
Current tax expense			
Current year		11,888	10,501
Adjustments for prior years		(1,011)	(267)
		10,877	10,234
Deferred tax expense			
Origination and reversal of temporary differences	11	37	(88)
Total tax expense		10,914	10,146
Reconciliation of effective tax rate			
Profit before tax		67,700	57,748
Tax expense using Singapore tax rate of 17% (2014: 17%)		11,509	9,817
Tax exempt income		(261)	(57)
Expenses not deductible for tax purposes		717	713
Over provision in respect of prior years		(1,011)	(267)
Tax rebate		(40)	(60)
		10,914	10,146

17 LONG TERM INCENTIVE SCHEMES

Sheng Siong Group Ltd's Employee Share Option Scheme ("**Sheng Siong 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 Sheng Siong 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 Sheng Siong 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, two executive directors duly authorised and appointed by the Board and the Finance Director.

Other information regarding the Sheng Siong 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

17 LONG TERM INCENTIVE SCHEMES (CONTINUED)

- The period for the exercise (the “**Exercise Period**”) of an option granted under the Sheng Siong 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:

- The date on which the Award is to be vested;
- The number of shares to be awarded;
- The prescribed performance target(s);
- The vesting period; and
- The extent to which shares under the Award shall be released on the prescribed performance targets being achieved, either in full or in part.

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

Since the commencement of Sheng Siong ESOS and Sheng Siong Share Award Scheme, no options or awards have been granted to employees and directors of the Company or its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

18 EARNINGS PER SHARE

	Group	
	2015 \$'000	2014 \$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	56,786	47,602

	Group	
	No. of shares '000	No. of shares '000
Total number of shares as at 1 January	1,503,537	1,383,537
Issuance of new shares during the year	-	120,000
Total number of shares as at 31 December	1,503,537	1,503,537
Weighted average number of shares during the year	1,503,537	1,423,537

There were no potential dilutive ordinary shares in existence for the financial years ended 31 December 2015 and 2014.

19 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 2015 and 2014.

20 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	
	2015 \$'000	2014 \$'000
Purchase of property, plant and equipment, approved and contracted for	19,663	37,245

(b) Investment

As at 31 December 2015, the Company and a director of the Company have outstanding commitments of uncalled capital contribution of S\$8 million (US\$6 million) and S\$1.3 million (US\$1 million), respectively, in respect of investment in the China's subsidiary (see note 5). There were no such commitments as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

20 COMMITMENTS (CONTINUED)

(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-cancellation operating lease are as follows:

	2015 \$'000	2014 \$'000
Receivable:		
- Within 1 year	2,323	3,563
- After 1 year but within 5 years	861	3,184
	3,184	6,747

(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:

	Group	
	2015 \$'000	2014 \$'000
Payable:		
- Within 1 year	17,111	16,991
- After 1 year but within 5 years	14,650	11,289
	31,761	28,280

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

21 RELATED PARTIES

Identity of related parties

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

Affiliated company

An affiliated company is defined as one:

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

Key management personnel

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

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

	Group	
	2015	2014
	\$'000	\$'000
Short-term employee benefits (including defined contribution plans)	12,508	10,662
Directors' fees	500	460
	13,008	11,122

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:

	2015	2014
	\$'000	\$'000
Corporations in which directors of the Company have substantial financial interests		
- Sales	263	386
- Purchases	-	(13)
- Rental expenses	(1,541)	(1,527)
- Rental income	500	473
- Electricity expenses received	301	355
Director of the Company		
- Temporary use of the services of a staff	-	54

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

22 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 in FY2012 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 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

YEAR ENDED 31 DECEMBER 2015

22 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 as provided to the management of the Group based on its risk management policy is as follows:

	NZD \$’000	USD \$’000	EUR \$’000	AUD \$’000
Group				
2015				
Cash and cash equivalents	157	3,140	289	714
Trade payables	-	(2,117)	(8)	(1,098)
Net exposure	157	1,023	281	(384)
2014				
Cash and cash equivalents	520	274	7	71
Trade payables	-	(2,222)	-	(240)
Net exposure	520	(1,948)	7	(169)

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 2014.

	Profit before tax	
	2015 \$’000	2014 \$’000
Group		
NZD	16	52
USD	102	(195)
EUR	28	1
AUD	(38)	(17)

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

(ii) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

(iii) Accounting classifications and fair values

	Loans and receivables \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Total carrying amount \$'000
Group			
31 December 2015			
Trade and other receivables*	9,687	-	9,687
Cash and cash equivalents	125,931	-	125,931
	135,618	-	135,618
Trade and other payables**	-	107,301	107,301
31 December 2014			
Trade and other receivables*	9,214	-	9,214
Cash and cash equivalents	130,470	-	130,470
	139,684	-	139,684
Trade and other payables**	-	94,471	94,471
Company			
31 December 2015			
Trade and other receivables*	172,875	-	172,875
Cash and cash equivalents	11,754	-	11,754
	184,629	-	184,629
Trade and other payables**	-	361	361
31 December 2014			
Trade and other receivables*	182,886	-	182,886
Cash and cash equivalents	386	-	386
	183,272	-	183,272
Trade and other payables**	-	353	353

* exclude prepayments

** exclude advance received

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.

23 SUBSEQUENT EVENTS

Subsequent to the year end, Sheng Siong (China) Supermarket Co., Ltd, a subsidiary of the Company, has signed a lease for a new store in Kunming, People's Republic of China. The lease will commence on the date of vacant possession which is expected to be in the third quarter of 2016.

财务报表

资产与负债

截至2015年12月31日

	集团		公司	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
资产				
房地产、厂房与器材	177,649	160,662	-	-
在子公司的投资	-	-	78,234	78,234
非流动资产	177,649	160,662	78,234	78,234
存货	52,459	43,142	-	-
贸易和其他应收账款	11,762	10,748	172,880	182,900
现金	125,931	130,470	11,754	386
流动资产	190,152	184,360	184,634	183,286
总资产	367,801	345,022	262,868	261,520
可归属公司股东的权益				
股本	235,373	235,373	235,373	235,373
合并储备	(68,234)	(68,234)	-	-
外汇兑换储备	*	*	-	-
累计盈利	77,057	69,136	27,134	25,794
总权益	244,196	236,275	262,507	261,167
负债				
递延税款负债	2,241	2,204	-	-
非流动负债	2,241	2,204	-	-
贸易和其他应付账款	108,715	95,845	361	353
当前应缴税务	12,649	10,698	-	-
流动负债	121,364	106,543	361	353
总负债	123,605	108,747	361	353
总权益与负债	367,801	345,022	262,868	261,520

* 数额不到1000新元。

综合 损益表

截至2015年12月31日全年

	2015 \$'000	2014 \$'000
营业额	764,433	725,987
销售成本	(575,531)	(550,301)
毛利	188,902	175,686
其他收益	9,262	4,677
销售与分销开支	(4,431)	(4,259)
行政开支	(125,264)	(117,417)
其他开支	(1,984)	(1,855)
营运活动的业绩	66,485	56,832
财务收益	1,215	916
税前盈利	67,700	57,748
税务开支	(10,914)	(10,146)
全年盈利	56,786	47,602
其他综合收益	-	-
可归属公司股东的盈利	56,786	47,602
可归属公司股东的综合净利	56,786	47,602
每股盈利		
—基本与摊薄的(分)	3.78	3.34

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

Class of shares: Ordinary shares

Voting rights: 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	10	0.11	234	0.00
100 - 1,000	1,159	12.53	1,048,710	0.07
1,001 - 10,000	5,124	55.40	33,199,746	2.21
10,001 - 1,000,000	2,919	31.56	151,086,887	10.05
1,000,001 AND ABOVE	37	0.40	1,318,201,423	87.67
TOTAL	9,249	100.00	1,503,537,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SHENG SIONG HOLDINGS PTE LTD	448,800,000	29.85
2	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	78,908,431	5.25
6	HSBC (SINGAPORE) NOMINEES PTE LTD	72,429,300	4.82
7	DBS NOMINEES (PRIVATE) LIMITED	42,757,632	2.84
8	DBSN SERVICES PTE. LTD.	39,256,498	2.61
9	RAFFLES NOMINEES (PTE) LIMITED	25,008,922	1.66
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	22,735,673	1.51
11	BANK OF SINGAPORE NOMINEES PTE. LTD.	9,907,000	0.66
12	LIM KIM HOCK	8,400,000	0.56
13	LIN YUANFENG	5,000,000	0.33
14	CHEAH SEE HAN	4,427,700	0.29
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,077,600	0.27
16	LIM GUAN PHENG	3,700,000	0.25
17	OCBC SECURITIES PRIVATE LIMITED	3,478,800	0.23
18	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	3,340,200	0.22
19	PHILLIP SECURITIES PTE LTD	3,070,400	0.20
20	CHUA KOK SOON	2,900,000	0.19
	TOTAL	1,289,398,156	85.73

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

SUBSTANTIAL SHAREHOLDERS

(As shown in the register of substantial shareholders)

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

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 36.04% 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 Fifth Annual General Meeting of SHENG SIONG GROUP LTD. (the “**Company**”) will be held at 6 Mandai Link, Singapore 728652 on Wednesday, 27 April 2016 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 2015 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final (one-tier tax exempt) dividend of 1.75 cents per ordinary share for the financial year ended 31 December 2015. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company's Constitution (the “**Constitution**”):
 - Mr Lim Hock Chee **(Resolution 3)**
 - Mr Francis Lee Fook Wah **(Resolution 4)**
[See Explanatory Notes (i) and (ii)]
4. To approve the payment of Directors' fees of S\$240,000 for the year ended 31 December 2015. (2014: S\$240,000) **(Resolution 5)**
5. To re-appoint KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

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

7. “**That Ms Lin Ruiwen be and is hereby appointed as a Director of the Company.**”
[See Explanatory Note (iii)] **(Resolution 7)**

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

NOTICE OF ANNUAL GENERAL MEETING

- (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.
- (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 (iv)]

(Resolution 8)

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 total number of issued Shares (excluding treasury shares) of the Company from time to time.” *[See Explanatory Note (v)]*

(Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING

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 total number of issued Shares (excluding treasury shares) of the Company from time to time.” [See Explanatory Note (vi)]
(Resolution 10)

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 in the capital of the Company (“**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 Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
- (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);

NOTICE OF ANNUAL GENERAL MEETING

“**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

- (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 necessary to give effect to the transactions contemplated by this Resolution.”

[See Explanatory Note (vii)]

(Resolution 11)

By Order of the Board

Mr Lim Hock Chee
Chief Executive Officer

Singapore, 12 April 2016

Explanatory Notes:

- (i) Mr Francis Lee Fook Wah will, upon re-election as Independent Director of the Company, remain as Chairman of the Nominating Committee and as a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- (ii) With reference to item 3 above, Mr Tan Ling San, the Company’s Executive Director, is retiring by rotation pursuant to Regulation 89 of the Constitution at the Annual General Meeting, and has given notice to the Company that he would not be seeking re-election as a director.
- (iii) The Ordinary Resolution 7 proposed in item 7 above, is to appoint Ms Lin Ruiwen as a Director of the Company to fill the office vacated by Mr Tan Ling San. Ms Lin Ruiwen will, if appointed, serve as an Executive Director of the Company. Further details on Ms Lin Ruiwen can be found on page 22 of the Annual Report.
- (iv) The Ordinary Resolution 8 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

NOTICE OF ANNUAL GENERAL MEETING

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 8 is passed.

- (v) The Ordinary Resolution 9 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.
- (vi) The Ordinary Resolution 10 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.
- (vii) The Ordinary Resolution 11 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 11 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.

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)

--	--	--	--

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 Wednesday, 27 April 2016 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 2015		
2.	Approval of payment of the final dividend		
3.	Re-election of Mr Lim Hock Chee as a Director		
4.	Re-election of Mr Francis Lee Fook Wah as a Director		
5.	Approval of Directors' fees amounting to S\$240,000 for the financial year ended 31 December 2015		
6.	Re-appointment of KPMG LLP as Auditors		
7.	Appointment of Ms Lin Ruiwen as a Director		
8.	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate		
9.	Authority to grant options and issue shares under the Sheng Siong ESOS		
10.	Authority to allot and issue shares under the Sheng Siong Share Award Scheme		
11.	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, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
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 Securities and Futures Act, Cap. 289 of Singapore), 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 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 accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

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