ShengSiong

STRIVING TO CREATE GREATER VALUE

ANNUAL REPORT 2018

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ABOUT SHENG SIONG GROUP

Sheng Siong Group Ltd is one of Singapore's largest retailers with 54 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 past decade, we have begun developing a selection of housebrands to offer our customers quality alternatives to national brands at substantial savings. To date, we have over 1200 products under 18 housebrands.

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

Established in 1985 and listed on SGX mainboard 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 have been operating from our headquarters and purpose-built centralised warehousing and distribution centre at Mandai Link since July 2011. In January 2016, we have attained ISO 22000:2005 Food Safety Management System certification for our processing facility where we process seafood, meat and vegetables and repackage dried food, frozen food and fruits.

With our distinguished brand name, 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.

A SWEETER DEAL

Spirit, vigour, and a flurry of vivacity. With an over 2,500-strong contingent tending to our burgeoning retail network, each Sheng Siong store comes abuzz with a hive of activity. Yet, lustrous yields do not come easy. It takes earnest diligence, a heart impassioned for service and symbiotic cohesion to craft valuable results. And when the fruits of our labour begin to take shape, the taste of success gleaned is made all the more sweeter.

CHAIRMAN'S MESSAGE

“We opened ten new stores in 2018, bringing total retail area to 496,200 square feet by the end of 2018 which is an all-time high.”

LIM HOCK ENG PBM
Executive Chairman

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of our Board of Directors, it is my pleasure to present our annual report for the financial year ended 31 December 2018.

We exited 2017 with rather buoyant economic conditions but as the year progressed, the economic environment deteriorated both globally and locally. Singapore's economy grew by 3.2%[(1)] in 2018 which was lower than 3.6% in 2017 and retail sales at supermarkets had also contracted by 0.7%. Despite the challenging business environment, we are pleased to deliver a commendable performance in 2018. Our revenue increased by 7.4% to S$890.9 million in 2018, largely due to the contribution from new stores, growth in comparable same store sales and the inclusion of China, but was partially offset by the closure of The Verge and Woodlands Block 6A stores. Likewise, net profit grew to $70.5 million, representing a growth of 4.6% compared with 2017, had the tax refund of prior years' tax amounting to $2.2m received in 2017 been excluded. In percentage terms, the growth in net profit was less than the growth in revenue largely because of the new stores as sales will take time to reach its normal level but certain expenses like rent and basic crewing costs are fixed.

SINGAPORE

We are delivering on our strategy to open new stores in Singapore particularly in areas where we do not have a presence as evidenced in the CAGR growth of about 4.5% in revenue since 2011, the year we were listed. We opened ten new stores in 2018, bringing total retail area to 496,200 square feet by the end of 2018 which is an all-time high, notwithstanding the loss of approximately 86,500 square feet arising from the closure of The Verge and Woodlands Block 6A stores in 2017.

While most of our stores continue to hold their ground, demographic shifts caused by HDB's new and redevelopment housing programmes resulted in the proliferation of new stores, and to a lesser extent, online grocery shopping are changing marketing dynamics. To us, these challenges present future growth opportunities as we are aware of concerns that the current segment and channel we have been operating in could have matured. Incidentally online groceries sales accounted only for less than 1.2%[(2)] of the total Singapore's grocery market in 2016 but I think its growth could be slower than in some other countries with larger populations. As most residents in Singapore can access a grocery store quite conveniently, we are looking into an omni-channel model which will give our customers the greatest convenience without sacrificing their preference to using their senses of sight, smell and feel to choose, particularly in offerings like fresh produce.

We are, in the meantime, focused on widening our reach and will be continuously looking for additional retail space, particularly in areas where we do not have a presence.

CHINA

Our first store in Kunming had its full year of operation in 2018, and recorded a loss of $0.7m, for which our share at 60% would be $0.4m. We will continue to build the Sheng Siong brand in Kunming and will widen our market coverage by opening a second store, also in Kunming in 3Q2019.

DIVIDEND

As an appreciation for shareholders' continued support, the Board has recommended a final dividend of 1.75 cents per share, subject to shareholders' approval at the forthcoming AGM. This takes our total dividend for 2018 to 3.40 cents per share, representing a payout of approximately 72.5% of the Group's net profit after tax.

[(1)] MTI Press Release dated 15 February 2019.

[(2)] Singapore Business Review, Amazon's bid for e-commerce supremacy in Singapore falls short.

CHAIRMAN'S MESSAGE

EMBRACING INNOVATION TO THRIVE

In Sheng Siong, we embrace innovation by actively seeking new processes and technologies to drive our operational efficiencies and improve customer experience. This approach has been accentuated by the need to replace labour with capital and has been validated by the recent tightening of the quotas for the employment of foreign workers by the Government in Singapore. For example, we have successfully rolled out our Hybrid Self-Checkout System ("HSCO") in 47 stores since 2015 and aim for full implement of HSCO by first half of 2019. We launched the first "recycling" cash withdrawal machine in Singapore, which we call "$tm" in our stores at ITE College Central and Block 417 Fernvale Link. We will top up the $tm machines with the cash from our supermarket's sales, and users can withdraw money from their bank accounts using their DBS, POSB, OCBC or UOB ATM cards. This reduces the amount of cash to be collected daily and deposited at the bank by our cash handling service provider, thereby saving us some cash handling charges. Nationally, this should improve productivity as cash is recycled at our stores, eliminating the leg where it is transferred to the banks and then back to their ATMs. We have plans to install these machines in all of our stores by first half of 2019. This may sound counter-intuitive as we move towards a cashless society, but realistically, we think that cash will still be used, albeit with a diminished role.

We are planning to launch Nets QR code by first half of 2019. With an additional cashless payment option, we are heeding the call to move towards cashless society.

4.5% CAGR

REVENUE SINCE 2011

CHAIRMAN'S MESSAGE

AWARDS AND ACCOLADES

In 2018, our brand image was further enhanced with the following accolades:

- Singapore Superbrand 2018
- 2018 Singapore Sustainability Reporting Awards
  Best Inaugural Sustainability Report (Mainboard)

Our efforts in adopting sustainable growth strategies and placing sustainability at the heart of our strategy and operations have been recognized when we were awarded the Best Inaugural Sustainability Report in the Mainboard category by The Singapore Sustainability Reporting Awards. No doubt, going forward, we will continue to strive for excellence in our sustainability journey.

ACKNOWLEDGMENTS

First of all, my utmost gratitude goes to all our valued customers and partners in the supply chain for their continuing support. In addition, we would like to express our sincere appreciation to our beloved employees. They deserve a special commendation for their hard work and dedication in helping drive the Group forward. I am also grateful for the Board members' guidance and counsel during the year.

Last but not least, I would like to extend my gratitude to our esteemed shareholders. As we continue on our growth journey, we aim to deliver greater value to the stakeholders.

LIM HOCK ENG PBM
Executive Chairman

主席献词

“集团在2018年开设了10间新店，使集团的总零售面积在2018年底达到49万6200平方尺的新高。”

执行主席
林福荣PBM

主席献词

亲爱的股东们，

我谨代表昇菘董事会，发表集团截至2018年12月31日财政年的年报。

虽然2017年的经济活跃，但步入2018年，无论是全球或本地的经济环境却每况愈下。新加坡的经济在2018年仅增长3.2%[1]，相对于2017年的3.6%，超市的零售销售额也萎缩了0.7%。尽管商业环境极具挑战，但集团在2018年还是交出了不俗的成绩。集团在2018年的营业额增长了7.4%达8亿9090万元。这主要来自新店的贡献、同店销售额的增长和中国分店，不过营业额的增幅也因为The Verge和兀兰6A分店的关闭而被部分抵消。同样的，净利润也增加到7050万元。若不包括2017年一笔220万元的税务退款，净利增长与2017年相比其实增加了4.6%。以百分比计算，净利增长比营业额增长少，毕竟新店的营业额需要时间才能培养到正常水平，但部分开支如租金和基本薪酬却是固定的。

新加坡

集团的策略是在尚未进驻的地区开店，从集团2011年上市以来，营业额的年均复合增长率达4.5%，便可见集团的策略已经凑效。尽管The Verge和兀兰6A在2017年的关闭，使集团少了8万6500平方尺，但集团在2018年开设了10间新店，使集团的总零售面积在2018年底达到49万6200平方尺的新高。

虽然大部分的分店都能继续稳住阵地，但是建屋局推出新的住屋计划和重建计划，都带来了人口转移，导致许多新超市店面的出现。网上杂货则是在比较小的程度上，改变了市场动态。在集团看来，这些挑战都是将来的发展契机，毕竟集团也意识到目前的顾客群已经趋向成熟。另外，网上杂货的销售额在2016年只占了新加坡杂货市场的1.2%[2]。我相信新加坡的网购杂货的增幅，将比人口多的国家来得慢。由于大部分国人非常容易就能到一间超市购物，因此集团考虑的是一个全渠道的模式，在提供顾客最大便利的同时，也不牺牲掉顾客能透过视觉、嗅觉和触觉来选购新鲜食材的体验。

与此同时，集团将以一贯的方式扩大营业版图，并积极寻找额外的零售空间，尤其是集团尚未进入的地区。

中国

集团在昆明的第一间分店在2018年营业了一年，全年的亏损为70万元，由于集团只占了60%的股权，集团的实质亏损为40万元。集团将继续在昆明建立昇菘的品牌，并将在2019年第三季，于昆明开设第二间分店以增加市场覆盖率。

股息

为了达谢股东们的支持，董事会建议派发每股1.75分的年终股息，股息将在来临的常年股东大会获得股东的批准后派发。这将使2018年的总股息达每股3.4分，股息派发总额相等于税后净利的72.5%。

拥抱创新以茁壮成长

在昇菘，我们拥抱创新，透过积极开发新程序和科技来提高营运效率和顾客体验。这样的做法不仅出于有必要以资本替代劳力，近来的外劳配额的收紧政策更应证了企业创新的必要。譬如，集团自2015年已经在47间分店推出“混合式自助结账系统”（Hybrid Self-Checkout），并计划在2019年上半年推行到所有分店。集团也在工艺教育中区学院和芬维尔417分店，推出了本地第一台的$tm新型提款机。我们将超市的收入放到$tm，只要是持有星展银行、储蓄银行、华侨银行或大华银行ATM卡的用户，都能使用$tm提款。这将减少我们的现金转运业者每天需要领取并存入银行的现款，从而减低手续费。由于现金能在店内循环，免去运送到银行后，又从银行移到提款机的过程，这无疑将能提高全国的生产力。集团打算在2019年上半年将$tm安装到所有分店。$tm或许看似与无现金社会的发展相违，不过就现实而论，集团相信现金还是会通行，但功能将渐渐削弱。

集团也打算在2019年上半年推出Nets QR码，另一种无现金付款系统，以响应迈向无现金付款的趋势。

奖状与殊荣

2018年，集团的品牌形象也因为以下的殊荣而获得提升。

- 2018年新加坡超级品牌
- 2018年新加坡可持续发展报告奖
  最佳首份可持续报告（主板）

集团在采纳可持续发展作为重点策略，所付出的努力获得了肯定，并在新加坡可持续发展报告奖项中，荣获主板组别的“最佳首份可持续发展报告”。集团将在可持续发展的道路上，继续追求卓越。

致谢

首先，我由衷地感谢我们宝贵的顾客和供应伙伴的不懈支持。此外，我们诚心地感激我们的员工。因为他们付出的辛劳和投入，公司才能向前发展，他们值得特别的表扬。我也感谢董事会成员过去一年的指导和咨询。

最后，感谢各位尊敬的股东。我们会继续茁壮，并以创造更大的价值给股东作为目标。

执行主席
林福荣 PBM

[1] 贸工部于2019年2月15日发布的新闻稿。
[2] Singapore Business Review, Amazon's bid for e-commerce supremacy in Singapore falls short.

CEO'S STATEMENT & OPERATIONS REVIEW

REVENUE

The business environment during the year was tough. However, the Group is still well on track with its expansion plans as 10 new stores were opened in 2018 in Singapore, bringing our total store count to 54 (excluding the store in Kunming, China). These new stores are quite well spread in different HDB estates with most of them in newly built or redeveloped neighbourhoods. With the opening of these stores, our retail area in Singapore is further expanded to 496,200 square feet from 404,000 in 2017, representing a growth of 22.8%.

Despite softening consumer's sentiment, revenue increased by 7.4% in 2018 to $890.9 million of which 10.1 percentage points were contributed by stores opened in 2017 and 2018, 1.7 percentage point by comparable same store sales and 1.0 percentage points by the store in China but was offset by a reduction of 5.4 percentage points arising from the permanent closure of The Verge and Woodlands Block 6A stores in 2017. New stores continued to be the major source of revenue growth. Excluding the growth in the Block 506 Tampines store where the retail area was expanded by 15,000 square feet to 25,000 square feet in 2Q2017, comparable same store sales would have increased by 0.4 percentage points in 2018, a consequence of softening consumers' sentiments and competition arising from the proliferation of supermarkets in new HDB shops and online grocery retailing.

GROSS PROFIT MARGIN

Our efforts to enhance gross margins in Singapore through lower input costs continue, resulting in gross margin increasing to 26.8% in 2018 compared with 26.2% in 2017, derived mainly from better buying prices, higher rebates from suppliers for special promotions, volume discounts, improvement in efficiency in the central distribution centre and a higher mix of fresh versus non-fresh offerings. Gross margin in China is generally lower but as the operation is very much smaller, its impact on the Group's gross margin is not material.

CEO'S STATEMENT & OPERATIONS REVIEW

OPERATING EXPENSES

Administrative expenses increased by $16.1 million in 2018 compared with 2017. The increase was due mainly to higher staff costs, rent, depreciation and utilities arising from the opening of new stores, higher provision for bonus because of better financial performance and the inclusion of China. Administrative expenses as a % of sales was higher at 17.3% in 2018 compared with 16.6% in 2017 as sales at the new stores require time to reach the normal level.

TAXES

The effective tax rate in 2018 was 16.7% which was marginally lower than Singapore's statutory rate of 17% mainly because of higher tax allowances and write-back of prior years' tax.

NET PROFIT

The Group reported a 1.4% year-on-year increase in net profit to $70.5 million in 2018 mainly due to improvement in revenue, gross profit and gross margin but were offset by lower other income and higher operating expenses. Excluding the tax refund amounting to $2.2 million in 2017, net profit would have increased by 4.6%. China reported a loss of $0.7m, for which our share at 60% is $0.4m.

CASH

There were no major changes to the cash conversion cycle. The business remains cash generative and cash generated from operating activities before working capital changes and payment of tax amounted to $100.3 million in 2018, mainly because of the higher volume of business. Cash used for capital expenditures amounted to $28.2 million consisting mainly of payments for fitting out the new stores, renovating old stores and upgrading supermarkets' equipment of S$15.9 million, construction of new warehouse extension of $10.2 million, upgrading equipment at the central distribution centre of $0.9 million and the purchases by the subsidiary in China of $1.2 million.

Free cash flow generated in 2018 was $65.2 million and after paying dividends of $51.1 million, the Group's balance sheet remained healthy with cash of $87.2 million as at 31 December 2018.

FY2019 STRATEGY AND OUTLOOK

SINGAPORE

Given the uncertain macroeconomic environment, consumer's sentiment may remain soft and consumers could become more cost-conscious. The increased number of supermarkets will change the market dynamics but we see this as an opportunity for us to extend our reach to hitherto under-tapped new segments. With an eye on long-term growth, notwithstanding the emergence of online shopping, the Group remains committed to looking for suitable retail space, particularly in areas where the Group does not have a presence. We are keen on new HDB shops in new or redeveloped areas as these offer us exposure to the millennial segment. Competition for retail space, particularly for new HDB shops, is expected to remain keen but the Group will remain cautious and rational in bidding. Our store sizes are not overly large and we think it is the right size to complement online retailing. We have taken a cautious approach to developing our online platform, which has grown at a reasonable pace since it was introduced in 2015, and as a business unit in itself, is not operating at a loss.

Competition is likely to remain keen and we will work hard to continue to improve our operating margin by enhancing gross margin and lower operating costs.

Gross margins will be enhanced by seeking for lower input costs through efficient merchandising, improving sales mix of fresh produce which commands a higher gross margin and extracting more efficiency gains from the supply chain.

Labour will remain scarce and costly. We will continue to work smart to increase operational efficiency. The ongoing projects to implement the Hybrid Self-Checkout system to all our stores in Singapore is on track. This will free some labour which will give us some flexibility as the quota for the employment of foreign labour is cut. The automation of the warehouse extension, the introduction of the $tm machines and the continuation of the culture of small step improvements should improve efficiency and lower operating costs.

The extension of our central warehouse in Mandai is expected to be completed by end 2019, a delay over the original targeted completion date of 1Q2019.

CHINA

We will also continue to promote our "Sheng Siong" brand in Kunming, China. The store has been operating for more than a year since opening in Nov 2017 and we are mindful that brand building requires time to be fruitful. We have also signed a new lease for a second store in Kunming and it is expected to be operational in 3Q2019.

CONCLUSION

We are pleased with the growth in our revenue and net profit in this challenging business environment which was contributed mainly by the new stores in Singapore. We will continue to nurture the growth of these new stores and will devote marketing efforts to improving sales at the old stores. Besides remaining focused on our store expansion plans, we will also place great emphasis in cost control, but will continue to spend judiciously on new projects which will reduce the use of labour.

LIM HOCK CHEE BBM
CEO

总裁献词及业务回顾

营业额

虽然去年的商业环境比较艰难，但集团的扩展计划进行顺利。2018年，集团在新加坡开设了10间新店，使集团的总店数增加到54间（这还不包括中国昆明的分店）。这些新店遍布在不同的建屋局市镇，大部分在全新或重新发展的组屋区。随着新店的开设，昇菘在新加坡的零售面积从2017年的40万4000平方尺，进一步扩大到49万6200平方尺，增幅约22.8%。

虽然消费者情绪疲软，不过集团的营业额在2018年增长了7.4%，达8亿9090万元。其中，10.1个百分点的营业额来自于2017和2018年间所开设的新店，而1.7个百分点和1.0个百分点则分别来自于同店销售和中国分店的增长。可是，The Verge和兀兰6A分店在2017年的关闭，则产生了5.4个百分点的下调，抵消了生意额的增长。新店仍然是营业额增长的主要来源。若不包括淡宾尼506分店（该店的零售面积在2017年第二季增加了1万5000平方尺，总零售面积因此增加到2万5000平方尺），2018年的同店销售增长将增加0.4百分点。这主要因为消费信心的疲弱，组屋区超市的不断增加及网络杂货零售所致。

毛利率

集团继续努力透过减低销售成本，来提升毛利率的做法奏效。2018年的毛利率从2017年的26.2%增加到26.8%。这主要因为更理想的采购价、供应商为特别促销所提供的回扣增加、量购折扣、中央分销中心的效率提升，以及更高的鲜货比例。中国的毛利率则比较低，但因为规模比较小，因此并未对集团的毛利率带来显著的影响。

营运开支

相较于2017年，2018年的行政开支增加1610万元。开支增长主要因为新店的开设，使得员工成本、租金、折旧和水电费增加，集团的业绩表现进步也使得员工的花红分配增加，以及中国业务的纳入。2018年的行政开支占了整体营业额的17.3%，因为新店的营业额需要时间才能达到正常水平。

税务

2018年的有效税率为16.7%，比新加坡的法定税率低，主要由于免税额的增加及往年税务的拨回。

净利

集团2018年的净利润为7050万元，比上一年增长了1.4%。这是由于营业额、毛利和毛利率的提升，不过也因为其他收入的减少和营运开支的增加而抵消了部分的增长。若不包括2017年的一笔220万元的税务退款，净利则是增长4.6%。中国子公司的总亏损为70万元，但由于集团占了60%的股权，集团的实质亏损为40万元。

现金

集团的现金循环周期没有太大的改变，这仍是现金生成的行业。集团在2018年的营运活动现金流量在未考虑营运资本变动和税务付款前，为1亿零30万元，主要因为生意额的增加。集团的资本开支达2820万元，主要源于装修新店、翻新旧店及提升超市设备所支出的1590万元，扩建仓库的1020万元，提升中央分销中心设备的90万元，及中国子公司购货的120万元。

2018年的自由现金流达6520万元，在支付5110万元的股息之后，集团的资产负债表保持强劲，截至2018年12月31日，现金报8720万元。

26.8%
毛利率
2018 年

总裁献词及业务回顾

2019年的策略和展望

新加坡

有鉴于不稳定的宏观经济环境，消费者情绪将维持疲弱，而消费者可能会更有价格意识。虽然超市的日渐增加将改变市场动态，但集团视之为伸向新市场的契机。放眼长期增长，尽管有网购的出现，集团还是致力于寻找合适的零售空间，尤其是集团尚未进驻的地区。无论是兴建或重新发展的组屋区，集团对这些店面保持很大的兴趣，因为这些营业据点能让我们进军千禧世代的市场。零售空间尤其是建屋局的新店，预料将维持竞争，但集团在投标时还是会保持谨慎和理智。集团的分店面积不会太大，是能与集团网购零售相辅相成的理想面积。集团在发展网购平台采取了谨慎的策略，但自2015年营运以来，集团的网购平台却是稳步增长。作为一个独立的生意部门，集团的网购平台也没有蒙受亏损。

竞争预料将维持激烈，但集团还是会继续努力通过促进毛利率和减低营运成本，来提升营业利润率。

透过有效的采购，提高毛利较高的鲜货比例及提升供应链的效率，都将能减低销售成本，进而促进毛利率。

人力将维持缺乏和昂贵，因此集团会透过智能化来提高营运效率。目前，集团正在本地所有分店推出“混合式自助结账系统”（Hybrid Self-Checkout）。这将能缓解集团的人力资源，以应对外劳配额的收紧。货仓在扩建后将采用自动化系统，$tm新型提款机的推出，及集团不断追求进步的企业文化，都将能提高效率和减少营运成本。万礼的分销中心的扩建预料将在2019年底竣工，比原先预定的2019年第一季晚。

中国

集团将继续在中国昆明推广“昇菘”的品牌。昆明店自2017年11月开幕以来，已投入营业逾一年。集团也意识到品牌的建立需要时间才能有成效。集团目前已经签署了昆明第二间分店的租约，预料2019年的第三季将能投入营业。

总结

虽然许多新店的出现使得商业环境极具挑战，但是集团对于所取得的营业额和净利增长，都感到相当满意。除了专注在店面的扩展计划，集团着重在成本管控的同时，也会继续投入在减少人力的新项目上。

总裁
林福星 BBM

“竞争预料将维持激烈，但集团还是会继续努力通过促进毛利率和减低营运成本，来提升营业利润率。”

OUR HOUSEBRANDS

Today, our vast array of housebrand offerings stands at over 1200 products strong, each meticulously curated with our exacting expertise to bring to you a delightful union of intrinsic value and quality.

OUR HOUSEBRANDS

OUR HOUSEBRANDS

OUR HOUSEBRANDS

BOARD OF DIRECTORS

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

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

BOARD OF DIRECTORS

LIM HOCK ENG PBM

Executive Chairman
Date of first appointment: 10 November 2010
Date of last re-appointment: 28 April 2017

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

Mr Lim is one of the founding shareholders of C M M Marketing Management Pte Ltd and Sheng Siong Supermarket Pte Ltd. He has been a director since Sheng Siong Supermarket Pte Ltd was incorporated in 1983, and has been instrumental in our Group's growth. Mr Lim has more than 32 years of experience in grocery retailing. Prior to founding our Group, Mr Lim was employed in his family's hog rearing business.

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

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

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

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies (FY2016– 2018):
NIL

TAN LING SAN

Vice Chairman and Executive Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 28 April 2017

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

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

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies (FY2016– 2018):
NIL

BOARD OF DIRECTORS

LIM HOCK CHEE BBM

Chief Executive Officer
Date of first appointment: 10 November 2010
Date of last re-appointment: 27 April 2016
Standing for re-election at the AGM

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

Mr Lim is one of the founding shareholders of C M M Marketing Management Pte Ltd and Sheng Siong Supermarket Pte Ltd, and has been a director of our Group since Sheng Siong Supermarket Pte Ltd was incorporated in 1983. He has been instrumental in our Group's growth and has been leading the expansion of our business and operations since inception. Mr Lim also manages Singapore's day-to-day operations, including overseeing the operations in China and aspects of the meat-related business of our grocery retailing operations, such as selection, supply, processing, storage and quality control. Mr Lim has more than 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. He is a member of the Technology Committee and Trade Association & Membership Affairs Committee in SCCCI, as well as a 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 2012 to 2014, on behalf of SCCCI. From 2014 to 2016, Mr Lim continued to be a member of the feedback panel in his own capacity as a corporate taxpayer.

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

In 2018, Mr Lim was re-appointed by MTI as a member of the Lifestyle Sub-committee of the inaugural Council for Skills, Innovation and Productivity (CSIP) from September 2018 to May 2020. The CSIP supports the growth of a skills and innovation-driven economy. He was also invited by the Monetary Authority of Singapore to serve on the Payments Council for a two-year term, from 1 July 2017 to 30 June 2019. The Payments council is established to foster innovation, collaboration and to promote interoperability of Singapore's payments industry. Currently, Mr Lim is also a patron of the National Crime Prevention Council.

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

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies (FY2016– 2018):
NIL

BOARD OF DIRECTORS

LIM HOCK LENG

Managing Director
Date of first appointment: 10 November 2010
Date of last re-appointment: 28 April 2017
Standing for re-election at the AGM

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

Mr Lim is one of the founding shareholders of C M M Marketing Management Pte Ltd. He has been a director since 1994, and has been instrumental in our Group's growth. Mr Lim has more than 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 (FY2016– 2018):
NIL

LIN RUIWEN

Executive Director
Date of first appointment: 27 April 2016
Date of last re-appointment: 27 April 2018

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

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

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

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 on the Technical Committee on Food Processing and Distribution from 2018 to 2020. Currently, she has been appointed as Business Excellence Assessor by Enterprise Singapore for the period 2018 to 2020.

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

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

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

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies (FY2016– 2018):
NIL

BOARD OF DIRECTORS

GOH YEOW TIN

Lead Independent Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 27 April 2018

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 Catalist), and served as the deputy managing director until 1990. Mr Goh was also a founding member of the Association of Small and Medium Enterprises (ASME) in 1986, and in 1989, Mr Goh founded, and served as general manager of, International Franchise Pte Ltd, a pioneer in the franchising business in Singapore, until 1991. Between 1991 and 2000, Mr Goh served as the vice-president of Times Publishing Ltd, and was responsible for retail and distribution businesses in Singapore, Hong Kong and various parts of Southeast Asia.

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

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

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

Past Directorships in other Listed Companies (FY2016-2018):
- Singapore Post Limited

JONG VOON HOO

Independent Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 27 April 2018

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

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

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

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

Past Directorships in other Listed Companies (FY2016– 2018):
NIL

BOARD OF DIRECTORS

FRANCIS LEE FOOK WAH

Independent Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 27 April 2016
Standing for re-election at the AGM

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

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:
- Net Pacific Financial Holdings Ltd
- AsiaPhos Ltd

Past Directorships in other Listed Companies (FY2016– 2018):
- Metech International Ltd

LEE TECK LENG, ROBSON

Non-executive Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 28 April 2017
Standing for re-election at the AGM

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

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

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

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

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies (FY2016– 2018):
- Matex International Ltd
- Serial System Ltd
- Sim Lian Group Ltd
- OKH Global Ltd (formerly known as Sinobest Technology Holdings Ltd)
- Man Wah Holdings Ltd (listed on the Hong Kong Stock Exchange)
- Best World International Ltd

BOARD OF DIRECTORS

TAN POH HONG

Independent Director
Date of first appointment: 5 January 2018
Date of last re-appointment: 27 April 2018

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

Prior to her appointment at AVA, Ms Tan was the Deputy CEO of the Housing and Development Board (HDB) from 2004 to 2009 where she managed 4,700 officers in the Estates and Corporate Groups. She played a key role in restructuring of HDB in 2003 and helped to stabilise the organisation after restructuring through various internal communications and engagement processes.

Ms Tan has also held various headship positions throughout the HDB, with oversight of corporate governance, organisational development and transformation, human resource management, public communications and community engagement. She has extensive experience in policy development and led operations for sales and estate management.

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

Present Directorships in other Listed Companies:
• Ann Aik Limited
• Centurion Corporation Ltd

Past Directorships in other Listed Companies (FY2016– 2018):
NIL

KEY EXECUTIVES

WONG SOONG KIT

Finance Director

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

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

TAN BEE LOO

Director/Head – Fruits and Vegetables

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

Mdm Tan has worked with our Group since its inception in 1985. During her career with us, she has held several positions in our Group and her responsibilities have included overseeing the procurement, negotiations, direct importation of, and retail sales of our fruits and vegetables, as well as our general store operations, including sales, product displays and customer service. In 2007 and 2008, Mdm Tan was appointed a director of our subsidiaries, Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd, respectively. Prior to joining us, Mdm Tan worked as a craftsman in Toppan Forms (S) Pte Ltd between 1978 and 1981. Mdm Tan has over 30 years of relevant experience in grocery retailing and related industries. Mdm Tan is the spouse of our Executive Director, Mr Lim Hock Eng.

LEE MOI HONG

Director/Head – Dry Goods

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

Mdm Lee has worked with our Group since its inception in 1985. During her career with us, she has held several positions in our Group and her responsibilities have included overseeing the cutting, processing, storing and repacking of meat products, the selection and packing of dried foods, general store operations, and the inspection of our stores on a regular basis. In 2007 and 2008, Mdm Lee was appointed a director of our subsidiaries, Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd, respectively. Prior to joining our Group, Mdm Lee was employed in her family's poultry rearing and processing business. She has approximately 30 years of relevant experience in grocery retailing and related industries. Mdm Lee is the spouse of our Executive Director, Mr Lim Hock Chee.

LEE LAY CHIN

Director/Head – Purchasing and Promotions

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

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

KEY EXECUTIVES

HO CHEE HAW
Director/Head – Retail Operations

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

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

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

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

WONG HENG SAN
Deputy General Manager
International Business Development

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

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

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

WOO CHEE KIT
Acting Chief Information Officer

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

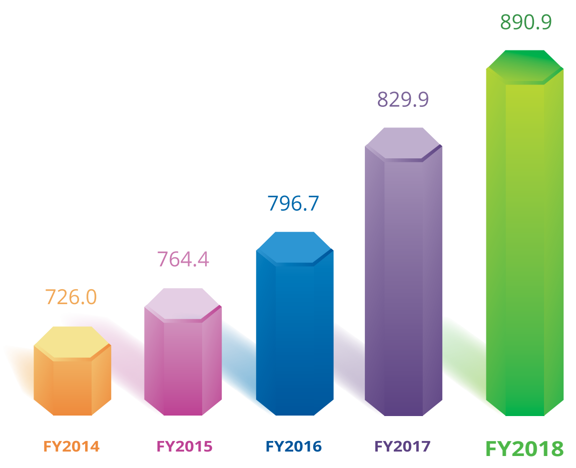
Mr Woo joined the Group as a software development manager in 2013 and was promoted to a senior managerial role in 2016. He was responsible for optimizing existing IT infrastructure and brainstorming new processes to improve the efficiency of the company's newly integrated retail systems.

Prior to joining the Group, he was a Senior Manager with CHD Asia Pte Ltd, entrusted by their European head office to build up a IT team in Singapore. He has 13 years of experience in system integration and management of regional software development, IT infrastructure, security, pre-sales and support.

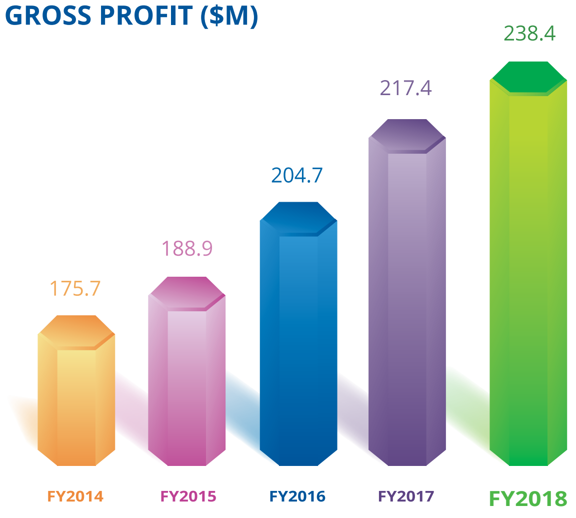
Mr Woo holds a B.Sc. (Hons) in Software Engineering from Coventry University, United Kingdom.

FINANCIAL HIGHLIGHTS

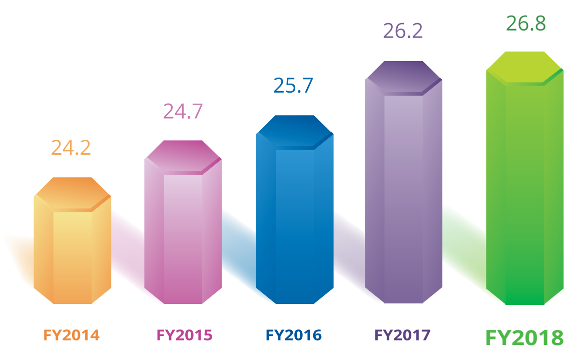
REVENUE ($M)



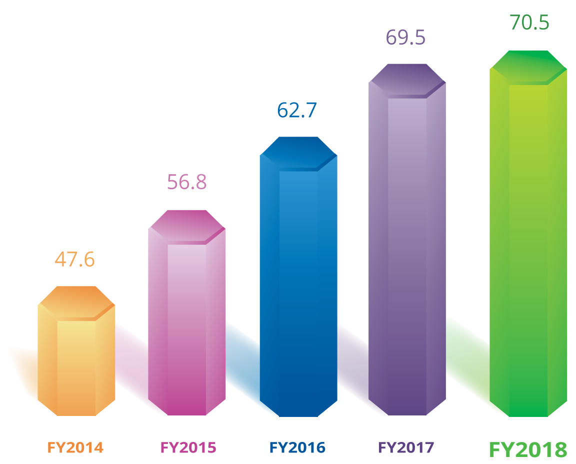
GROSS PROFIT ($M)



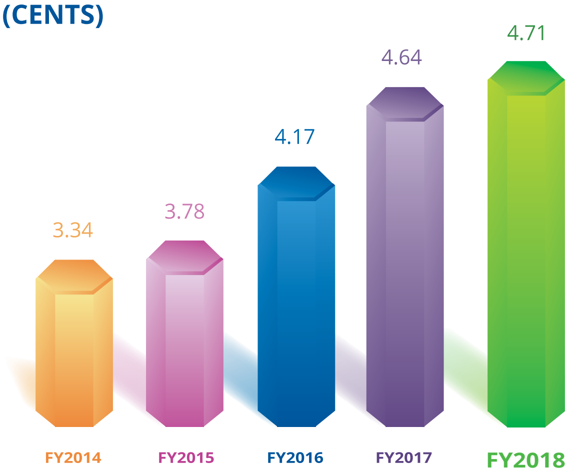
GROSS PROFIT MARGIN (PERCENTAGE)



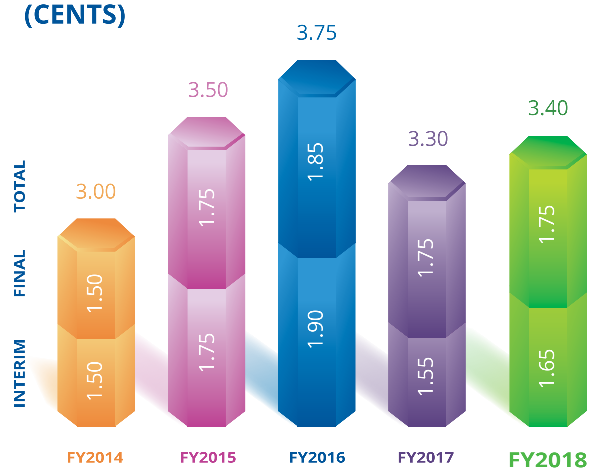
NET PROFIT ($M)



EARNINGS PER SHARE (CENTS)



DIVIDEND PER SHARE (CENTS)



CORPORATE INFORMATION

BOARD OF DIRECTORS:

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

AUDIT COMMITTEE:

Mr Jong Voon Hoo	*Committee Chairman*
Mr Goh Yeow Tin	
Mr Francis Lee Fook Wah	
Mr Lee Teck Leng, Robson	
Ms Tan Poh Hong	*(appointed on 5 January 2018)*

NOMINATING COMMITTEE:

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

REMUNERATION COMMITTEE:

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

COMPANY SECRETARY:

Mr Tan Wei Shyan

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 September 2015

SHARE REGISTRAR:

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

REGISTERED OFFICE:

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

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**"). The Board noted the revised Code of Corporate Governance issued on 6 August 2018 (the "**Revised Code**"), which is only effective from the Company's financial year commencing 1 January 2019, and will endeavor to comply with the Revised Code from the period it takes effect.

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 providing entrepreneurial leadership, establishing the business strategies of the Group and providing Management with a framework to assess and manage risks by ensuring that there are safeguards, suitable processes and internal controls to ensure that shareholders' interests are protected. The Board sets the Group's values and standards, ensures that obligations to shareholders and other stakeholders are understood and met, and oversees Management by periodically reviewing Management's performance in relation to the Group's financial, and corporate social responsibility objectives. All Board members possess diversified knowledge and experience and are expected to act in good faith and exercise independent and objective judgment 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 (which is defined as amounts in excess of 5% of the Group's NTA) 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 FY2018 and the attendance of our Directors at these meetings are as follows:

	Board		NC		RC		AC	
	4		1		1		4	
Number of meetings held	**Position**	**Attended**	**Position**	**Attended**	**Position**	**Attended**	**Position**	**Attended**
Executive Directors								
Mr. Lim Hock Chee	M	3	–	–	–	–	–	3*
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*
Ms. Lin Ruiwen	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	4	M	1	M	1	M	4
Ms. Tan Poh Hong	M	4	–	1*	M	1	M	4

Notes:

* By invitation

M Member

C Chairman

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

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

Mr. Lim Hock Chee, Chief Executive Officer
Mr. Lim Hock Eng, Executive Chairman
Mr. Lim Hock Leng, Managing Director
Mr. Tan Ling San, Vice Chairman and Executive Director
Ms. Lin Ruiwen, Executive Director
Mr. Goh Yeow Tin, Lead Independent Director
Mr. Jong Voon Hoo, Independent Director
Mr. Francis Lee Fook Wah, Independent Director
Ms. Tan Poh Hong, Independent Director (appointed on 5 January 2018)
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, food safety, real estate and management. The size and composition of the Board are reviewed by the NC on an annual basis to ensure that the Board has the appropriate balance, mix of expertise and experience and collectively possesses the necessary skill sets and core competencies for effective decision-making. The experience and skill of the directors are further described on pages 19 to 24.

As the independent directors make up at least one-third of the Board, the Board has an independent element that sufficiently enables it to exercise objective judgement and no individual or group of individuals dominate the Board's decision-making process. The Board is of the opinion that its current size of 10 Directors is appropriate, taking into account the nature and scope of the Group's operations. The current Board composition represents a well-balanced mix of skills, experience, expertise and knowledge of the Group to facilitate effective decision-making. Two (2) of the 10 Board members are female and although the Board has not set up a policy on gender diversity, the Board recognized the need and had taken the initiative by ensuring that the latest two recruitments are females. While the Chairman is part of the management team, the Board is of the opinion that based on the Group's current size and operations, it is not necessary to have independent directors make up at least half of the Board at present. Nonetheless, the Board is reviewing the composition of the independent directors on the Board with a view to complying with the relevant guidelines of the Code

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

The independence of each Director is reviewed by the NC on an annual basis based on the 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 Ms. Tan Poh Hong and Mr. Francis Lee Fook Wah are independent.

Executive Chairman and Chief Executive Officer ("CEO")

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

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

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

The Executive Chairman works together with the Finance Director and the Company Secretary to set the agenda for board meetings, overseeing the quality and timely despatch of the board papers and promoting open discussions between Board members and Management prior to and during the board meetings.

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

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. Lee Teck Leng, Robson
- Mr. Goh Yeow Tin

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

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

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

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

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as the new Director through the business network of the Board members or engage independent professional advisers to assist in the search for suitable candidates. In selecting candidates, the NC will, in consultation with the Board, consider the needs of the Group and the relevant expertise required. The NC will generally identify suitable candidates skilled in core competencies such as 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.

CORPORATE GOVERNANCE

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

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, Mr. Lim Hock Leng, Mr. Francis Lee Fook Wah and Mr. Lee Teck Leng Robson who are retiring by rotation pursuant to the Company's Constitution, for re-election at the forthcoming Annual General Meeting ("**AGM**").

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

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

Board Performance

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

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

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

The completed questionnaires are collated for the NC's deliberation. The NC then presents the results, conclusions and its recommendations to the Board. The Board has met its performance objectives in respect of FY2018.

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

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

Access to information

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

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

CORPORATE GOVERNANCE

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.

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
- Ms. Tan Poh Hong (appointed on 5 January 2018)

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

The principal functions of the RC include:

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

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

CORPORATE GOVERNANCE

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

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

Level and Mix of Remuneration

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

Remuneration of Executive Directors and Key Management Personnel

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

(a) *Fixed Component*

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

(b) *Variable Component*

This component comprises a variable bonus based on the Group's and the performance of the business units. To link rewards to performance, staff are assessed based on a matrix of indicators which includes non-quantitative criteria and is not limited solely to financial performance. Such non-quantitative criteria include contribution to the team, attitude, and special qualities displayed in discharging their duties. The variable component for the executive directors and key management personnel forms a significant portion of their total remuneration.

(c) *Benefits*

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

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

Remuneration of Non-executive Directors

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

Employee Share Schemes

The Sheng Siong ESOS (employees' share option scheme) and the Sheng Siong Share Award Scheme are intended to give the Company greater flexibility in tailoring reward and incentive packages for its Directors and employees, and aligning their interest with those of the Company's shareholders.

CORPORATE GOVERNANCE

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

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

Sheng Siong ESOS

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

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

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

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

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

No options were granted during FY2018 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 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 FY2018 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.

[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

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 FY2018 is set out below.

	Salary(1)	Variable Bonus	Director's Fees	Benefits in Kind	Total
	(S$'000)				
Executive Directors					
Mr. Lim Hock Eng	299	2,797	20*	44	3,160
Mr. Lim Hock Chee	369	2,797	20*	37	3,223
Mr. Lim Hock Leng	305	2,797	20*	44	3.166
Mr. Tan Ling San	285	2,797	20*	36	3,138
Ms. Lin Ruiwen	312	–	20*	15	347
Non-executive Directors					
Mr. Goh Yeow Tin	–	–	60**	–	60
Mr. Jong Voon Hoo	–	–	60**	–	60
Mr. Francis Lee Fook Wah	–	–	60**	–	60
Mr. Lee Teck Leng Robson	–	–	60**	–	60
Ms. Tan Poh Hong	–	–	60**	–	60

Notes:

* Directors' fees 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, and employers' CPF.

The remuneration of the top five key management personnel for FY2018 is set out below. The total remuneration paid to these personnel (who are not directors or the CEO of the Company) is approximately $1.95million (2017: $1.95million).

	Salary(1)	Variable Bonus	Director's Fees	Benefits in Kind	Total
	(%)				
Key personnel					
S$500,001 to S$750,000					
Mr. Wong Soong Kit	39.3	53.9	3.6*	3.2	100
S$250,001 to S$500,000					
Mr. Ho Chee Haw, Alvin	27.8	67.7	4.5*	–	100
Mdm. Lee Lay Chin	25.9	69.3	4.6*	0.2	100
Mdm. Lee Moi Hong(2)	91.6	–	7.9*	0.5	100
Mdm. Tan Bee Loo(3)	92.1	–	7.9*	–	100

Notes:

* Directors' fees paid by subsidiaries of the Company.

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

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

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

CORPORATE GOVERNANCE

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

The remuneration of employees who are immediate family members of a director or the CEO of the Company and whose salary exceeds $50,000 for FY2018 is set out below.

$301,000 to $350,000		
Ms. Lin Ruiwen	Executive Director	Daughter of Mr. Lim Hock Eng
$250,001 to $300,000		
Mdm. Lee Moi Hong	Head of Dry Goods	Wife of Mr. Lim Hock Chee
Mdm. Tan Bee Loo	Head of Vegetables & Fruits	Wife of Mr. Lim Hock Eng
$101,000 to $150,000		
Mr. Tan Yong Ghee	Manager	Brother of Mdm. Tan Bee Loo, brother-in-law of Mr. Lim Hock Eng
$50,001 to $100,000		
Mr. Lin Junlin, Nigel	Senior Manager	Son of Mr. Lim Hock Leng
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

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 and are 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. There is a Risk Committee comprising of managers from the various departments who will meet regularly to undertake these tasks. The Board will review the reports and recommendations of the Risk Committee and look into the system of internal controls and measures taken to mitigate such risks.

CORPORATE GOVERNANCE

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

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

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

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

Audit Committee

Principle 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
- Ms. Tan Poh Hong (appointed on 5 January 2018)

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.

CORPORATE GOVERNANCE

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

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

The AC reviewed with management the internal controls, corroborating with findings from the recent external audit, the following significant matter:

- The handling, recording and reconciliation of cash to sales and to third party documents like bank statements, daily credit card or digital payment journals.

The AC noted that the external auditors have also included cash as a key audit matter, which was set out on page 47.

The AC also reviewed the independence of the external auditors and noted that the fees payable by the Group to our external auditors for FY2018 are as follows:

Fees paid to external auditors for FY2018	S$'000
Audit	290
Non-audit	40
Total	330

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

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

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

The Group has implemented a whistle-blowing policy, which provides employees and any other persons with channels through which they may report any concern, irregularity or improper act committed by another employee of the Group. The AC may commission independent investigations of any suspected fraud or irregularity, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings of such investigations.

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

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

CORPORATE GOVERNANCE

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 endeavors to maintain regular, timely and effective communication with its shareholders. The Company disseminates all price-sensitive information to its shareholders on a non-selective basis. Quarterly and annual financial results are published through the SGXNET, together with press releases and presentation materials for analysts' and investors' briefings, which are held quarterly immediately after the release of our quarterly results. Besides these quarterly briefings, the Company will meet with investors upon request or communicate via its website, which provides an email link which has been used by shareholders to raise queries or express their views. The Company has engaged an Investor Relations Consultant to assist with these tasks.

All shareholders receive the Company's annual report and notice of AGM. The notice of AGM is also advertised in the newspaper. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution.

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

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

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

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 are expected to observe insider-trading laws at all times even when dealing in securities within a permitted trading period.

CORPORATE GOVERNANCE

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 FY2018 are set out below:

INTERESTED PERSON TRANSACTIONS

From 1 January 2018 to 31 December 2018

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	712	–
E Land Properties Pte Ltd[2] Lease and license of operations space	2,228	–
Mr. Lim Hock Chee Purchase of motor vehicle from Sheng Siong Group Ltd.	120	–
Mr. Lim Hock Eng Purchase of motor vehicle from Sheng Siong Group Ltd.	178	–
Sheng Siong Holdings Pte Ltd Re-billing at cost by Sheng Siong Group Holdings Pte Ltd of purchase and manufacturing costs of long service gold medallions to be awarded to employees	315	–

Notes:

(1) Our CEO, Mr. Lim Hock Chee, our Executive Chairman, Mr. Lim Hock Eng, and our Managing Director, Mr. Lim Hock Leng, (each a "**Lim Director**"), hold an aggregate of approximately 64.7% of the equity interest in FM Food Court Pte Ltd. Accordingly, FM Food Court Pte Ltd is an associate of each of the Lim Directors, and an interested person vis-à-vis the Group.

(2) Each of the Lim Directors holds approximately 33.3% of the equity interest in E Land Properties Pte Ltd. Accordingly, E Land Properties Pte Ltd is an associate of each of the Lim Directors, and an interested person vis-à-vis the Group.

(3) The Group did not obtain a Mandate under Rule 920 of the Listing Manual.

Material Contracts

Save as disclosed above, there were no other material contracts, which involve the interests of any Director and/or controlling shareholder, were entered into by the Group during FY2018 and are still subsisting as at 31 December 2018, or were entered into since 31 December 2018.

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 2018.

In our opinion:

(a) the financial statements set out on pages 50 to 88 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 2018 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 (International); and

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

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

Directors

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

Lim Hock Chee
Lim Hock Eng
Lim Hock Leng
Tan Ling San
Lin Ruiwen
Goh Yeow Tin
Jong Voon Hoo
Francis Lee Fook Wah
Lee Teck Leng, Robson
Tan Poh Hong (appointed on 5 January 2018)

Directors' interests

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

	Holdings in the name of the director or nominee		Other holdings in which the director is deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Name of director and corporation in which interests are held				
The Company				
Ordinary shares				
Lim Hock Chee	170,400,000	137,400,000	791,250,000[(1)(2)]	725,707,100[(1)(2)]
Lim Hock Eng	170,400,000	137,400,000	789,600,000[(1)]	723,600,000[(1)]
Lim Hock Leng	170,400,000	137,400,000	789,600,000[(1)]	723,600,000[(1)]
Lee Teck Leng, Robson	50,000	50,000	–	–

DIRECTORS' STATEMENT

Notes:

(1) Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng (each a "Lim Director") are siblings and each of them is a director and shareholder (each holding an equity interest of approximately 33.3%) of Sheng Siong Holdings Pte. Ltd. ("SS Holdings"). Pursuant to Section 7 of the Companies Act (Cap. 50), each of the Lim Directors is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (274,800,000 shares); and (ii) SS Holdings (448,800,000 shares).

(2) Mr. Lim Hock Chee is deemed interested in the 1,650,000 and 2,107,100 shares held by his spouse, Mdm. Lee Moi Hong as at 1 January 2018 and 31 December 2018 respectively.

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

Save as disclosed, there were no other changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

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

Except for salaries, bonuses and fees and those benefits that are disclosed in this statement and in Note 20 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Long term incentive schemes

Sheng Siong Group Ltd's Employee Share Option Scheme ("ESOS") and Sheng Siong Group Ltd's Share Award Scheme ("Sheng Siong Share Award Scheme") were approved by members at Extraordinary General Meetings ("EGM") held on 1 July 2011 and 25 April 2013 respectively. The Company believes that by adopting both the ESOS and the Sheng Siong Share Award Scheme, the Company will have greater flexibility in tailoring reward and incentive packages for the employees and directors, and at the same time, aligning their interest with those of the shareholders. The ESOS is administered by the Remuneration Committee and the Sheng Siong Share Award Scheme is administered by the Sheng Siong Share Award Scheme Committee comprising members of the Remuneration Committee, two Executive Directors duly authorised and appointed by the Board and the Finance Director.

Other information regarding the ESOS is set out below:

- The consideration of each option is S$1.00 and the exercise price (the "Exercise Price") for each share in respect of which an option is exercisable shall be determined and fixed by the Remuneration Committee and shall be equal to the average of the closing prices of the shares of the Company for the past five (5) market days immediately preceding the relevant date of grant of the option (the "Market Price").

- The Remuneration Committee may grant options on a yearly basis and any such grants shall be made at least 60 days after the end of the financial year of the Company.

- The period for the exercise (the "Exercise Period") of an option granted under the ESOS shall be:

    a) in the case of an option granted at Market Price (the "Market Price Option"), a period commencing after the first anniversary of the relevant date of the grant and expiring on the fifth anniversary of such date of grant or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST; and

    b) in the case of an option granted at a discount of up to 20% of the Market Price (the "Incentive Option"), a period commencing after the second anniversary of the relevant date of the grant and expiring on the fifth anniversary of such date of grant or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Incentive Options.

DIRECTORS' STATEMENT

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

During the financial year, there were:

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

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

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

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

Audit Committee

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

- Jong Voon Hoo (Chairman), independent director
- Goh Yeow Tin, lead independent director
- Francis Lee Fook Wah, independent director
- Tan Poh Hong, independent director (appointed on 5 January 2018)
- Lee Teck Leng, Robson, non-executive director

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

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

DIRECTORS' STATEMENT

The Audit Committee also reviewed the following:

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

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

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

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

Auditors

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

On behalf of the Board of Directors

Lim Hock Chee
Director

Lim Hock Eng
Director

29 March 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
Sheng Siong Group Ltd

Report on the financial statements

Opinion

We have audited the financial statements of Sheng Siong Group Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages 50 to 88.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matter

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

Cash sales/receipts arising from supermarket operations

The key audit matter

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

How the matter was addressed in our audit

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

Findings

The Group has control processes in place to ensure segregation of duties, recording of sales and collection of cash.

INDEPENDENT AUDITORS' REPORT

Other information

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Yvonne Chiu Sok Hua.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group			Company		
	Note	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000	2017 $'000	1 Jan 2017 $'000
Assets							
Property, plant and equipment	4	266,219	254,691	252,043	–	–	–
Subsidiaries	5	–	–	–	82,261	82,261	82,261
Non-current assets		266,219	254,691	252,043	82,261	82,261	82,261
Inventories	6	69,897	60,766	61,886	–	–	–
Trade and other receivables	7	12,989	14,657	10,364	180,755	185,733	181,852
Cash and cash equivalents	8	87,234	73,438	63,510	325	769	232
Current assets		170,120	148,861	135,760	181,080	186,502	182,084
Total assets		436,339	403,552	387,803	263,341	268,763	264,345
Equity							
Share capital	9	235,373	235,373	235,373	235,373	235,373	235,373
Merger reserve	10	(68,234)	(68,234)	(68,234)	–	–	–
Foreign currency translation reserve		(91)	31	91	–	–	–
Accumulated profits		123,177	103,500	84,830	27,576	33,075	28,643
Equity attributable to owners of the company		290,225	270,670	252,060	262,949	268,448	264,016
Non-controlling interest		2,141	2,495	2,792	–	–	–
Total equity		292,366	273,165	254,852	262,949	268,448	264,016
Liabilities							
Deferred tax liabilities	11	2,919	2,558	2,445	–	–	–
Non-current liabilities		2,919	2,558	2,445	–	–	–
Trade and other payables	12	125,663	111,322	117,514	392	315	329
Current tax payable		15,391	16,507	12,992	–	–	–
Current liabilities		141,054	127,829	130,506	392	315	329
Total liabilities		143,973	130,387	132,951	392	315	329
Total equity and liabilities		436,339	403,552	387,803	263,341	268,763	264,345

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	13	890,934	829,877
Cost of sales		(652,554)	(612,472)
Gross profit		238,380	217,405
Other income		7,607	10,344
Selling and distribution expenses		(5,824)	(5,509)
Administrative expenses		(154,044)	(137,936)
Other expenses		(2,333)	(2,449)
Results from operating activities		83,786	81,855
Finance income	14	888	237
Profit before tax		84,674	82,092
Tax expense	16	(14,149)	(12,559)
Profit for the year	15	70,525	69,533
Profit/(loss) attributable to:			
Owners of the Company		70,797	69,790
Non-controlling interest		(272)	(257)
Profit for the year		70,525	69,533
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign entity		(204)	(100)
Total comprehensive income for the year		70,321	69,433
Total comprehensive income attributable to:			
Owners of the Company		70,675	69,730
Non-controlling interest		(354)	(297)
Total comprehensive income for the year		70,321	69,433
Earnings per share			
- Basic and diluted (cents)	17	4.71	4.64

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Attributable to owners of the Company						
	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group							
At 1 January 2017	235,373	(68,234)	91	84,830	252,060	2,792	254,852
Total comprehensive income for the year							
Profit/(loss) for the year	–	–	–	69,790	69,790	(257)	69,533
Other comprehensive income							
Foreign currency translation differences for foreign entity	–	–	(60)	–	(60)	(40)	(100)
Total comprehensive income for the year	–	–	(60)	69,790	69,730	(297)	69,433
Transactions with owners, recognised directly in equity							
Contribution by and distribution to owners of the Company							
Dividends paid (Note 9)	–	–	–	(51,120)	(51,120)	–	(51,120)
Total transactions with owners	–	–	–	(51,120)	(51,120)	–	(51,120)
At 31 December 2017	235,373	(68,234)	31	103,500	270,670	2,495	273,165

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Attributable to owners of the Company						
	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group							
At 1 January 2018	235,373	(68,234)	31	103,500	270,670	2,495	273,165
Total comprehensive income for the year							
Profit/(loss) for the year	–	–	–	70,797	70,797	(272)	70,525
Other comprehensive income							
Foreign currency translation differences for foreign entity	–	–	(122)	–	(122)	(82)	(204)
Total comprehensive income for the year	–	–	(122)	70,797	70,675	(354)	70,321
Transactions with owners, recognised directly in equity							
Contribution by and distribution to owners of the Company							
Dividends paid(Note 9)	–	–	–	(51,120)	(51,120)	–	(51,120)
Total transactions with owners	–	–	–	(51,120)	(51,120)	–	(51,120)
At 31 December 2018	235,373	(68,234)	(91)	123,177	290,225	2,141	292,366

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Operating activities			
Profit for the year		70,525	69,533
Adjustments for:			
Depreciation of property, plant and equipment	15	16,461	14,807
(Gain)/loss on disposal of property, plant and equipment		(118)	130
Unrealised exchange gain		122	38
Interest income		(888)	(237)
Tax expense		14,149	12,559
		100,251	96,830
Changes in inventories		(9,131)	1,120
Changes in trade and other receivables		1,668	(4,293)
Changes in trade and other payables		14,341	(6,192)
Cash generated from operations		107,129	87,465
Taxes paid		(14,904)	(8,931)
Cash flows from operating activities		92,225	78,534
Investing activities			
Proceeds from disposal of property, plant and equipment		296	134
Purchase of property, plant and equipment		(28,167)	(17,719)
Interest received		888	237
Cash flows used in investing activities		(26,983)	(17,348)
Financing activity			
Dividends paid		(51,120)	(51,120)
Cash flows used in financing activity		(51,120)	(51,120)
Net increase in cash and cash equivalents		14,122	10,066
Cash and cash equivalents at beginning of the year		73,438	63,510
Effect of exchange rate changes on balances held in foreign currencies		(326)	(138)
Cash and cash equivalents at end of the year	8	87,234	73,438

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 March 2019.

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 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

2 Basis of preparation

2.1 Statement of compliance

The financial statements for the year ended 31 December 2018 have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) and adoption of new standards is provided in note 22.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2018 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by the Group entities.

3.1 Basis of consolidation

Acquisitions of entities under common control

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

Subsidiaries

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

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

Non-controlling interest (NCI)

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

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

Loss of control

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

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 date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year.

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

Foreign operation

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

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

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

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

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.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

Financial assets at amortised cost

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

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

Financial assets: Business model assessment – Policy applicable from 1 January 2018

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

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

Financial assets: Business model assessment – Policy applicable from 1 January 2018

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

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

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

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

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

Non-derivative financial assets – Policy applicable before 1 January 2018

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

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

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

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

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, 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.

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 statements of financial position. Revenue recognition policy of lease rental income is classified under Note 3.9.

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

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

Finance lease

When the Group are lessees of a finance lease

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.6 Inventories

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

3.7 Impairment

Non-derivative financial assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs.

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

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

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

Simplified approach

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

General approach

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statements of financial position

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

Write-off

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

Non-derivative financial assets

Policy applicable before 1 January 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.8 Employee benefits (cont'd)

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.

3.9 Revenue

Supermarket operations

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

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 and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.11 Tax expense

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.12 Earnings per share

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

3.13 Segment reporting

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

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

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

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

3.14 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 23.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment

Group	Leasehold properties $'000	Renovations $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Computers $'000	Construction in-progress* $'000	Solar panels $'000	Cold room $'000	Total $'000
Cost										
At 1 January 2017	234,531	13,239	45,612	4,919	10,823	8,072	127	3,766	6,378	327,467
Additions	9	2,325	6,955	257	815	1,455	5,903	–	–	17,719
Disposals	–	(1,499)	(1,768)	(100)	(573)	(47)	–	–	–	(3,987)
At 31 December 2017	234,540	14,065	50,799	5,076	11,065	9,480	6,030	3,766	6,378	341,199
Additions	–	2,780	11,056	52	65	3,508	10,706	–	–	28,167
Disposals	–	–	(266)	–	(670)	(142)	–	–	–	(1,078)
Transfer	–	2,110	–	–	–	–	(2,110)	–	–	–
At 31 December 2018	234,540	18,955	61,589	5,128	10,460	12,846	14,626	3,766	6,378	368,288
Accumulated depreciation										
At 1 January 2017	12,797	10,123	30,229	3,671	7,453	4,082	–	754	6,315	75,424
Depreciation charge for the year	3,437	1,261	5,769	568	1,308	2,034	–	376	54	14,807
Disposals	–	(1,486)	(1,642)	(100)	(460)	(35)	–	–	–	(3,723)
At 31 December 2017	16,234	9,898	34,356	4,139	8,301	6,081	–	1,130	6,369	86,508
Depreciation charge for the year	3,422	1,547	6,666	424	978	2,631	414	376	3	16,461
Disposals	–	–	(259)	–	(501)	(140)	–	–	–	(900)
Transfer	–	414	–	–	–	–	(414)	–	–	–
At 31 December 2018	19,656	11,859	40,763	4,563	8,778	8,572	–	1,506	6,372	102,069
Carrying amounts										
At 1 January 2017	221,734	3,116	15,383	1,248	3,370	3,990	127	3,012	63	252,043
At 31 December 2017	218,306	4,167	16,443	937	2,764	3,399	6,030	2,636	9	254,691
At 31 December 2018	214,884	7,096	20,826	565	1,682	4,274	14,626	2,260	6	266,219

* Construction-in-progress relates to the extension to the warehouse which is still under construction.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (cont'd)

The Group's leasehold properties as at 31 December 2018 were as follows:

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

1 This land is adjacent to 6 Mandai Link.

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

3 Land area.

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

5 Subsidiaries

	Company		
	2018	2017	1 Jan 2017
	$'000	$'000	$'000
Equity investments, at cost	82,261	82,261	82,261

The subsidiaries of the Group are as follows:

NOTES TO THE FINANCIAL STATEMENTS

5 Subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group		
			2018	2017	1 Jan 2017
			%	%	%
Sheng Siong Supermarket Pte. Ltd.[1]	Supermarket operations	Singapore	100	100	100
CMM Marketing Management Pte. Ltd.[1]	Trading of general and wholesale importers and exports	Singapore	100	100	100
Sheng Siong (M) Sdn. Bhd. [2]	Dormant	Malaysia	100	100	100
Sheng Siong (China) Supermarket Co, Ltd [2]	Supermarket operations	China	60	60	60

1 Audited by KPMG LLP, Singapore

2 Audited by other firms of certified public accountants

6 Inventories

	Group		
	2018	2017	1 Jan 2017
	$'000	$'000	$'000
Goods for resale	69,897	60,766	61,886

In 2018, changes in goods for resale recognised in cost of sales amounted to $617,913,000 (2017: $586,264,000; 1 Jan 2017: $565,920,000).

7 Trade and other receivables

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	5,627	8,208	6,291	1	–	–
Amounts due from affiliated companies (trade)	15	17	66	–	64	5
Amounts due from subsidiaries:						
- non-trade	–	–	–	144,747	147,554	152,556
- dividend income	–	–	–	36,000	38,093	29,280
Other receivables	1,442	1,284	247	–	–	–
Deposits	3,447	2,974	2,693	–	15	5
	10,531	12,483	9,297	180,748	185,726	181,846
Prepayments	2,458	2,174	1,067	7	7	6
	12,989	14,657	10,364	180,755	185,733	181,852

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

NOTES TO THE FINANCIAL STATEMENTS

8 Cash and cash equivalents

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash in hand	6,605	6,567	6,596	*	*	*
Cash at banks	18,315	25,861	55,726	325	769	232
Fixed deposits	62,314	41,010	1,188	–	–	–
	87,234	73,438	63,510	325	769	232

* Amount is less than $1,000.

Fixed deposits are placed with banks in Singapore and China with tenors of up to 2 months.

9 Share capital

	2018 Number of shares '000	2017 Number of shares '000
Company		
In issue at 1 January and 31 December	1,503,537	**1,503,537**

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

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

Dividends

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

	2018 $'000	2017 $'000
Ordinary dividends paid in respect of the financial year ended 2016		
Final cash dividend of 1.85 cents per ordinary share	–	27,815
Ordinary dividends paid in respect of the financial year ended 2017		
Interim cash dividend of 1.55 cents per ordinary share	–	23,305
Final cash dividend of 1.75 cents per ordinary share	26,312	–
Ordinary dividends paid in respect of the financial year ended 2018		
Interim cash dividend of 1.65 cents per ordinary share	24,808	–
	51,120	51,120

NOTES TO THE FINANCIAL STATEMENTS

9 Share capital (cont'd)

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 (2017: exempt (one-tier) final dividend of 1.75 cents per share) amounting to an estimated net dividend of $26.3 million (2017: $26.3 million) in respect of the year ended 31 December 2018. This proposed dividend has not been included as a liability in the financial statements. The total dividends paid and proposed for the year, comprising the interim and final dividend in respect of the year ended 31 December 2018 approximates 72.5% (2017: 71.4%) of the Group's net profit after tax.

Capital management

The Group defines capital as share capital and accumulated profits.

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

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

10 Merger reserve

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

11 Deferred tax liabilities

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

	At 1 January 2017	Recognised in profit or loss (Note 16)	At 31 December 2017	Recognised in profit or loss (Note 16)	At 31 December 2018
	$'000	$'000	$'000	$'000	$'000
Group					
Property, plant and equipment	2,445	113	2,558	361	2,919

NOTES TO THE FINANCIAL STATEMENTS

12 Trade and other payables

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	82,394	69,207	76,877	–	–	–
Amounts due to affiliated companies (trade)	19	25	12	–	–	–
Amounts due to directors (trade)	1,038	978	933	300	240	240
Other payables	5,152	5,592	6,413	4	8	3
Deposits received	944	755	803	–	–	–
Accrued expenses	34,928	32,320	30,501	88	67	86
	124,475	108,877	115,539	392	315	329
Advance received from suppliers	1,188	2,445	1,975	–	–	–
	125,663	111,322	117,514	392	315	329

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:

			Cash flows	
	Carrying amount	Expected contractual cash flows	Within 1 year	Between 1 to 5 years
	$'000	$'000	$'000	$'000
Group				
31 December 2018				
Non-derivative financial liabilities				
Trade and other payables*	124,475	(124,475)	(124,475)	–
31 December 2017				
Non-derivative financial liabilities				
Trade and other payables*	108,877	(108,877)	(108,877)	–
Company				
31 December 2018				
Non-derivative financial liabilities				
Trade and other payables*	392	(392)	(392)	–
31 December 2017				
Non-derivative financial liabilities				
Trade and other payables*	315	(315)	(315)	–

* exclude advance received from suppliers

NOTES TO THE FINANCIAL STATEMENTS

13 Revenue

	Group	
	2018	2017
	$'000	$'000
Supermarket operations	890,934	829,877

14 Finance income

	Group	
	2018	2017
	$'000	$'000
Interest income received/receivable from:		
- financial institutions	888	237

15 Profit for the year

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

	Group	
	2018	2017
	$'000	$'000
Audit fees paid/payable to auditors of the Company	(290)	(288)
Non-audit fees paid/payable to auditors of the Company	(40)	(25)
Operating lease expense	(24,398)	(20,231)
Operating lease income	2,827	2,691
Depreciation of property, plant and equipment	(16,461)	(14,807)
Gain/(loss) on disposal of plant and equipment	118	(130)
Sales of recyclable items	1,462	1,784
Exchange gain, net	282	42
Government grants	1,618	4,427
Staff costs	(117,681)	(110,698)
Contributions to defined contribution plans, included in staff costs	(4,835)	(4,918)

NOTES TO THE FINANCIAL STATEMENTS

16 Tax expense

	Note	Group 2018 $'000	Group 2017 $'000
Current tax expense			
Current year		14,629	14,897
Over provided in prior years		(841)	(2,451)
		13,788	12,446
Deferred tax expense			
Origination and reversal of temporary differences	11	361	113
Total tax expense		14,149	12,559

Reconciliation of effective tax rate

	Group 2018 $'000	Group 2017 $'000
Profit before tax	84,674	82,092
Tax expense using Singapore tax rate of 17% (2017: 17%)	14,395	13,956
Tax exempt income	(71)	(74)
Expenses not deductible for tax purposes	686	1,148
Over provision in respect of prior years	(841)	(2,451)
Tax rebate	(20)	(20)
	14,149	12,559

In 2017, there was a refund of prior years' taxes which amounted to $2.2 million.

17 Earnings per share

	Group 2018 $'000	Group 2017 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	70,797	69,790

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

There were no potential dilutive ordinary shares in existence for the financial years ended 31 December 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

18 Segment reporting

The Group operates in one segment which relates to the provision of supermarket supplies and supermarket operations. The Group's operations are mainly located in Singapore. The overseas subsidiaries are not significant for the financial years ended 31 December 2018 and 2017.

19 Commitments

(a) Capital commitments

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

	Group	
	2018	**2017**
	$'000	**$'000**
Approved capital expenditure commitment	13,693	20,396

(b) Investment

As at 31 December 2018, the Company has an outstanding commitment of uncalled capital contribution of $4 million (US$3 million) (2017: $4 million (US$3 million)) in respect of investment in the China's subsidiary (see Note 5).

(c) Operating lease commitments as lessor

The Group subleases a number of excess outlet space to third parties under operating leases. The leases typically run for an initial period of one to five years.

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

	Group	
	2018	**2017**
	$'000	**$'000**
Receivable:		
- within 1 year	2,588	2,267
- After 1 year but within 5 years	2,056	3,280
	4,644	5,547

(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.

NOTES TO THE FINANCIAL STATEMENTS

19 Commitments (cont'd)

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

	Group 2018 $'000	Group 2017 $'000
Payable:		
- Within 1 year	24,490	17,198
- After 1 year but within 5 years	27,068	16,484
- More than 5 years	2,682	–
	54,240	33,682

20 Related parties

Identity of related parties

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

Affiliated company

An affiliated company is defined as one:

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 2018 $'000	Group 2017 $'000
Short-term employee benefits (including defined contribution plans)	14,786	14,677
Directors' fees	520	460
	15,306	15,137

NOTES TO THE FINANCIAL STATEMENTS

20 Related parties (cont'd)

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:

	2018 $'000	2017 $'000
Corporations in which directors of the Company have substantial financial interests		
- Sales	130	165
- Rental expenses	(1,974)	(1,771)
- Rental income	478	502
Directors		
- Purchase of subsidiary's vehicle	286	–

21 Financial risk management

Overview

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

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

Credit risk

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

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

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

The impairment losses recognised on the financial assets for both 2018 and 2017 is insignificant.

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

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

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

Comparative information under FRS 39 is as follows

The ageing of trade and other receivables (exclude prepayments) at the reporting date is:

	Group		Company	
	31 Dec 2017	1 Jan 2017	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000
Neither past due nor impaired	9,955	8,027	185,726	181,846
- Past due 0 – 30 days	1,394	836	–	–
- Past due 31 – 60 days	893	313	–	–
- Past due more than 60 days	52	33	–	–
- Past due more than 90 days	71	17	–	–
- Past due more than 180 days	118	71	–	–
	12,483	9,297	185,726	181,846

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

Expected credit loss assessment for trade receivables as at 1 January and 31 December 2018 (lifetime ECL)

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

	Group Carrying amount $'000	Company Carrying amount $'000	Credit impaired
Neither past due nor impaired	4,819	1	No
Past due 0 – 30 days	439	–	No
Past due 31 – 60 days	70	–	No
Past due more than 60 days	40	–	No
Past due more than 90 days	57	–	No
Past due more than 180 days	217	–	Yes
	5,642	1	

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

Expected credit loss assessment for cash and cash equivalents as at 1 January and 31 December 2018 (12 month ECL)

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

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

Expected credit loss assessment for non-trade amounts due from subsidiaries as at 1 January and 31 December 2018 (12 month ECL)

The Company held non-trade receivables from its subsidiaries of $180,747,000 (2017: $185,647,000; 1 January 2017: $181,836,000). These are loans to subsidiaries to satisfy their funding requirements. The Company considers that these exposures have low credit risks as there has been no significant increase in the risk of default on the non-trade amounts due from subsidiaries since initial recognition. The amount of the allowance is negligible.

Expected credit loss assessment for other receivables and deposits as at 1 January and 31 December 2018 (12 month ECL)

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

Liquidity risk

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

Market risk

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

(i) Foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

(i) Foreign currency risk (cont'd)

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

	NZD $'000	USD $'000	EUR $'000	AUD $'000
Group				
31 December 2018				
Cash and cash equivalents	54	2,235	15	4,197
Trade payables	–	(3,667)	–	(1,019)
Net exposure	54	(1,432)	15	3,178
31 December 2017				
Cash and cash equivalents	234	4,507	15	2,203
Trade payables	–	(2,329)	–	(836)
Net exposure	234	2,178	15	1,367

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 2017.

	Profit before tax 2018 $'000	Profit before tax 2017 $'000
Group		
NZD	5	23
USD	(143)	218
EUR	1	2
AUD	318	137

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

(ii) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

(iii) Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Group			
31 December 2018			
Trade and other receivables*	10,531	–	10,531
Cash and cash equivalents	87,234	–	87,234
	97,765	–	97,765
Trade and other payables**	–	(124,475)	(124,475)

	Loan and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000
Group			
31 December 2017			
Trade and other receivables*	12,483	–	12,483
Cash and cash equivalents	73,438	–	73,438
	85,921	–	85,921
Trade and other payables**	–	(108,877)	(108,877)
1 January 2017			
Trade and other receivables*	9,297	–	9,297
Cash and cash equivalents	63,510	–	63,510
	72,807	–	72,807
Trade and other payables**	–	(115,539)	(115,539)

	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Company			
31 December 2018			
Trade and other receivables*	180,748	–	180,748
Cash and cash equivalents	325	–	325
	181,073	–	181,073
Trade and other payables**	–	(392)	(392)

* exclude prepayments
** exclude advance received from suppliers

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

(iii) Accounting classifications and fair values

	Loan and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000
Company			
31 December 2017			
Trade and other receivables*	185,726	–	185,726
Cash and cash equivalents	769	–	769
	186,495	–	186,495
Trade and other payables**	–	(315)	(315)
1 January 2017			
Trade and other receivables*	181,846	–	181,846
Cash and cash equivalents	232	–	232
	182,078	–	182,078
Trade and other payables**	–	(329)	(329)

* exclude prepayments
** exclude advance received from suppliers

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

22 Full convergence with International Financial Reporting Standards and adoption of new standards

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The application of the mandatory exceptions and optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

22 Full convergence with International Financial Reporting Standards and adoption of new standards (cont'd)

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

SFRS(I) 15

SFRS(I) 15 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.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. There is no significant impact arising from the adoption.

SFRS(I) 9

Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption SFRS(I) 9 are recognised in accumulated profits and reserves as at 1 January 2018.

The adoption of SFRS(I) 9 did not have a significant effect on the Group's accounting policies for financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

22 Full convergence with International Financial Reporting Standards and adoption of new standards (cont'd)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group and the Company's financial assets as at 1 January 2018.

	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 $'000	1 January 2018 New carrying amount under SFRS(I) 9 $'000
Financial assets				
Group				
Trade and other receivables	Loans and receivables	Amortised cost	12,483	12,483
Cash and cash equivalent	Loans and receivables	Amortised cost	73,438	73,438
			85,921	85,921
Company				
Trade and other receivables	Loans and receivables	Amortised cost	185,726	185,726
Cash and cash equivalent	Loans and receivables	Amortised cost	769	769
			186,495	186,495

23 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Long-term Interests in Associates and Joint Ventures (Amendments to SFRS(I) 1-28)
- Prepayment Features with Negative Compensation (Amendments to SFRS(I) 9)
- Previously Held Interest in a Joint Operation (Amendments to SFRS(I) 3 and 11)
- Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to SFRS(I) 1-12)

NOTES TO THE FINANCIAL STATEMENTS

23 New standards and interpretations not yet adopted (cont'd)

- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Mandatory effective data deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)*

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group plans to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of accumulated profits at 1 January 2019, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

i. The Group as lessee

The Group expects to measure lease liabilities by applying a single discount rate of 3.7% to their portfolio of outlet leases in Singapore and 5.5% for the outlet leases in China. Furthermore, the Group is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term.

The Group expects their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16.

As at 1 January 2019, the Group expects an increase in ROU assets of $50.8 million, an increase finance lease receivables from sublease of $1.1 million (see note ii below) and an increase in lease liabilities of $51.9 million.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

NOTES TO THE FINANCIAL STATEMENTS

23 New standards and interpretations not yet adopted (cont'd)

ii. The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

The Group will reassess the classification of sub-leases in which the Group is a lessor. Based on the information currently available, the Group expects that is will reclassify a few subleases as finance lease, resulting in recognition of finance lease receivables of $1.1 million as at 1 January 2019.

No significant impact is expected for other leases in which the Group is a lessor.

财务报表
财务状况表

截至2018年12月31日

	备注	集团 2018 $'000	集团 2017 $'000	集团 2017年1月1日 $'000	公司 2018 $'000	公司 2017 $'000	公司 2017年1月1日 $'000
资产							
房地产、厂房与器材	4	266,219	254,691	252,043	–	–	–
子公司	5	–	–	–	82,261	82,261	82,261
非流动资产		266,219	254,691	252,043	82,261	82,261	82,261
存货	6	69,897	60,766	61,886	–	–	–
贸易和其他应收账款	7	12,989	14,657	10,364	180,755	185,733	181,852
银行结余及现金	8	87,234	73,438	63,510	325	769	232
流动资产		170,120	148,861	135,760	181,080	186,502	182,084
总资产		436,339	403,552	387,803	263,341	268,763	264,345
权益							
股本	9	235,373	235,373	235,373	235,373	235,373	235,373
储备	10	(68,234)	(68,234)	(68,234)	–	–	–
外汇兑换储备		(91)	31	91	–	–	–
累计盈利		123,177	103,500	84,830	27,576	33,075	28,643
可归属股东的权益		290,225	270,670	252,060	262,949	268,448	264,016
非控股权益		2,141	2,495	2,792	–	–	–
总权益		292,366	273,165	254,852	262,949	268,448	264,016
负债							
递延税款负债	11	2,919	2,558	2,445	–	–	–
非流动负债		2,919	2,558	2,445	–	–	–
付款	12	125,663	111,322	117,514	392	315	329
当前应缴税务		15,391	16,507	12,992	–	–	–
流动负债		141,054	127,829	130,506	392	315	329
总负债		143,973	130,387	132,951	392	315	329
总权益与负债		436,339	403,552	387,803	263,341	268,763	264,345

综合损益表和
其他综合收益表

截至2018年12月31日

	备注	2018 $'000	2017 $'000
营业额	13	890,934	829,877
销售成本		(652,554)	(612,472)
毛利		238,380	217,405
其他收益		7,607	10,344
销售与分销开支		(5,824)	(5,509)
行政开支		(154,044)	(137,936)
其他开支		(2,333)	(2,449)
营运活动的业绩		83,786	81,855
财务收益	14	888	237
税前盈利		84,674	82,092
税务开支	16	(14,149)	(12,559)
全年盈利	15	70,525	69,533
盈利/（亏损）：			
可归属股东的盈利		70,797	69,790
非控股权益的盈利		(272)	(257)
全年盈利		70,525	69,533
其他综合收益			
可重新分类为损益的项目：			
外企的外币换算差额		(204)	(100)
全年综合收益总额		70,321	69,433
综合收益：			
可归属公司股东的综合收益		70,675	69,730
非控股权益的综合收益		(354)	(297)
全年综合收益总额		70,321	69,433
每股盈利			
- 基本和摊薄（分）	17	4.71	4.64

STATISTICS OF SHAREHOLDINGS

As at 15 March 2019

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

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	14	0.14	157	0.00
100 - 1,000	1,489	14.36	1,257,194	0.09
1,001 - 10,000	5,898	56.94	36,553,346	2.43
10,001 - 1,000,000	2,925	28.24	143,765,182	9.56
1,000,001 AND ABOVE	33	0.32	1,321,961,121	87.92
TOTAL	**10,359**	**100.00**	**1,503,537,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SHENG SIONG HOLDINGS PTE LTD	448,800,000	29.85
2	DBS NOMINEES (PRIVATE) LIMITED	160,726,146	10.69
3	LIM HOCK CHEE	137,400,000	9.14
4	LIM HOCK ENG	137,400,000	9.14
5	LIM HOCK LENG	137,400,000	9.14
6	CITIBANK NOMINEES SINGAPORE PTE LTD	122,503,742	8.15
7	DBSN SERVICES PTE. LTD.	31,113,076	2.07
8	RAFFLES NOMINEES (PTE.) LIMITED	28,969,000	1.93
9	HSBC (SINGAPORE) NOMINEES PTE LTD	25,845,858	1.72
10	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	13,666,030	0.91
11	DB NOMINEES (SINGAPORE) PTE LTD	11,249,700	0.75
12	LIM KIM HOCK	8,400,000	0.56
13	PHILLIP SECURITIES PTE LTD	7,913,499	0.53
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,980,200	0.40
15	LIN YUANFENG	5,000,000	0.33
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,567,520	0.30
17	CHUA KOK SOON	4,500,000	0.30
18	OCBC SECURITIES PRIVATE LIMITED	3,099,500	0.21
19	MS VENTURE PTE LTD	3,000,000	0.20
20	BPSS NOMINEES SINGAPORE (PTE.) LTD.	2,647,200	0.18
	TOTAL	**1,300,181,471**	**86.50**

STATISTICS OF SHAREHOLDINGS

As at 15 March 2019

SUBSTANTIAL SHAREHOLDERS

(As shown in the register of substantial shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
NAME	No. of Shares	%	No. of Shares	%
Lim Hock Eng[(1)]	137,400,000	9.14	723,600,000	48.13
Lim Hock Chee[(1)]	137,400,000	9.14	725,707,100[(2)]	48.27
Lim Hock Leng[(1)]	137,400,000	9.14	723,600,000	48.13
Sheng Siong Holdings Pte Ltd	448,800,000	29.85	n.a.	n.a.
Mondrian Investment Partners Limited	–	–	90,083,500	5.99

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 (274,800,000 shares); and (ii) SS Holdings (448,800,000 shares).

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

FREE FLOAT

Based on information available to the Company, approximately 36.6% 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 Eighth Annual General Meeting of SHENG SIONG GROUP LTD. (the "**Company**") will be held at 6 Mandai Link, Singapore 728652 on Friday, 26 April 2019 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 2018 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 2018. **(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. Lim Hock Leng **(Resolution 4)**

   Mr. Lee Teck Leng Robson *[See Explanatory Note (i)]* **(Resolution 5)**

   Mr. Francis Lee Fook Wah *[See Explanatory Note (ii)]* **(Resolution 6)**

4. To approve the payment of Directors' fees of $300,000 for the year ended 31 December 2018 (2017: $240,000). **(Resolution 7)**

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

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

AS SPECIAL BUSINESS

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

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

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided that:

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

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

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

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

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

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

(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 (iii)] **(Resolution 9)**

8. **Authority to grant options and issue Shares under the Sheng Siong ESOS**

"That, pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to grant options, and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted under the Sheng Siong ESOS (the "**ESOS**") provided always that the aggregate number of Shares in respect of which such options may be granted and which may be issued pursuant to the ESOS, when added to the aggregate number of Shares issued and issuable pursuant to all other share schemes of the Company, shall not exceed fifteen per cent. (15%) of the issued share capital of the Company from time to time, and in this resolution, "**subsidiary holdings**" has the same meaning ascribed to it in the rules of the Listing Manual."

[See Explanatory Note (iv)] **(Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING

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

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

[See Explanatory Note (v)] **(Resolution 11)**

By Order of the Board

Mr. Lim Hock Chee
Chief Executive Officer

Singapore, 11 April 2019

Explanatory Notes:

(i) Mr. Lee Teck Leng, Robson is a Non-Executive Non-Independent Director and will, upon re-election as a Director of the Company, continue to serve as a member of the Audit Committee, Nominating Committee and Remuneration Committee.

(ii) Mr. Francis Lee Fook Wah is an Independent Director and will, upon re-election as a Director of the Company, continue to serve the 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.

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

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

(iv) The Ordinary Resolution 10 proposed in item 8 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue Shares upon the exercise of such options in accordance with the ESOS.

(v) The Ordinary Resolution 11 proposed in item 9 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.

NOTICE OF ANNUAL GENERAL MEETING

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)

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. 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.

PROXY FORM

(Please see notes overleaf before completing this Form)

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 Friday, 26 April 2019 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 2018		
2.	Approval of payment of the final dividend		
3.	Re-election of Mr. Lim Hock Chee as a Director		
4.	Re-election of Mr. Lim Hock Leng as a Director		
5.	Re-election of Mr. Lee Teck Leng Robson as a Director		
6.	Re-election of Mr. Francis Lee Fook Wah as a Director		
7.	Approval of Directors' fees amounting to S$300,000 for the financial year ended 31 December 2018		
8.	Re-appointment of KPMG LLP as Auditors		
9.	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate		
10.	Authority to grant options and issue shares under the Sheng Siong ESOS		
11.	Authority to grant awards and issue shares under the Sheng Siong Share Award Scheme		

* 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 ____________________

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

____

Signatures of Shareholder(s)
or, Common Seal

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 from 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 executed 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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