

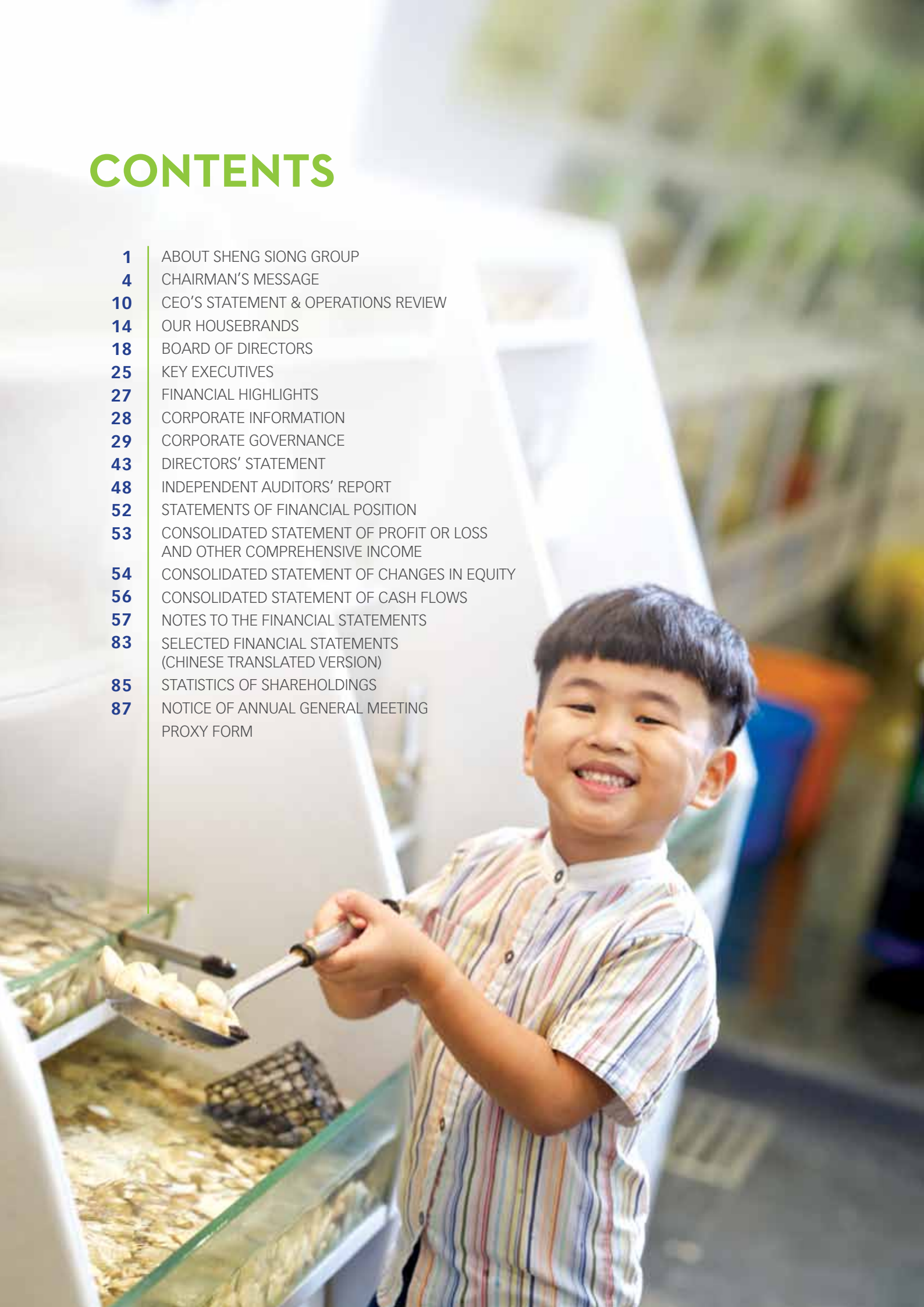


RESPLENDENT GROWTH

ANNUAL REPORT 2017

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ABOUT SHENG SIONG GROUP

Sheng Siong Group Ltd is one of Singapore's largest retailers with 48 supermarket/ grocery stores located all across the island. Our chain stores are designed to provide customers with both "wet and dry" shopping options ranging from a wide assortment of live, fresh and chilled produce, such as seafood, meat and vegetables to packaged, processed, frozen and/or preserved food products as well as general merchandise, including toiletries and essential household products. Over the 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 900 products under more than 17 housebrands.

In 2014, we started our "allforyou.sg" online shopping platform for groceries, which offers e-commerce services in selected postal districts in Singapore. Our first overseas store in Kunming, China has opened for business in 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 in July 2011. Since January 2016, we have attained ISO 22000:2005 Food Safety Management System certification for our processing facility where we process seafood, meat and vegetables and repackage dried food, frozen food and fruits.

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



WHAT DRIVES US

For more than 30 years, our customers have always been at the forefront of all that we do. From our signature customer-centric service to our ability to deliver the greatest deals, everything that we strive for is all for you.





CHAIRMAN'S MESSAGE



“The Group’s revenue continued to grow steadily by 4.2% to \$829.9 million in FY2017 because of the opening of new stores as well as growth in comparable same store sales.”

LIM HOCK ENG PBM
Executive Chairman

DEAR SHAREHOLDERS,

The global movement towards the United Nations Sustainable Development Goals has become a megatrend in Asia in recent years. Long before “sustainability” became the buzzword, our Group has been committed to adopting sustainable growth strategies, although these were usually coined as “cost savings” and “productivity improvement” projects. Last year, we began to adopt the Global Reporting Initiative framework. This effort has reinforced sustainability perspectives in our management systems and business strategies. The Board now considers sustainability issues as part of its strategy formulation and has made a commitment to oversee the management and monitoring of material environmental, social, and governance objectives.

We have completed our maiden sustainability report and in the spirit of good environmental protection chosen not to provide printed copies. It can be read or downloaded at <http://www.shengsiong.com.sg/pages/Investor-Relations.html>. We hope that our Annual Report and Sustainability Report, taken together, would provide you with a holistic view of our business and sustainability efforts.

FINANCIAL PERFORMANCE

In FY2017, we posted a robust year-on-year (“yoy”) growth of 10.9% in net profit to \$69.5 million, but if the tax refund of \$2.2 million was excluded, growth of the core business was 7.5%. This consistent performance was due to the Group’s strategy to expand our network of stores and disciplined controls over input and operating costs. The effort in controlling input cost resulted in a gross margin enhancement to 26.2% in FY2017, compared with 25.7% in FY2016.

The Group’s revenue continued to grow steadily by 4.2% to \$829.9 million in FY2017 because of the opening of new stores as well as growth in comparable same store sales, but was offset by the closure of two stores. The Group’s growth outperformed the retail sales index for the supermarket’s sector, which remained sluggish with a 1.3%⁽¹⁾ growth in 2017, and was slightly lower than 2016’s growth of 1.5%.⁽¹⁾

Singapore is seen as a testing ground for developing online grocery retailing. The US retail giant, Amazon has made its foray into Singapore’s retail market by launching Prime Now services in July 2017, offering a wide range of products online. Alibaba has increased their stake in Lazada. The presence of these large online platforms has raised questions on the disruption of the traditional brick and mortar grocery business by online retail.

We believe that shopping is still a leisure activity among Singaporeans and grocery retailing in brick and mortar stores would complement online offerings. Consumers would still prefer to exercise judgement in making their own selection, particularly for fresh produce. In this aspect, we are still learning from our offering of online grocery retailing via our “allforyou.sg” platform and will adapt our physical stores to complement. Our store expansion plans remain on track. We opened three new outlets and closed two in 2017 bringing the Group’s total number of retail outlets to forty four by the end of 2017. We remain committed to our strategy of opening new outlets in new or existing HDB housing estates, particularly in estates where we do not have a presence. As we journey into 2018, I am proud to announce that we have opened four more stores in 1Q2018.

DIVIDEND

The Group has paid dividends every year since our IPO in 2011. To reward shareholders, the Board has recommended a final cash dividend per share of 1.75 cents, which will be paid subject to shareholders’ approval at the forthcoming AGM. This takes our total dividend for FY2017 to 3.30 cents per share, representing a payout of approximately of 71.4% of the Group’s net profit after tax.

GROWING WITH A SMART NATION

Singapore’s push to be a Smart Nation entails harnessing the power of networks, data and info-communication technologies to create economic opportunities and build a closer community. Our challenge is to adopt technologies that will keep our business model and channel offerings in line with our customers’ expectations in this digital age. We are committed to working closely with key partners such as SPRING Singapore and IE Singapore in developing and adopting new processes and technology that will improve our business capabilities in line with the push towards being a Smart Nation.

⁽¹⁾ https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2017/Ch6.3_AES2017.pdf

CHAIRMAN'S MESSAGE



For example, we introduced a PC-based weighing scale, which besides synchronizing the selling prices of the products with our headquarters and the point-of-sale payment systems at our retail outlets, display a visual image of the product on the weighing scale which improves user friendliness.

Last year in my address, I commented on our Unified Point-of-Sales ("UPOS") and Hybrid Self-Checkout System ("HSCO"). We have extended UPOS to all our

retail outlets and aim to implement HSCO to all outlets. UPOS enables our customers to make their payments with different credit cards, debit cards, Diners Cards, ATM cards or mobile wallets using just one payment terminal. This removes clutter and confusion.

HSCO reduces a customer's check-out time as payment is made at automated self payment stations away from the scanning stations.

AWARDS AND ACCOLADES

In 2017, our brand equity reached new heights with the following accolades:



- Bronze Award in the Top 10 Retailers' category by Economy—Retail Asia-Pacific Top 500
- Special Mention Award by Health Promotion Board
- The Edge Singapore, Billion Dollar Club 2017: Commerce Category (Overall Winner of the Billion Dollar Club—Commerce Category by The Edge Singapore for a 2nd consecutive year. We were given the recognition by The Edge Singapore because we have demonstrated a stellar financial performance during the year among a list of companies that have a market capitalization of at least \$1 billion.)
- Singapore Superbrand 2017



ACKNOWLEDGMENTS

I would like to take this opportunity to extend a warm welcome to Ms Tan Poh Hong who joined the Board as an independent director on 5 January 2018.

I would like to express my sincere appreciation to all our valued customers for their unwavering support and patronage. Besides that, we would like to thank our employees for their dedication and contributions throughout the year. Our thanks also goes out to our Board members for their invaluable insights and advice.

Last but not least, I would like to extend my gratitude to our shareholders and we look forward to your continued faith and support as we embark on the exciting year ahead!

LIM HOCK ENG PBM
Executive Chairman

主席献词

“集团的营业额在2017年也稳健增长了4.2%，达到8亿2990万元。这个增长来自于开设新店及同店销售增长。”

执行主席
林福荣^{PBM}



亲爱的股东们，

近年来，联合国可持续发展目标已在亚洲形成一股大趋势。集团早在“可持续发展”蔚然成风前，就已经透过各种“成本节省”和“生产力提升”的项目，采取可持续成长的战略。去年，我们沿用了全球报告倡议组织的框架，以强化公司管理系统和商业策略中可持续发展的部分。在制定策略时，董事会都会考量到可持续发展，并承诺将负起责任来经营和达成照顾环境、社会和治理的目标。

我们已经完成集团的第一份可持续发展报告。出于保护环境的考量，集团将不会提供可持续报告的印刷本，但您可浏览<http://www.shengsiong.com.sg/pages/Investor-Relations.html>，以下载这份报告的电子版。我们希望通过集团的年报和可持续发展报告，您对集团的业务和可持续发展，会有更全面的了解。

财务表现

集团在2017财政年的净利取得了10.9%的年比增长，达到6950万元。若不包括220万元的税务退款，集团核心业务的增长则是7.5%。这样稳定的增长表现归功于集团所采取的策略。这些策略包括，拓展分店网络，及对成本和营运成本的严格管控。集团在成本管控方面所付出的努力，使2017财年的毛利率从2016财年的25.7%提高到26.2%。

集团的营业额在2017年也稳健增长了4.2%，达到8亿2990万元。这个增长来自于开设新店及同店销售增长，但也因为两间分店的关闭而被部分抵消。集团的增长也超越了超市业的零售销售指数。超市业的零售销售在2017年的表现疲弱，仅达到1.3%⁽¹⁾的增长，比2016年1.5%⁽¹⁾的增长来得缓慢。

此外，新加坡也被视为拓展网上杂货零售的试验场。美国零售巨擘亚马逊便在2017年7月，在新加坡市场初试啼音，推出Prime Now的网购快递服务，提供种类繁多的产品。另一边，阿里巴巴也加注来赞助。

虽然这些大型网络平台的出现，使得网上零售是否会颠覆实体店成为了话题，不过我们坚信购物仍是新加坡人热衷的消遣，而实体店的杂货零售能提供网上无法取代的体验。其实，消费者还是倾向于能亲自挑选商品的体验，尤其是生鲜的食品。这方面，我们还在从昇菘的“allforyou.sg”的电商平台学习，希望能让线上和线下的业务能相得益彰。集团的分店扩充也会按照计划发展。我们在2017年开设了三间新分店，并关闭了两间分店，2017年的总店数达到44间。我们将继续致力于在新建好或现有的组屋区开设新店，尤其是集团尚未进驻的地区。随着集团步入2018年，我很荣幸地宣布昇菘在2018年第一季已经开设了四间新店。

股息

集团自2011年首次公开售股以来，每年都派发股息。为了奖励股东，董事会建议派发每股1.75分的股息，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2017年的总股息达每股3.3分，股息派发总额相等于税后净利的71.4%。

与智慧国一同成长

新加坡致力于发展成智慧国，所凭借的便是网络、数据和资讯通信科技的优势，来制造经济契机和打造更具凝聚力的社群。我们的挑战在于如何运用科技，使我们的商业模式和销售渠道能满足顾客在数位时代的期盼。集团将继续与标新局、新加坡国际企业发展局等重要伙伴密切合作，研发和采用新的运作流程和科技，来提升业务能力。

譬如，我们在分店推出电脑秤，来统一总部和分店内销售点付款系统的产品售价，秤的介面也会出现产品的图像，让使用者的体验变得更亲切。

去年，我在致词中也提到了“统一付款终端机”（UPOS）和“混合式自助结账系统”（HSC0）。我们已经将UPOS推行到旗下的所有分店，并打算在所有分店逐步安装HSC0。UPOS能允许顾客在一台终端机上，就能使用各种信用卡、转账卡、大来卡、提款卡和手机钱包来付款。这不仅节省空间，也减少了顾客在付款时的困扰。

HSC0则缩短了顾客结账的时间，因为付款是在自动付款区，独立于货品扫描和装袋的柜台。

奖状

2017年，集团的“品牌资产”也因为囊括了以下的奖项而获得提升。

- 第14届的亚太零售业500强—新加坡零售市场十大零售商铜奖
- 保健促进局的特别提及奖
- 2017年，The Edge Singapore 的10亿元俱乐部：商业组总冠军（集团因财务表现亮眼，在市值逾10亿元的上市公司中脱颖而出，连续第二年获奖。）
- 2017年新加坡超级品牌

致谢

我想借此机会欢迎陈宝凤女士，在2018年1月5日加入董事会担任独立董事。

我由衷地感谢顾客们对昇菘的坚定支持。此外，我也很感恩员工们长年来的努力和付出，及董事会成员所提供集团的宝贵意见和指导。

最后，感谢各位股东，期待各位继续支持集团迈向振奋人心的一年！

执行主席

林福荣 PBM

⁽¹⁾ https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2017/Ch6.3_AES2017.pdf

CEO'S STATEMENT & OPERATIONS REVIEW



REVENUE

Despite the challenging business environment, the Group has successfully opened three new stores in Block 446 Fajar Road, Block 660A Edgedale Plains and Woodlands Street 12 in 2017 with retail areas of 4,000 square feet, 3,100 square feet and 11,800 square feet respectively. However, the stores at The Verge and Woodlands Block 6A with a total area of 86,500 square feet were permanently closed in June 2017 and November 2017 respectively as the sites will be re-developed by the owners. With the opening of the three new stores, the expansion of the store at Tampines Central Block 506 following the completion of addition and alteration works, but was offset by the closure of the two stores, the Group's total net retail area was reduced to 404,000 square feet, from 450,000 square feet a year ago.

Revenue increased 4.2% year-on-year ("yoy") to \$829.9 million in FY2017, of which 4.5% was contributed by the new stores opened in 2016 and 2017, 2.1% from comparable same store sales, but was partially offset by a reduction of 2.4% arising from the temporary closure of the Loyang Point store and the permanent closure of The Verge and Woodlands Block 6A stores. Comparable same store sales improved in the second half of the year because of better consumers' sentiments probably because of Singapore's better economic performance and an increase in retail space.

GROSS PROFIT MARGIN

Gross profit margin increased to 26.2% in FY2017 from 25.7% in FY2016, mainly attributed to lower input prices resulting from better buying prices and higher rebates from suppliers. These rebates were given for promotions and volume discounts.

OPERATING EXPENSES

Administrative expenses increased by \$5.3 million in FY2017 compared with FY2016 mainly because of increase in staff costs as more headcount were needed to operate the new stores, notwithstanding the re-deployment of staff from the closed stores, and a higher bonus provision as a result of better financial performance in FY2017. Administrative expenses as a percentage of revenue remained relatively stable at 16.6% in FY2017 as compared to 16.7% in FY2016 and remained controlled within the range of 16% to 17%.

TAXES

There was a refund of prior years' taxes of \$2.2 million. Excluding this tax refund, the effective tax rates for FY2017 were marginally higher than the statutory rate of 17% mainly because of expenses which were not deductible for tax.

NET PROFIT

The Group registered a 10.9% increase in net profit to \$69.5 million for FY2017, mainly because of higher gross profit brought about by growth in revenue, improvement in gross profit margin and a refund of prior years' taxes, but was offset by higher operating expenses. Excluding the tax refund, the increase in core net profit was 7.5%.

CASH

Cash generated from operating activities before working capital changes and payment of taxes amounted to \$96.8 million in FY2017 which was in line with the improved operating performance. Free cash flow⁽¹⁾ of \$61.2 million was generated in FY2017, after paying for capital expenditure amounting to \$17.7 million consisting mainly of fitting out new stores, renovating old stores, upgrading of equipment at the supermarkets and the warehouse, construction of the new warehouse extension and set up of Kunming store in China. The Group's balance sheet remained healthy with cash of \$73.4 million as at 31 December 2017.

FY2018 STRATEGY AND OUTLOOK

Consumer sentiment is gradually improving and retail sales showed signs of recovery but the risks of it sliding back because of uneven economic prospects worldwide and trade tariffs, remained. While Singapore's economy grew by 3.6%⁽²⁾ in 2017, which was higher than the 2.4%⁽²⁾ growth in 2016, retail sales at supermarkets was sluggish for the first half of 2017. However, the Group is hopeful that the recovery in retail sales which began in

the second half of 2017 on the back of better economic prospects and improving households' net worth because of recovery in asset prices would continue.

The Group will continue with their efforts in expanding the network of outlets in Singapore, especially in areas where the Group's potential customers reside but there is no Sheng Siong store. The competition for retail space is likely to remain keen and the search for suitable retail outlets particularly for HDB shops in existing HDB estates might be challenging. Prices at the recent biddings for new HDB shops appear to be rational as the smaller supermarket chains have been less aggressive in their bidding. The pipeline for new HDB shops for supermarket use to be released within the next six months is promising, but the Group will remain prudent in selecting and bidding for new HDB shops.

The store expansion plans are on track and another four new HDB shops were secured at Block 417 Fernvale Street (5,600 square feet), Block 338 Anchorvale Crescent (5,200 square feet), Block 105 Canberra Street (11,300 square feet) and ITE Ang Mo Kio (10,000 square feet) in 1Q2018.

Some of the old stores in matured housing estates have seen declining same store sales and the Group will be earmarking some of these stores for major re-fitting, which could mean a month or so of lost sales for each of the affected stores. The Group will continue to nurture the growth of the new stores and will continue to enhance gross margin by seeking to lower input costs through increased rebates and driving for a higher sales mix of fresh produce.

Construction of the new extension to the Mandai distribution centre which will be linked to the existing warehouse has commenced and is estimated to be completed before the end of 2018, adding approximately another 97,000 square feet of storage space. The new supermarket with a total retail area of 50,000 square feet, operated by our subsidiary in Kunming China opened in November 2017 in a limited manner as most of the shops in the shopping mall where the store is situated have yet to open.

CONCLUSION

Moving ahead, the Group remains committed to expand the retail network across Singapore, particularly in areas where our potential customers reside but there is no Sheng Siong store. The Group will also strive to ensure that our brick and mortar stores will remain relevant to serve the needs of our customers and will complement with our offering of online offerings to cater for our customers' need for omni-channels shopping.

LIM HOCK CHEE BBM
CEO

⁽¹⁾ Free cash flow is defined as cash flow from operating activities less cash flow used in investing activities.

⁽²⁾ MTI Press Release dated 14 February 2018.

总裁献词及业务回顾

营业额

虽然商业环境充满挑战，但集团在2017年还是成功开设了三间新店。这三间新店位于法嘉路第446座组屋、榜鹅埃奇德路第660A座组屋及兀兰第12街，面积分别为4000平方尺、3100平方尺和1万1800平方尺。不过，位于The Verge 和兀兰第6A座组屋的分店，因为业主重新发展相关地段，先后在2017年6月和11月结束营业。这两间分店的总面积为8万6500平方尺。虽然三间新店的开设，及淡滨尼506分店的扩充都增加了集团的零售面积，但上述两间分店的关闭还是抵消了新增的面积，使集团的总零售面积从一年前的45万平方尺减至40万4000平方尺。

集团的营业额在2017年取得4.2%的年比增长，达到8亿2990万元。其中，有4.5%的营业额来自2016年和2017年所开设的新店，而2.1%则来自同店销售增长。不过，由于罗央坊分店的暂时关闭，及The Verge 和兀兰6A分店的永久关闭而抵消了2.4%的增长。但是，随着新加坡的经济表现改善及零售空间的增加，使得消费者情绪转好，这也让集团在2017年下半年的同店销售增长有所进步。

毛利率

集团的毛利率从2016年的25.7%提高到2017年的26.2%，主要因为集团以更具竞争力的价格采购货品，并从供应商获得更高的回扣。供应商是因为促销和量购折扣，而给予回扣。



营运开支

相较于2016年，2017年的行政开支增加了530万元。尽管两间分店关闭后，相关人员也调遣到其它分店，但是经营新店还是需要聘请更多人员。另外，使行政开支上升的另一个原因，是由于集团2017年的业绩表现有所进步，因此员工的花红分配也增加。2017年的行政开支占了整体营业额的16.6%，与2016年的16.7%一样，行政开支占营业额的比例仍控制在稳定的16%至17%之间。

税务

集团取得了一笔220万元的退税。扣除这笔退税后，2017财政年的有效税率比17%的法定税率稍微高，因为部分开支不符合扣税的条件。

净利

集团2017年的净利报6950万元，比上一年增长了10.9%。这是由于营业额的增长、毛利率的提升及退税促使毛利增加，不过毛利的增幅也因为营运开支的增加而抵消。扣除了退税，核心净利的增长为7.5%。

现金

2017年的营业活动现金流量在未考虑营运资本变动和税务付款的营运活动前，现金流量报9680万元，与营运表现的改善相符。集团在支付1770万元的资本开支后，2017年的自由现金流⁽¹⁾达6120万元。集团的资本开支主要包括装修新店、整修旧店、提升超市和货仓设备、扩建货仓及在中国昆明开设新店的开支。集团的资产与负债表保持强劲，截至2017年12月31日的现金报7340万元。

2018财政年的策略与展望

消费者的情绪正在逐渐改善，零售销售也出现复苏的迹象，不过由于全球经济前景不稳定和贸易关税，因此一定的风险还是存在。虽然新加坡的经济在2017年增长了3.6%⁽²⁾，比2016年2.4%⁽²⁾的增幅高，不过超市零售在2017年上半年仍处于疲弱，到了下半年才出现复苏的迹象。由于经济前景转好将使家庭净值和资产价格回升，因此集团有信心零售销售会持续改善。

集团将致力在本地开设更多分店，尤其是集团尚未涉足的住宅区。标店的竞争预料将保持激烈，尤其要在现有组屋区争取合适的分店也将具挑战。近来建屋局的店面标价也趋于理性，因为小型的连锁超市业者在投标时也转为谨慎。建屋局在接下来的半年里所推出供投标的新店面也相当多，不过集团还是会慎选所竞标的店面。

分店的扩充计划也如预期，集团在2018年第一季就开设了四间新店：芬维尔街第417座组屋（5600平方尺）、安谷湾第338座组屋（5200平方尺）、坎贝拉街第105座组屋（1万1300平方尺）以及宏茂桥工艺教育中区的超市分店（1万平方尺）。

⁽¹⁾ 自由现金流是定义为，扣除投资活动所使用的现金流后，而产生的营运活动现金流。

⁽²⁾ 贸工部于2018年2月14日发表的新闻稿。



由于在成熟组屋区的部分旧店的同店销售滑落，集团已经计划对这些分店进行大规模的翻修。这也意味着，需翻修的分店将会失去约一个月的销售额。集团会继续培养新店取得增长，也会透过更多的回扣来减低投入成本及提高生鲜货品的销售比例，以促进毛利率的增长。

万礼分销中心的扩建也在如火如荼地展开，预料将在2018年底竣工，为集团增添9万7000平方尺的仓储空间。集团子公司在中国昆明开设了总零售面积约5万平方尺的超市分店。昆明分店在去年11月已投入营业，而超市所位于的商场，大部分商店还未开业。

总结

展望未来，集团将致力于在新加坡开设更多的分店，尤其是还没涉足的住宅区。集团也会确保实体店能继续服务顾客的需求，提供网上购物无法取代的体验，以满足顾客对于全渠道零售的所需。

总裁

林福星 BBM



OUR HOUSEBRANDS

Today, our vast array of housebrand offerings stands at over 900 products strong, each meticulously curated with our exacting expertise to bring to you a delightful union of intrinsic value and quality.

OUR HOUSEBRANDS



Softess



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, 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 was appointed as a patron of Yio Chu Kang Citizens' Consultative Committee from 31st December 2016 to 30th November 2018. He was also appointed as a member of the Community Outreach and Co-ownership Committee of the Chinese Development Assistance Council, for a two-year term, from October 2016.

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

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

Present Directorships in other Listed Companies:

NIL

Past Directorships in other Listed Companies

(FY2015– 2017):

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

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

Present Directorships in other Listed Companies:

NIL

Past Directorships in other Listed Companies

(FY2015– 2017):

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

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 since Sheng Siong Supermarket Pte Ltd was incorporated in 1983. He has been instrumental in our Group's growth and has been leading the expansion of our business and operations since inception. Mr Lim also manages our day-to-day operations, including overseeing aspects of the meat-related business of our grocery retailing operations, such as selection, supply, processing, storage and quality control. Mr Lim has more than 32 years of experience in grocery retailing. Prior to founding our Group, Mr Lim was employed in his family's hog rearing business.

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

He 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 2011, Mr Lim was invited to be a member of the Retail Prices Watch Group (RPWG) – spearheaded by the Ministry of Trade and Industry (MTI), for a period of two years. He was appointed as a member of IRAS' Taxpayer Feedback Panel – Mandarin Dialogue for a two-year term from 1 September 2012 to 31 August 2014, on behalf of SCCCI. From 1 October 2014 to 31 September 2016, Mr Lim continued to be a member of the feedback panel in his own capacity as a corporate taxpayer.

Since October 2012, he has been a member of the Tripartite Committee for Low Wage Workers and Inclusive Growth, contributing to the committee from an employer's perspective. In Singapore's National Day Awards 2014, Mr Lim was awarded the Public Service Star Medal or Bintang Bakti Masyarakat. He was appointed as a director of Health Promotion Board, from 1 April 2014 to 31 March 2016. In April 2015, he was invited to be a member of the Revitalise Heartland Shops Committee, a new committee set up by the Ministry of National Development to take in views and suggestions from Merchant's Associations, retailers and Grassroots Organisations.

In 2017, Mr Lim was appointed by MTI as a member of the Lifestyle Sub-committee of the inaugural Council for Skills, Innovation and Productivity (CSIP) from 1 April 2017 to 31 May 2018. 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

(FY2015– 2017):

NIL

BOARD OF DIRECTORS



LIM HOCK LENG

Managing Director

Date of first appointment: 10 November 2010

Date of last re-appointment: 28 April 2017

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

(FY2015– 2017):

NIL



LIN RUIWEN

Executive Director

Date of first appointment: 27 April 2016

Standing for re-election at the AGM

Ms Lin Ruiwen is our Executive Director and is responsible for identifying, charting and implementing sustainable business strategies in new growth areas. Especially in merchandising, marketing, management and business development for fresh fruits and vegetables.

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.

She has been appointed a member of the AVA Fruit and Vegetable Cluster, and a member of the AVA Taskforce on Imported Fruits and Vegetables Inspection since 2011. She is also a member of the SMF's Standards Development Organisation's Working Group on Singapore Standard for Organic Primary Produce since 2015, a member of the Working Group on Singapore Standard for food waste management for food retail establishments and wholesalers/distributors since 2017, and has been appointed a member of the Technical Committee on Food Processing and Distribution from 2018 to 2020 and the NTU Food Technology Centre Scientific Advisory Committee Member since 2017.

She is also appointed as Business Excellence Assessor by SPRING 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

(FY2015–2017):

NIL

BOARD OF DIRECTORS



GOH YEOW TIN

Lead Independent Director

Date of first appointment: 22 June 2011

Date of last re-appointment: 23 April 2015

Standing for re-election at the AGM

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

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

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

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

Present Directorships in other Listed Companies:

- Vicom Ltd
- Lereno Bio-Chem Ltd
- AsiaPhos Ltd
- TLV Holdings Ltd

Past Directorships in other Listed Companies

(FY2015-2017):

- Singapore Post Ltd



JONG VOON HOO

Independent Director

Date of first appointment: 22 June 2011

Date of last re-appointment: 23 April 2015

Standing for re-election at the AGM

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)

Past Directorships in other Listed Companies

(FY2015– 2017):

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

Mr Francis Lee Fook Wah is our Independent Director. Mr Lee was the chief financial officer of OKH Global Ltd from 2015 to 2017.

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

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

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

Present Directorships in other Listed Companies:

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

Past Directorships in other Listed Companies

(FY2015– 2017):

NIL



LEE TECK LENG, ROBSON

Non-executive Director

Date of first appointment: 22 June 2011

Date of last re-appointment: 28 April 2017

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")'s corporate finance and international finance practice and had been with SLB since 1994. Mr Lee was also a partner in the SLB's China practice, focusing on cross-border corporate transactions in the PRC.

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

Mr Lee is also an Exco member of the Board of Governors of Hwa Chong Institution, and 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

(FY2015– 2017):

- 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

Standing for re-election at the AGM

Ms Tan Poh Hong is our Independent Director. Prior to joining the Group, she was the Chief Executive Officer of Agri-Food & Veterinary Authority (AVA) of Singapore from 2009 to 2017. AVA 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:

NIL

Past Directorships in other Listed Companies

(FY2015-2017):

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 in 2009 and our collaboration with VISA in relation to promotional activities for the World Cup and the Singapore Youth Olympic Games in 2010, and led negotiations with payment providers such as Visa, Mastercard and China Unionpay for our stores. Prior to joining us, Mdm Lee worked in PSC Corporation (now known as Hanwell Holdings Ltd) between 1976 and 2007, beginning as a sales clerk and rising through a series of promotions to merchandising manager, a senior managerial position. She graduated from the Singapore Institute of Management in 1984 with a Diploma in Business Studies.

KEY EXECUTIVES

HO CHEE HAW

Director/Head – Retail Operations

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

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

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

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

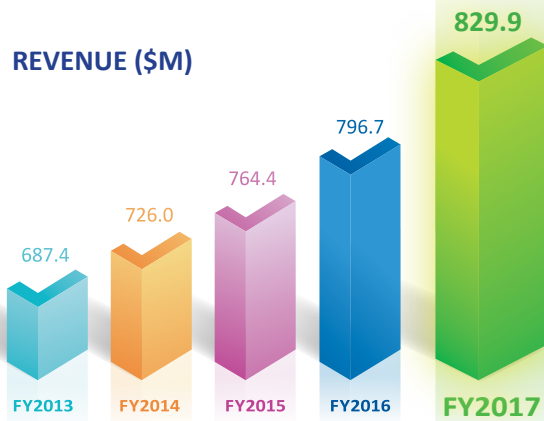
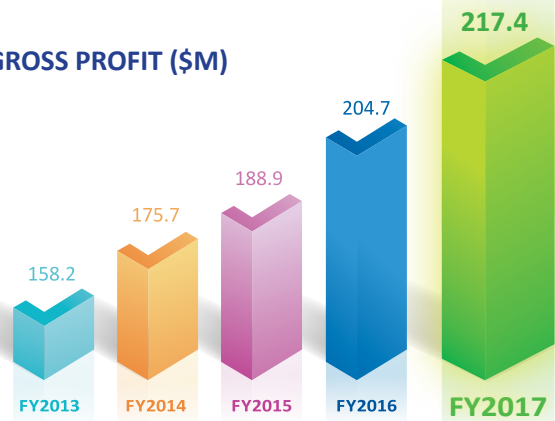
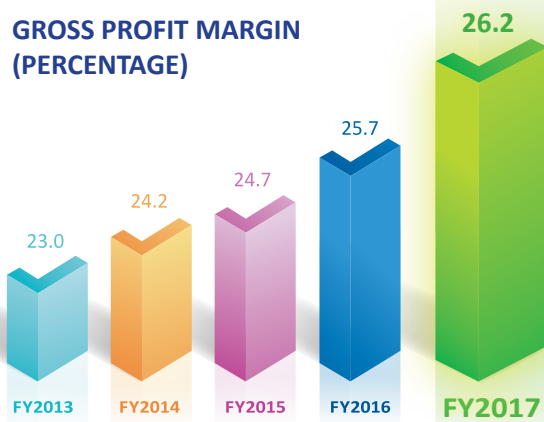
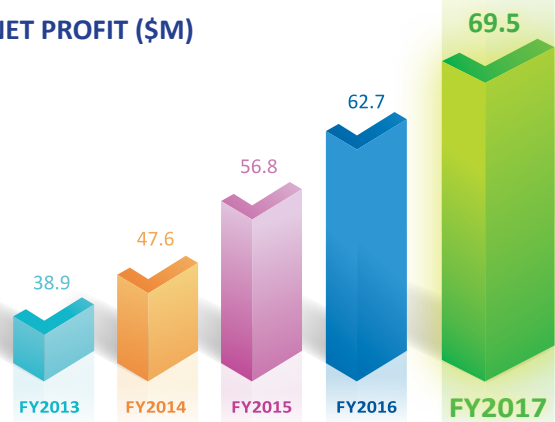
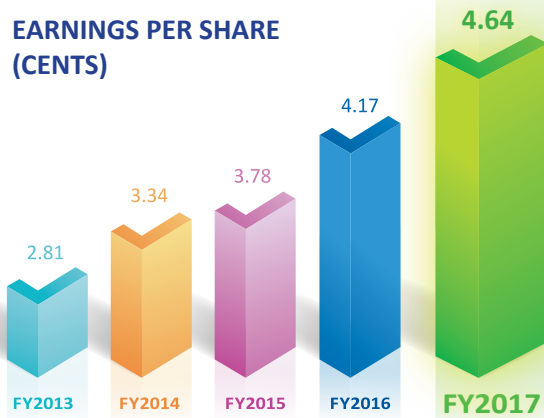
Mr Woo was appointed Acting Chief Information Officer on 1 May 2017, heading the IT department of the Group. He oversees the IT systems required for the Group's operations and also IT procurement, budgeting and staff deployment.

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 BSc (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)**

CORPORATE INFORMATION

BOARD OF DIRECTORS:

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

AUDIT COMMITTEE:

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

NOMINATING COMMITTEE:

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

REMUNERATION COMMITTEE:

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

COMPANY SECRETARY:

Ms Yang Yanru, Cheryl

INDEPENDENT AUDITOR:

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge of the audit:
Ms Yvonne Chiu Sok Hua
Date appointed: 10 Sep 2015

SHARE REGISTRAR:

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

REGISTERED OFFICE:

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**”).

BOARD MATTERS

Board’s Conduct of its Affairs

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

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

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

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

The Board has delegated specific responsibilities to three (3) Board committees: (a) the Nominating Committee (the “**NC**”); (b) the Remuneration Committee (the “**RC**”); and (c) the Audit Committee (the “**AC**”) to facilitate effective management. While each Board committee has the power to examine particular issues and will make recommendations to the Board, the ultimate responsibility for the final decision on all matters lies with the Board. Where a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The 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 FY2017 and the attendance of the Directors at these meetings are as follows:

Number of meetings held	Board		NC		RC		AC	
	4		1		1		4	
	Position	Attended	Position	Attended	Position	Attended	Position	Attended
Executive Directors								
Mr. Lim Hock Chee	M	4	–	1*	–	1*	–	4*
Mr. Lim Hock Eng	C	4	–	1*	–	1*	–	4*
Mr. Lim Hock Leng	M	4	–	1*	–	1*	–	4*
Mr. Tan Ling San	M	4	–	1*	–	1*	–	4*
Ms. Lin Ruiwen	M	3	–	–	–	–	–	2*
Non-executive Directors¹								
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

Notes:

1 Ms. Tan Poh Hong was appointed on 5 January 2018.

* 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 four (4) of whom are independent. The Board of Directors is constituted as follows:

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

As independent directors make up at least one-third of the Board, there is a strong independent element that sufficiently enables it to exercise objective judgement, notwithstanding that the Executive Chairman and CEO are siblings. No individual or group of individuals dominate the Board's decision-making process. The Board is of the opinion that its current size of ten (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. The Board is aware of the need for gender diversity and had made conscious efforts to ensure that the latest two new directors are female. While the Executive Chairman is part of the management team, the Board is of the opinion that based on the Group's current size and operations, it is not necessary to have independent directors 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, Mr. Francis Lee Fook Wah and Ms. Tan Poh Hong 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/her 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 together with Mr. Tan Ling San 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 committees, notwithstanding that some of the Directors have multiple board representations.

In recommending a Director for re-election to the Board, the NC considers, amongst other things, his/her 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. Goh Yeow Tin, Mr. Jong Voon Hoo and Ms. Lin Ruiwen who are retiring by rotation pursuant to the Company's Constitution, for re-election at the forthcoming Annual General Meeting ("AGM"). The NC has also recommended the nomination of Ms. Tan Poh Hong, who is also retiring pursuant to Regulation 88 of the Company's Constitution for re-election at the AGM.

The Board has accepted the NC's afore-mentioned recommendations and being eligible, (i) Mr. Goh Yeow Tin; (ii) Mr. Jong Voon Hoo; (iii) Ms. Lin Ruiwen; and (iv) Ms. Tan Poh Hong, 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 FY2017.

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/her 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. Where relevant, Directors' queries and Management's responses are circulated to all Board members for their information.

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

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

REMUNERATION MATTERS

Procedures for developing remuneration policies

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

Remuneration Committee

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

- Mr. Goh Yeow Tin (Chairman)
- Mr. Jong Voon Hoo
- Mr. Lee Teck Leng, Robson
- 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/her 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, statutory employer's contributions to the Central Provident Fund and allowances. In setting remuneration packages, the RC may take into account industry conditions, prevailing market practices, and the remuneration policies of comparable companies.

(b) Variable Component

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

(c) Benefits

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

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.

CORPORATE GOVERNANCE

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/her 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 price¹ ("**Market Price Option**") or at a discount of up to 20% of the market price ("**Incentive Option**"). The period for the exercise of an option shall be:

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

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

No options were granted during FY2017 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 FY2017 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 FY2017 is set out below.

	Salary ⁽¹⁾	Variable Bonus	Director’s Fees	Benefits in Kind	Total
	(\$’000)				
Executive Directors					
Mr. Lim Hock Eng	294	2,770	20*	45	3,129
Mr. Lim Hock Chee	363	2,770	20*	41	3,194
Mr. Lim Hock Leng	298	2,770	20*	47	3,135
Mr. Tan Ling San	283	2,770	20*	44	3,117
Ms. Lin Ruiwen	311	–	20*	17	348
Non-executive Directors					
Mr. Goh Yeow Tin	–	–	60**	–	60
Mr. Jong Voon Hoo	–	–	60**	–	60
Mr. Francis Lee Fook Wah	–	–	60**	–	60
Mr. Lee Teck Leng, Robson	–	–	60**	–	60

Notes:

* Directors' fees paid by subsidiaries of the Company.

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

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

The remuneration of the top five key management personnel for FY2017 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 (2016: \$1.95million).

	Salary ⁽¹⁾	Variable Bonus	Director’s Fees	Benefits in Kind	Total
	(%)				
Key personnel					
\$500,001 to \$750,000					
Mr. Wong Soong Kit	39.4	53.7	3.6*	3.3	100
\$250,001 to \$500,000					
Mr. Ho Chee Haw, Alvin	26.2	66.5	4.4*	2.9	100
Mdm. Lee Lay Chin	25.7	68.9	4.6*	0.8	100
Mdm. Lee Moi Hong ⁽²⁾	90.5	—	7.8*	1.7	100
Mdm. Tan Bee Loo ⁽³⁾	91.7	—	7.9*	0.4	100

Notes:

* Directors' fees paid by subsidiaries of the Company.

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

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

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

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

CORPORATE GOVERNANCE

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 FY2017 is set out below.

\$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
\$50,001 to \$100,000		
Mr. Tan Yong Ghee	Manager	Brother of Mdm. Tan Bee Loo, brother-in-law of Mr. Lim Hock Eng
Ms. Lim Huek Hun	Manager	Sister of Mr. Lim Hock Eng, Mr. Lim Hock Chee and 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

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

Risk Management and Internal Controls

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

The Group's level of risk tolerance and risk management policies are determined by the Board. The Board and Management are responsible for overseeing the Group's risk management framework and policies, including reviewing the Group's business and operational activities to identify areas of significant risk. The Board will also look into the system of internal controls and measures taken to mitigate such risks. The results of these reviews are documented in a risk matrix which was jointly developed with the assistance of an international accounting firm in FY2012 and has been used on an ongoing basis to monitor and manage risks, including for the design or strengthening of internal control systems to mitigate risks.

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

CORPORATE GOVERNANCE

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.

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.

CORPORATE GOVERNANCE

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 internal audits, the following significant matters:-

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

The AC also reviewed the results of surprised cash counts, cyclical inventory counts and the reconciliations and explanations of the variances arising from these counts.

The AC noted that the external auditors have also included cash and inventory as key audit matters, which were set out on pages 48-49.

The AC also reviewed the independence of the external auditors and noted that the fees paid/payable by the Group to our external auditors for FY2017 are as set out in Note 15 to the financial statements.

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

The Company has complied with Rules 712 and 715 of the Listing Manual in the appointment of its auditor. Sheng Siong Supermarket (Malaysia) Sdn Bhd, the Company's wholly-owned subsidiary, is dormant and audited by another firm of certified public accountants. Sheng Siong (China) Supermarket Co., Ltd., the Company's 60%-owned subsidiary, has commenced operations in a limited manner in November 2017 and has appointed KPMG Huazhen LLP Shanghai Branch as its auditor on 26 March 2018.

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.

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.

CORPORATE GOVERNANCE

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

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

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

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

Interested Person Transactions

The Company has established procedures to ensure that all interested persons transactions are carried out on normal commercial terms and do not prejudice the interests of the Company and its minority shareholders. Details of the interested person transactions entered into by the Group during FY2017 are set out below:

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS From 1 January 2017 to 31 December 2017

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 \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) ⁽⁴⁾
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	1,873	—
Sheng Siong Holdings Pte Ltd⁽³⁾ Purchase of long service gold medallions to be awarded to employees	429	—

Notes:

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

Material Contracts

Save as disclosed above, there were no other material contracts, which involve the interests of any Director and/or controlling shareholder, entered into by the Group during FY2017 and are still subsisting as at 31 December 2017, or entered into since 31 December 2017.

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 2017.

In our opinion:

- (a) the financial statements set out on pages 52 to 82 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 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Lim Hock Chee
 Lim Hock Eng
 Lim Hock Leng
 Tan Ling San
 Lin Ruiwen
 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 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	170,400,000	791,250,000 ⁽¹⁾⁽²⁾	791,250,000 ⁽¹⁾⁽²⁾

DIRECTORS' STATEMENT

	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 Eng	170,400,000	170,400,000	789,600,000 ⁽¹⁾	789,600,000 ⁽¹⁾
Lim Hock Leng	170,400,000	170,400,000	789,600,000 ⁽¹⁾	789,600,000 ⁽¹⁾
Lee Teck Leng, Robson	50,000	50,000	–	–

Notes:

- (1) Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng (each a “**Lim Director**”) are siblings and each of them is a director and shareholder (each holding an equity interest of approximately 33.3%) of Sheng Siong Holdings Pte. Ltd. (“**SS Holdings**”). Pursuant to Section 7 of the Companies Act (Cap. 50), each of the Lim Directors is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (340,800,000 shares); and (ii) SS Holdings (448,800,000 shares).
- (2) Mr. Lim Hock Chee is also deemed to be interested in the 1,650,000 and 2,107,100 shares held by his spouse, Mdm. Lee Moi Hong from 1 January 2017 to 31 December 2017 and as at 21 January 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 2018.

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.

DIRECTORS' STATEMENT

Other information regarding the ESOS is set out below:

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

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

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

- 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.

DIRECTORS' STATEMENT

Audit Committee

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

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

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

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

The Audit Committee also reviewed the following:

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

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

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

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

DIRECTORS' STATEMENT

Auditors

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

On behalf of the Board of Directors

Lim Hock Chee
Director

Lim Hock Eng
Director

29 March 2018

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 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages 52 to 82.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Cash sales/receipts arising from supermarket operations

(Refer to Note 13 to the financial statements)

The key audit matter

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

How the matter was addressed in our audit

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

Findings

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

The control processes include daily cash counts and reconciliation of sales records to credit card records and cash and bank balances.

INDEPENDENT AUDITORS' REPORT

Inventory

(Refer to Note 6 to the financial statements)

The key audit matter

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

How the matter was addressed in our audit

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

Findings

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

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 FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

INDEPENDENT AUDITORS' REPORT

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

Report on other legal and regulatory requirements

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

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

29 March 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

		Group		Company	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets					
Property, plant and equipment	4	254,691	252,043	—	—
Subsidiaries	5	—	—	82,261	82,261
Non-current assets		254,691	252,043	82,261	82,261
Inventories	6	60,766	61,886	—	—
Trade and other receivables	7	14,657	10,364	185,733	181,852
Cash and cash equivalents	8	73,438	63,510	769	232
Current assets		148,861	135,760	186,502	182,084
Total assets		403,552	387,803	268,763	264,345
Equity					
Share capital	9	235,373	235,373	235,373	235,373
Merger reserve	10	(68,234)	(68,234)	—	—
Foreign currency translation reserve		31	91	—	—
Accumulated profits		103,500	84,830	33,075	28,643
Equity attributable to owners of the company		270,670	252,060	268,448	264,016
Non-controlling interests		2,495	2,792	—	—
Total equity		273,165	254,852	268,448	264,016
Liabilities					
Deferred tax liabilities	11	2,558	2,445	—	—
Non-current liabilities		2,558	2,445	—	—
Trade and other payables	12	111,322	117,514	315	329
Current tax payable		16,507	12,992	—	—
Current liabilities		127,829	130,506	315	329
Total liabilities		130,387	132,951	315	329
Total equity and liabilities		403,552	387,803	268,763	264,345

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Revenue	13	829,877	796,683
Cost of sales		(612,472)	(592,029)
Gross profit		217,405	204,654
Other income		10,344	10,543
Selling and distribution expenses		(5,509)	(5,114)
Administrative expenses		(137,936)	(132,663)
Other expenses		(2,449)	(1,794)
Results from operating activities		81,855	75,626
Finance income	14	237	573
Profit before tax		82,092	76,199
Tax expense	16	(12,559)	(13,499)
Profit for the year	15	69,533	62,700
Profit/(loss) attributable to:			
Owners of the Company		69,790	62,652
Non-controlling interests		(257)	48
Profit for the year		69,533	62,700
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign entity		(100)	151
Total comprehensive income for the year		69,433	62,851
Total comprehensive income attributable to:			
Owners of the Company		69,730	62,743
Non-controlling interests		(297)	108
Total comprehensive income for the year		69,433	62,851
Earnings per share			
- Basic and diluted (cents)	17	4.64	4.17

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

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

* Amount is less than \$1,000.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Merger reserve	Foreign currency translation reserve	Accumulated profits	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
As 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 declared/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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Operating activities			
Profit for the year		69,533	62,700
Adjustments for:			
Depreciation of property, plant and equipment	15	14,807	14,918
Loss/(gain) on disposal of property, plant and equipment		130	(43)
Unrealised exchange loss/(gain)		38	(249)
Interest income		(237)	(573)
Tax expense		12,559	13,499
		96,830	90,252
Changes in inventories		1,120	(9,427)
Changes in trade and other receivables		(4,293)	1,398
Changes in trade and other payables		(6,192)	8,799
Cash generated from operations		87,465	91,022
Taxes paid		(8,931)	(12,952)
Cash flows from operating activities		78,534	78,070
Investing activities			
Proceeds from disposal of property, plant and equipment		134	587
Purchase of property, plant and equipment		(17,719)	(89,856)
Interest received		237	573
Cash flows used in investing activities		(17,348)	(88,696)
Financing activities			
Dividends paid		(51,120)	(54,879)
Capital contribution by non-controlling interest		–	2,684
Cash flows used in financing activities		(51,120)	(52,195)
Net increase/(decrease) in cash and cash equivalents		10,066	(62,821)
Cash and cash equivalents at beginning of the year		63,510	125,931
Effect of exchange rate changes on balances held in foreign currencies		(138)	400
Cash and cash equivalents at end of the year	8	73,438	63,510

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 2018.

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 2017 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

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

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

Revised standards

The Group has applied *Disclosure Initiative (Amendments to FRS 7)* for the first time for the annual period beginning on 1 January 2017. The adoption of this revised FRS did not have any significant impact on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Acquisitions of entities under common control

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

Subsidiaries

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

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

Non-controlling interests (NCI)

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

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

Loss of control

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Subsidiaries in the separate financial statements

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

Foreign currency transactions

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

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

Foreign operation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

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

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of other asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

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

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

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

3.4 Financial instruments

Non-derivative financial assets

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

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

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

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

Loans and receivables

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

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

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

Non-derivative financial liabilities (cont'd)

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

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

Other financial liabilities comprise trade and other payables.

Share capital

Ordinary shares

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

Dividends

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

3.5 Leases

Operating lease

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

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

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

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

Finance lease

When the Group are lessees of a finance lease

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

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

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

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

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

Loans and receivables

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Non-financial assets (cont'd)

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

3.8 Employee benefits

Defined contribution plans

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

Short-term benefits

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

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

3.9 Revenue

Supermarket operations

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

Rental income

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

Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.10 Finance income

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

3.11 Tax expense

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

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

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

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

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

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

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 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.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition to the adoption of the new framework, the Group will also concurrently apply 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;

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

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

Applicable to 2018 financial statements (cont'd)

- 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;
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) 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*

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary 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 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

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

Applicable to 2019 financial statements (cont'd)

SFRS(I) 16 (cont'd)

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16.

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 8.3% of the consolidated total assets and 25.8% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

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. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

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 2016	121,978	12,579	41,039	4,392	10,062	4,961	37,328	3,766	6,365	242,470
Additions	55,981	1,475	7,045	583	2,205	3,183	19,371	–	13	89,856
Transfer	56,572	–	–	–	–	–	(56,572)	–	–	–
Disposals	–	(815)	(2,472)	(56)	(1,444)	(72)	–	–	–	(4,859)
At 31 December 2016	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
Accumulated depreciation										
At 1 January 2016	9,879	9,404	26,542	3,022	7,256	2,810	–	377	5,531	64,821
Depreciation charge for the year	2,918	1,533	6,100	705	1,205	1,296	–	377	784	14,918
Disposals	–	(814)	(2,413)	(56)	(1,008)	(24)	–	–	–	(4,315)
At 31 December 2016	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
Carrying amounts										
At 1 January 2016	112,099	3,175	14,497	1,370	2,806	2,151	37,328	3,389	834	177,649
At 31 December 2016	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

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

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (cont'd)

The Group's leasehold properties as at 31 December 2017 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

Notes:

- 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	
	2017 \$'000	2016 \$'000
Equity investments, at cost	82,261	82,261

The subsidiaries of the Group are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2017	2016
			%	%
Sheng Siong Supermarket Pte. Ltd. ¹	Supermarket operations	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

5 Subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2017	2016
			%	%
CMM Marketing Management Pte. Ltd. ¹	Trading of general and wholesale importers and exports	Singapore	100	100
Sheng Siong (M) Sdn. Bhd. ²	Dormant	Malaysia	100	100
Sheng Siong (China) Supermarket Co, Ltd ³	Supermarket operations	China	60	60

1 Audited by KPMG LLP, Singapore

2 Audited by other firm of certified public accountants

3 Audited by KPMG Huazhen LLP Shanghai Branch (appointed on 26 March 2018).

6 Inventories

	Group	
	2017	2016
	\$'000	\$'000
Goods for resale	60,766	61,886

In 2017, changes in goods for resale recognised in cost of sales amounted to \$586,264,000 (2016: \$565,920,000).

7 Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade receivables	8,208	6,291	—	—
Amounts due from affiliated companies (trade)	17	66	64	5
Amounts due from subsidiaries:				
- non-trade	—	—	147,554	152,556
- dividend income	—	—	38,093	29,280
Other receivables	1,284	247	—	—
Deposits	2,974	2,693	15	5
	12,483	9,297	185,726	181,846
Prepayments	2,174	1,067	7	6
	14,657	10,364	185,733	181,852

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

NOTES TO THE FINANCIAL STATEMENTS

7 Trade and other receivables (cont'd)

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

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Not past due	9,950	8,022	185,726	181,846
Past due 1 – 30 days	1,394	836	–	–
Past due 31 – 60 days	894	313	–	–
Past due more than 60 days	245	126	–	–
	12,483	9,297	185,726	181,846

* exclude prepayments

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

8 Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash in hand	6,567	6,596	*	*
Cash at banks	25,861	55,726	769	232
Fixed deposits	41,010	1,188	–	–
	73,438	63,510	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

	2017 Number of shares '000	2016 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.

NOTES TO THE FINANCIAL STATEMENTS

9 Share capital (cont'd)

Dividends

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

	2017 \$'000	2016 \$'000
<i>Ordinary dividends paid in respect of the financial year ended 2015</i>		
Final cash dividend of 1.75 cents per ordinary share	–	26,312
<i>Ordinary dividends paid in respect of the financial year ended 2016</i>		
Interim cash dividend of 1.90 cents per ordinary share	–	28,567
Final cash dividend of 1.85 cents per ordinary share	27,815	–
<i>Ordinary dividends paid in respect of the financial year ended 2017</i>		
Interim cash dividend of 1.55 cents per ordinary share	23,305	–
	<u>51,120</u>	<u>54,879</u>

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 (2016: exempt (one-tier) final dividend of 1.85 cents per share) amounting to an estimated net dividend of \$26.3 million (2016: \$27.8 million) in respect of the year ended 31 December 2017. 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 2017 approximates 71.4% (2016: 89.9%) 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.

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

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

10 Merger reserve

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

NOTES TO THE FINANCIAL STATEMENTS

11 Deferred tax liabilities

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

	At 1 January 2016 \$'000	Recognised in profit or loss (Note 16) \$'000	At 31 December 2016 \$'000	Recognised in profit or loss (Note 16) \$'000	At 31 December 2017 \$'000
Group					
Property, plant and equipment	2,241	204	2,445	113	2,558

12 Trade and other payables

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade payables	69,207	76,877	–	–
Amounts due to affiliated companies (trade)	25	12	–	–
Amounts due to directors (trade)	978	933	240	240
Other payables	5,592	6,413	8	3
Deposits received	755	803	–	–
Accrued expenses	32,320	30,501	67	86
	108,877	115,539	315	329
Advance received from suppliers	2,445	1,975	–	–
	111,322	117,514	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 \$'000	Expected contractual cash flows \$'000	Within 1 year \$'000	Between 1 to 5 years \$'000
Group				
2017				
Non-derivative financial liabilities				
Trade and other payables*	108,877	(108,877)	(108,877)	–
2016				
Non-derivative financial liabilities				
Trade and other payables*	115,539	(115,539)	(115,539)	–

NOTES TO THE FINANCIAL STATEMENTS

12 Trade and other payables (cont'd)

Contractual undiscounted cash flow (cont'd)

	Cash flows			
	Carrying amount \$'000	Expected contractual cash flows \$'000	Within 1 year \$'000	Between 1 to 5 years \$'000
Company				
2017				
Non-derivative financial liabilities				
Trade and other payables*	315	(315)	(315)	—
2016				
Non-derivative financial liabilities				
Trade and other payables*	329	(329)	(329)	—

* exclude advance received from suppliers

13 Revenue

	Group	
	2017 \$'000	2016 \$'000
Supermarket operations	829,877	796,683

14 Finance income

	Group	
	2017 \$'000	2016 \$'000
Interest income received/receivable from:		
- financial institutions	237	573

NOTES TO THE FINANCIAL STATEMENTS

15 Profit for the year

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

	Group	
	2017	2016
	\$'000	\$'000
Audit fees paid/payable to auditors of the Company	(288)	(280)
Non-audit fees paid/payable to auditors of the Company	(25)	(43)
Operating lease expense	(20,231)	(21,244)
Operating lease income	2,691	3,445
Depreciation of property, plant and equipment	(14,807)	(14,918)
(Loss)/gain on disposal of plant and equipment	(130)	43
Sales of recyclable items	1,784	1,265
Exchange gain, net	42	671
Government grants	4,427	4,360
Staff costs	(110,698)	(100,665)
Contributions to defined contribution plans, included in staff costs	(4,918)	(4,861)

16 Tax expense

	Group	
	2017	2016
	\$'000	\$'000
Current tax expense		
Current year	14,897	13,687
Over provided in prior years	(2,451)	(392)
	12,446	13,295
Deferred tax expense		
Origination and reversal of temporary differences	113	64
Under provided in prior years	—	140
	113	204
Total tax expense	12,559	13,499
Reconciliation of effective tax rate		
Profit before tax	82,092	76,199
Tax expense using Singapore tax rate of 17% (2016: 17%)	13,956	12,954
Tax exempt income	(74)	(140)
Expenses not deductible for tax purposes	1,148	987
Under/(over) provision in respect of prior years		
- current tax	(2,451)	(392)
- deferred tax	—	140
Tax rebate	(20)	(50)
	12,559	13,499

During the current financial year, there was a refund of prior years' taxes which amounted to \$2.2 million.

NOTES TO THE FINANCIAL STATEMENTS

17 Earnings per share

	Group	
	2017	2016
	\$'000	\$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	69,790	62,652
	<hr/>	
	Group	
	No. of shares	No. of shares
	'000	'000
Total number of shares as at 1 January	1,503,537	1,503,537
Issuance of new shares during the year	—	—
Total number of shares as at 31 December	1,503,537	1,503,537
	<hr/>	
Weighted average number of shares during the year	1,503,537	1,503,537
	<hr/>	

There were no potential dilutive ordinary shares in existence for the financial years ended 31 December 2017 and 2016.

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 2017 and 2016.

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	
	2017	2016
	\$'000	\$'000
Approved capital expenditure commitment	20,396	3,942

(b) Investment

As at 31 December 2017, the Company has an outstanding commitment of uncalled capital contribution of \$4.0 million (US\$3 million) (2016: \$4.3 million (US\$3 million)) in respect of investment in the China's subsidiary (see Note 5).

NOTES TO THE FINANCIAL STATEMENTS

19 Commitments (cont'd)

(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	
	2017	2016
	\$'000	\$'000
Receivable:		
- Within 1 year	2,267	2,105
- After 1 year but within 5 years	3,280	3,504
	<u>5,547</u>	<u>5,609</u>

(d) Operating lease commitments as lessee

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

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

	Group	
	2017	2016
	\$'000	\$'000
Payable:		
- Within 1 year	17,198	15,578
- After 1 year but within 5 years	16,484	15,516
	<u>33,682</u>	<u>31,094</u>

20 Related parties

Identity of related parties

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

Affiliated company

An affiliated company is defined as one:

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

NOTES TO THE FINANCIAL STATEMENTS

20 Related parties (cont'd)

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	
	2017	2016
	\$'000	\$'000
Short-term employee benefits (including defined contribution plans)	14,677	13,604
Directors' fees	460	440
	<u>15,137</u>	<u>14,044</u>

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:

	2017	2016
	\$'000	\$'000
Corporations in which directors of the Company have substantial financial interests		
- Sales	165	233
- Purchases	—	(2)
- Rental expenses	(1,771)	(1,575)
- Rental income	<u>502</u>	<u>505</u>
Directors		
- Sale of subsidiary's vehicle	—	150
- Purchase of subsidiary's vehicle	<u>—</u>	<u>(260)</u>

21 Financial risk management

Overview

The Group's levels of risk tolerance and risk management policies are determined by the Board. The Board and Management are responsible for overseeing the Group's risk management framework and policies, including reviewing the Group's business and operational activities to identify areas of significant risk and implementing measures to mitigate such risks. The results of these reviews are documented in a risk matrix which was jointly developed with the assistance of an international accounting firm and used on an ongoing basis to monitor and manage risks, including the design or strengthening of internal control systems to mitigate risks.

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

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

Credit risk

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

The Group's exposure to credit risk arises mainly from cash and cash equivalents and trade receivables. The bulk of the trade receivables relates to amounts owing by credit card companies. There are internal processes to check the credit worthiness of these companies and as the amounts due are usually settled within the credit terms, the credit risk is mitigated.

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

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").

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				
2017				
Cash and cash equivalents	234	4,507	15	2,203
Trade payables	–	(2,329)	–	(836)
Net exposure	234	2,178	15	1,367
2016				
Cash and cash equivalents	352	5,847	37	1,037
Trade payables	(326)	(2,912)	–	(870)
Net exposure	26	2,935	37	167

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

Market risk (cont'd)

(i) Foreign currency risk (cont'd)

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 2016.

	Profit before tax	
	2017 \$'000	2016 \$'000
Group		
NZD	23	3
USD	218	294
EUR	2	4
AUD	137	17

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 risk.

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

Market risk (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:

	Loans and receivables \$'000	Other financial liabilities within the scope of FRS 39 \$'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
	<u>85,921</u>	<u>—</u>	<u>85,921</u>
Trade and other payables**	<u>—</u>	<u>108,877</u>	<u>108,877</u>
31 December 2016			
Trade and other receivables*	9,297	—	9,297
Cash and cash equivalents	63,510	—	63,510
	<u>72,807</u>	<u>—</u>	<u>72,807</u>
Trade and other payables**	<u>—</u>	<u>115,539</u>	<u>115,539</u>
Company			
31 December 2017			
Trade and other receivables*	185,726	—	185,726
Cash and cash equivalents	769	—	769
	<u>186,495</u>	<u>—</u>	<u>186,495</u>
Trade and other payables**	<u>—</u>	<u>315</u>	<u>315</u>
31 December 2016			
Trade and other receivables*	181,846	—	181,846
Cash and cash equivalents	232	—	232
	<u>182,078</u>	<u>—</u>	<u>182,078</u>
Trade and other payables**	<u>—</u>	<u>329</u>	<u>329</u>

* exclude prepayments

** exclude advance received from suppliers

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

财务报表

财务状况表

截至2017年12月31日

	备注	集团		公司	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
资产					
房地产、厂房与器材	4	254,691	252,043	—	—
子公司	5	—	—	82,261	82,261
非流动资产		254,691	252,043	82,261	82,261
存货	6	60,766	61,886	—	—
贸易和其它应收账款	7	14,657	10,364	185,733	181,852
银行结余及现金	8	73,438	63,510	769	232
流动资产		148,861	135,760	186,502	182,084
总资产		403,552	387,803	268,763	264,345
可归属公司股东的权益					
股本	9	235,373	235,373	235,373	235,373
合并储备	10	(68,234)	(68,234)	—	—
外汇兑换储备		31	91	—	—
累计盈利		103,500	84,830	33,075	28,643
可归属股东的权益		270,670	252,060	268,448	264,016
非控股权益		2,495	2,792	—	—
总权益		273,165	254,852	268,448	264,016
负债					
递延税款负债	11	2,558	2,445	—	—
非流动负债		2,558	2,445	—	—
贸易和其它应付账款	12	111,322	117,514	315	329
当前应缴税务		16,507	12,992	—	—
流动负债		127,829	130,506	315	329
总负债		130,387	132,951	315	329
总权益与负债		403,552	387,803	268,763	264,345

综合损益表和其他综合收益表

截至2017年12月31日全年

	备注	2017 \$'000	2016 \$'000
营业额	13	829,877	796,683
销售成本		(612,472)	(592,029)
毛利		217,405	204,654
其他收益		10,344	10,543
销售与分销开支		(5,509)	(5,114)
行政开支		(137,936)	(132,663)
其他开支		(2,449)	(1,794)
营运活动的业绩		81,855	75,626
财务收益	14	237	573
税前盈利		82,092	76,199
税务开支	16	(12,559)	(13,499)
全年盈利	15	69,533	62,700
盈利/（亏损）：			
可归属股东的盈利		69,790	62,652
非控股权益的盈亏		(257)	48
全年盈利		69,533	62,700
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		(100)	151
全年综合收益总额		69,433	62,851
综合收益：			
可归属公司股东的综合收益		69,730	62,743
非控股权益的综合收益		(297)	108
全年综合收益总额		69,433	62,851
每股盈利			
- 基本与摊薄（分）	17	4.64	4.17

STATISTICS OF SHAREHOLDINGS

As at 15 March 2018

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

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	13	0.10	147	0.00
100 - 1,000	1,472	11.40	1,264,114	0.08
1,001 - 10,000	7,271	56.33	46,726,546	3.11
10,001 - 1,000,000	4,117	31.89	195,613,354	13.01
1,000,001 AND ABOVE	36	0.28	1,259,932,839	83.80
TOTAL	12,909	100.00	1,503,537,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SHENG SIONG HOLDINGS PTE LTD	448,800,000	29.85
2	LIM HOCK CHEE	170,400,000	11.33
3	LIM HOCK ENG	170,400,000	11.33
4	LIM HOCK LENG	170,400,000	11.33
5	CITIBANK NOMINEES SINGAPORE PTE LTD	91,580,268	6.09
6	DBS NOMINEES (PRIVATE) LIMITED	54,836,061	3.65
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	24,443,620	1.63
8	RAFFLES NOMINEES (PTE) LIMITED	23,723,243	1.58
9	DBSN SERVICES PTE. LTD.	14,026,125	0.93
10	HSBC (SINGAPORE) NOMINEES PTE LTD	10,874,695	0.72
11	LIM KIM HOCK	8,400,000	0.56
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	7,775,400	0.52
13	OCBC SECURITIES PRIVATE LIMITED	6,726,800	0.45
14	PHILLIP SECURITIES PTE LTD	5,261,500	0.35
15	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	5,193,500	0.35
16	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,048,542	0.34
17	CHUA KOK SOON	4,400,000	0.29
18	LIN YUANFENG	3,800,000	0.25
19	LIM GUAN PHENG	3,700,000	0.25
20	MS VENTURE PTE LTD	3,000,000	0.20
	TOTAL	1,232,789,754	82.00

STATISTICS OF SHAREHOLDINGS

As at 15 March 2018

SUBSTANTIAL SHAREHOLDERS

(As shown in the register of substantial shareholders)

NAME	DIRECT INTEREST		DEEMED INTEREST	
	No. of Shares	%	No. of Shares	%
Lim Hock Eng ⁽¹⁾	170,400,000	11.33	789,600,000	52.52
Lim Hock Chee ⁽¹⁾	170,400,000	11.33	791,707,100 ⁽²⁾	52.66
Lim Hock Leng ⁽¹⁾	170,400,000	11.33	789,600,000	52.52
Sheng Siong Holdings Pte Ltd	448,800,000	29.85	n.a.	n.a.

Notes:

- (1) Mr Lim Hock Eng, Mr Lim Hock Chee and Mr Lim Hock Leng (each a “Lim Director”) are siblings and each of them is a director and shareholder (each holding an equity interest of approximately 33.3%) of Sheng Siong Holdings Pte Ltd (“SS Holdings”). Pursuant to Section 7 of the Companies Act (Cap. 50), each of the Lim Directors is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (340,800,000 shares); and (ii) SS Holdings (448,800,000 shares).
- (2) Mr Lim Hock Chee is also deemed to be interested in the 2,107,100 shares held by his spouse, Mdm Lee Moi Hong.

FREE FLOAT

Based on information available to the Company, approximately 35.3% 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 Seventh Annual General Meeting of SHENG SIONG GROUP LTD. (the “**Company**”) will be held at 6 Mandai Link, Singapore 728652 on Friday, 27 April 2018 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 2017 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 2017. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company’s Constitution (the “**Constitution**”):

Ms. Lin Ruiwen		(Resolution 3)
Mr. Goh Yeow Tin	<i>[See Explanatory Note (i)]</i>	(Resolution 4)
Mr. Jong Voon Hoo	<i>[See Explanatory Note (ii)]</i>	(Resolution 5)
4. To re-elect Ms. Tan Poh Hong retiring pursuant to Regulation 88 of the Constitution
[See Explanatory Note (iii)] **(Resolution 6)**
5. To approve the payment of Directors’ fees of \$240,000 for the year ended 31 December 2017 (2016: \$240,000). **(Resolution 7)**
6. To re-appoint KPMG LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**
7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

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

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

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

- (A) (i) issue Shares whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

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

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; 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 (iv)]

(Resolution 9)

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

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

[See Explanatory Note (v)]

(Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

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

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

[See Explanatory Note (vi)]

(Resolution 11)

By Order of the Board

Mr. Lim Hock Chee
Chief Executive Officer

Singapore, 12 April 2018

Explanatory Notes:

- (i) Mr. Goh Yeow Tin is the Lead Independent Director and will, upon re-election as a Director of the Company, continue to serve as the Chairman of the Remuneration Committee and as a member of the Audit Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- (ii) Mr. Jong Voon Hoo is an Independent Director and will, upon re-election as a Director of the Company, continue to serve the Chairman of the Audit Committee and as a member of the Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- (iii) Ms. Tan Poh Hong is an Independent Director and will, upon re-election as a Director of the Company, continue to serve as a member of the Audit Committee and Remuneration Committee. She will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- (iv) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares 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.

- (v) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue Shares upon the exercise of such options in accordance with the ESOS.
- (vi) The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors of the Company, to allot and issue such number of fully paid Shares from time to time pursuant to the vesting of Awards under the Scheme.

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)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

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

I/We _____ (name)

of _____ (address)

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

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %

and/or (delete as appropriate)

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or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting ("Meeting") of the Company to be held at 6 Mandai Link, Singapore 728652 on Friday, 27 April 2018 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 2017		
2.	Approval of payment of the final dividend		
3.	Re-election of Ms. Lin Ruiwen as a Director		
4.	Re-election of Mr. Goh Yeow Tin as a Director		
5.	Re-election of Mr. Jong Voon Hoo as a Director		
6.	Re-election of Ms. Tan Poh Hong as a Director		
7.	Approval of Directors' fees amounting to \$240,000 for the financial year ended 31 December 2017		
8.	Re-appointment of KPMG LLP as Auditors		
9.	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate		
10.	Authority to grant options and issue shares under the Sheng Siong ESOS		
11.	Authority to allot and issue shares under the Sheng Siong Share Award Scheme		

* 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 form will be deemed to relate to all the shares held by you.
 6. This proxy form must be deposited at the Company's registered office at 6 Mandai Link, Singapore 728652 not less than **48 hours** before the time set for the Meeting.
 7. This proxy form must be 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.



SHENG SIONG GROUP LTD.

6 Mandai Link Singapore 728652

Tel: +65 6895 1888

Fax: +65 6269 8265

www.shengsiong.com.sg