



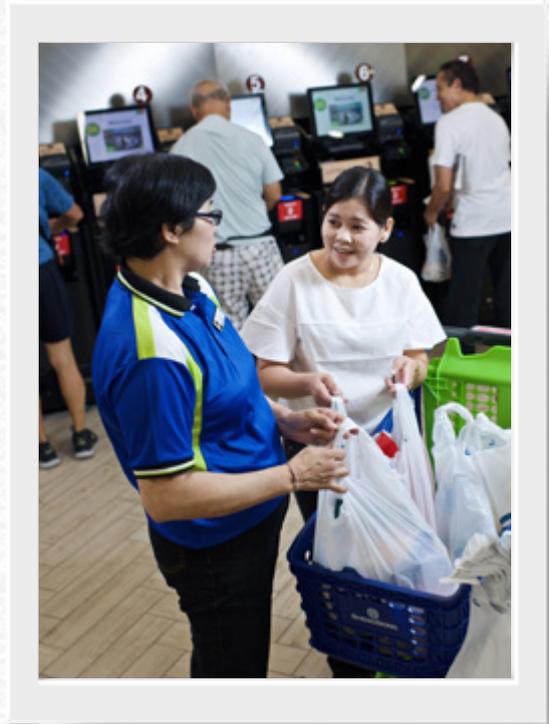
# Always Here **For You**

ANNUAL REPORT 2021

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## ABOUT

# Sheng Siong Group

Sheng Siong Group Ltd is one of Singapore's largest retailers with 64 stores located all across the island. Our chain stores are designed to provide customers with both "wet and dry" shopping options ranging from a wide assortment of live, fresh and chilled produce, such as seafood, meat, fruits and vegetables to packaged, processed, frozen and/or preserved food products as well as general merchandise, including toiletries and essential household products. Over the past decade, we have begun developing a selection of housebrands to offer our customers quality alternatives to national brands at substantial savings. To date, we have over 1,500 products under 23 housebrands.

In 2014, we started our "allforyou.sg" online shopping platform for groceries, which offers e-commerce services in almost all postal districts in Singapore. The online platform has been rebranded as "Sheng Siong Online" in 2021 to be in line with our core branding strategy. Following the opening of two overseas stores in Kunming, China in 2017 and 2019, we have opened another two stores in Kunming in 2021.

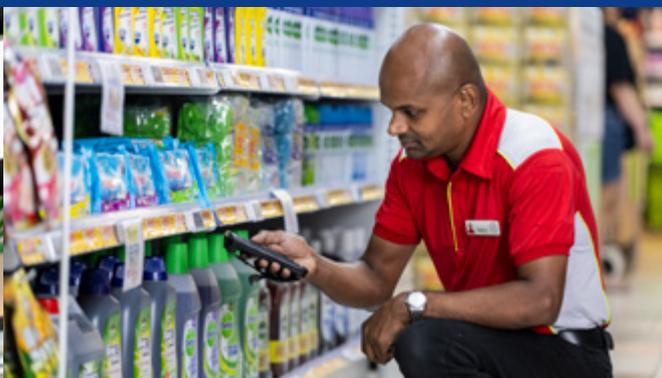
Established in 1985 and listed on SGX mainboard in August 2011, our long history and reputation for quality products at competitive prices has led our "Sheng Siong" brand to become an established household name in Singapore. Widely recognised by consumers, we have been awarded the "Superbrand" status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

To support our retail operations, since July 2011 we have been operating from our headquarters and purpose-built centralised warehousing and distribution centre at Mandai Link which was expanded recently. We have attained ISO 22000:2018 Food Safety Management System certification for our processing facility where we process seafood, meat and vegetables and repackage dried food, frozen food and fruits.

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

# BRINGING OUR BEST FOR YOU

Sheng Siong's customer-centric focus remains as its timeless imperative, as we strive to push boundaries to meet our consumers' needs.



## Data Analytics

We utilise data analytics to support our business functions and decision-making in areas ranging from manpower planning to inventory management.





## ASRS

Completed in January 2021, the new extension to the Distribution Centre was installed with Automated Storage and Retrieval Systems (ASRS) which improved our inventory control and productivity.



# Chairman's **Message**

# S\$1,370 million

## REVENUE

Declined marginally by  
1.7% year-on-year as compared to  
S\$1,394 million in FY2020



# 3.1 cents

## DIVIDEND PER SHARE

The Board has proposed a final  
dividend of 3.1 cents per share and  
total distribution for FY2021 stands at  
6.2 cents per share



## DEAR SHAREHOLDERS,

On behalf of our Board of Directors, I am honoured to present our annual report for the financial year ended 31 December 2021 ("FY2021").

The COVID-19 pandemic continues to disrupt economies and businesses, especially with the emergence of Delta and the highly transmissible Omicron variants in 2021. However, as Singapore ramps up on its vaccination programme to include more age groups and encourage eligible individuals to receive their booster shots, the Singapore government has gradually loosened restrictions put in place to limit the transmission of the virus. In 2021, as Singapore moved towards an endemic living approach with COVID-19, Singapore begun to lift its border restrictions, expanding Vaccinated Travel Lanes ("VTL") to many partner countries.

During the year under review, we also saw the temporary closure of Jurong Fishery Port, a major distribution centre for fresh fish in Singapore due to the emergence of a COVID-19 cluster. This resulted in long lines forming at wet markets as consumers were concerned over an impending shortage for fresh fish, highlighting the importance of having a diversified source of supply to ensure a stable supply of goods. Over the years, Sheng Siong has placed great focus on diversifying our food supplies and saw minimal disruptions to our supplies. These efforts have also gone hand in hand in managing our input costs and ensuring that we continue to provide value to our customers.

FY2021 is the second year the Group's revenue had crossed the S\$1 billion mark. Despite increasing pressures on food supply chain and higher input costs, we delivered a stellar set of results in FY2021 with the contributions of our dedicated staff who gave their best efforts to support our business operations. Our revenue declined marginally by 1.7% year-on-year to S\$1,370 million in FY2021 as compared to S\$1,394 million in FY2020, despite a high base in FY2020 due to elevated demand arising from the imposition of the Circuit Breaker and other measures taken amid COVID-19 pandemic in FY2020.

# Chairman's **Message**

“ I wish to assure our stakeholders that we strive to build resilience in our supply chain to ensure stability in the supply of essential products, and remain committed to deliver value to our customers. ”

## **SINGAPORE**

The Group's key strategy remains in growing our retail network in Singapore by opening new stores especially in areas where we do not have a presence. In 2021, we successfully secured the leases of three stores and opened a store on 30 December 2021. The other two stores are expected to be operational in the first half of 2022. We are on the lookout for retail spaces in new and existing HDB housing estates to strengthen our presence in the local market for the coming year.

The pandemic has also accelerated the growth of e-commerce as consumers are encouraged to stay at home as much as possible. In view of an increasing demand for our e-commerce delivery service, we have updated our website in 2021 to facilitate a better shopping experience for our consumers. While the growth of our e-commerce segment has improved, majority of our customers are preferring to purchase fresh produce from physical supermarkets, and we will enhance our range of products and services to meet the needs of our customers through both our e-commerce platform and at our brick-and-mortar stores.

On the back of inflationary pressures and higher input costs, the rising cost of living is at the top of everyone's mind. I wish to assure our stakeholders that we strive to build resilience in our supply chain to ensure stability in the supply of essential products, and remain committed to deliver value to our customers. Competition within the Supermarket industry is keen, and the Group will continue to observe and respond to emerging trends, strengthen our core competencies and raise operational efficiency, open new retail stores to increase our presence in Singapore, improve sales mix and supply chain efficiency to enhance gross profit margin.



# Chairman's **Message**

## **CHINA**

Our business in China continued to be profitable. The Group opened two new stores in Kunming, China in the second half of 2021, bringing the Group's store-count in China to four. We will work on nurturing the growth of our supermarket operations, and expect to further expand the Group's presence in the area and building up our "Sheng Siong" brand in Kunming.

## **GIVING BACK TO OUR SHAREHOLDERS**

We are deeply appreciative for the long-term support rendered to the Group by our valued shareholders and remain committed to distributing stable dividends for our shareholders. The Board has proposed a final dividend of 3.1 cents per share and including the interim dividend of 3.1 cents per share, the total distribution for FY2021 stands at 6.2 cents per share, representing a pay-out of 70.0% of the Group's net profit after tax.

## **SUSTAINABILITY**

We are committed to create value sustainably for all our stakeholders, including our customers, suppliers, employees and the communities we operate in. We continue to incorporate sustainability practices across our business operations and consider them as part of our long-term strategy formulation.

The ongoing COVID-19 crisis, climate change, evolving geopolitical tensions are very key issues that the world is now grappling with. As one of Singapore's top retailers providing essential goods and services, we strive to continuously address the challenges of supply chain disruptions, protecting the safety and wellbeing of our customers and employees, and caring for the environment.

Our sustainability report will focus on sharing the most important sustainability topics facing our business and are of utmost concern to our stakeholders. These include Affordable Food, Customer Satisfaction, Food and Product Safety, Occupational Health, Safety and Well-being, Productivity and Efficiency, Sustainable Supply Chain Management, Cyber Security and Data Privacy, Emissions, and Waste Management. These topics are also identified as important for the long-term resilience of our business, and we will strengthen our management practices on these topics and identify areas for improvement.

We shall share our progress with you in our annual sustainability report which is guided by the GRI reporting principles, and will be issued and released via SGXNet on 27 May 2022.

## **AWARDS AND ACCOLADES**

In 2021, we were honoured to be awarded the following accolades to further uplift our brand:

- Superbrands 2021
- The Edge Billion Dollar Club 2021: Overall Sector Winner and most profitable company (Sector Category: Food & Beverages; Food & Drug Retailing)
- Retail Asia Magazine: Ranked 25<sup>th</sup> in Top 50 ASEAN Retailer
- SGX Fast Track: Awarded for 3 consecutive years
- Singapore Red Cross Society Bloodmobile Organiser Appreciation Award

## **ACKNOWLEDGEMENTS**

I would like to express my sincere gratitude to our valued customers for their firm support and cooperation during the difficult period. I would also like to thank all our employees for their dedicated contribution throughout the year, it is your collective commitment and hard work that have seen us through the toughest times and helped us to emerge stronger together.

During the year 2021, we also reconstructed our Board of Directors, which will take the Group into the next phase of growth. I would like to take this opportunity to thank Mr. Goh Yeow Tin, Mr. Francis Lee Fook Wah, and Mr. Jong Voon Hoo for their contributions as the Independent Directors and Mr. Lee Teck Leng Robson as the Non-executive Director of the Group. They have provided invaluable insights and expertise to the Board and I wish them success in their future endeavours. Meanwhile, on behalf of the Board, we warmly welcome Mr. Chee Teck Kwong Patrick, Mr. Tan Huay Lim, Mr. Ko Chuan Aun, and Ms. Cheng Li Hui, to join us in our journey in building a better organisation.

**LIM HOCK ENG** <sup>PBM</sup>

*Executive Chairman*

# 主席献词

## 亲爱的股东们，

我很荣幸代表董事会呈现截至2021年12月31日财政年的年报。

2021年，冠状病毒疫情持续蔓延，尤其是德尔塔和更容易传播的奥密克戎变异毒株的出现，继续干扰经济和商业活动。但是，随着新加坡扩大疫苗接种计划以包含更多年龄层，并鼓励合适的公众接种疫苗追加剂，政府也开始逐渐放宽相关的限制措施。去年，新加坡迈入与冠病共存，政府也开始放宽边境限制，将“疫苗接种者旅游通道”扩大至更多国家。

回顾去年，本地主要的海鲜批发中心裕廊渔港，因为出现冠病感染群而暂时关闭。消费者担心短期内会出现新鲜的鱼货短缺，结果导致湿巴刹出现排队买鱼的人潮，进而突显了供应来源多元化对稳定供应是至关重要的。多年来，昇菘致力于食物供应多元化，以确保产品供应出现干扰时，能把影响降到最低。在管理投入成本方面，我们也做出了同样的努力，确保公司能继续为顾客提供价值。

2021财年是集团的营业额连续第二年突破10亿新元的大关。尽管食物供应链的压力和投入成本日益上升，但在我们全体员工敬业的付出下，公司在2021年取得了优异的业绩。2020年的阻断措施和其他冠病措施造成的需求高涨，使集团的营业额达到13.94亿新元。集团在2021年仍取得13.7亿新元的营业额，与2020年的高基数相比仅稍微下跌了1.7%。

## 新加坡

集团的主要策略仍是开设新店，尤其是在还未进驻的地区来扩大零售网络。我们在2021年成功标到三间新店，其中一间新店已在2021年12月30日开张。其余两间新店预料将在2022年上半年投入营业，我们在新的一年将继续在新建和现有的组屋区寻找零售空间，加强集团在本地市场的网络。

由于消费者尽量选择居家生活，疫情也加速了电子商务的增长。鉴于消费者对电商服务的需求日益增加，我们在2021年更新了电子商务网站，让顾客能享有更好的购物体验。虽然电商这一块不断增长，但我们大部分的顾客还是倾向到实体超市采购新鲜食品。我们将继续改善电子商务平台和实体店的产品系列和服务，以满足顾客的需求。

随着通胀压力和投入成本增加，生活成本的上升是每个人最关心的问题。集团将继续打造具韧性的供应链，确保必需品的供应稳定，以及致力为顾客带来价值。超市业竞争激烈，集团会持续观察和应对新兴趋势，并强化核心竞争力和提高营运效率。除了在本地开设新店扩大市场存在，我们也会改善销售比例和供应链效率以提高毛利率。

## 中国

我们在中国的业务继续保持盈利，集团于2021年下半年在中国昆明开设两间新店，使集团在中国的分店数量达到四间。我们将致力于培育超市业务的增长，希望继续扩大集团在昆明的足迹，在当地建立起“昇菘”的品牌。

## 回馈股东

我们感谢股东们对于集团的长期支持，并致力于派发稳定的股息给所有股东。董事会建议分别派发每股3.1新分的年终和中期股息，全年所派发的股息达到每股6.2新分，股息派发总额相等于税后净利的70.0%。

## 持续发展

我们致力为所有利益相关者创造可持续的价值，包括我们的顾客、供应商、员工以及我们营运的社区。我们将在商业营运中采纳可持续发展的规划，并将可持续发展视为长期战略制定的一部分。

目前的冠病危机、气候变化、地缘政治局势的不断演变，都是全世界所面临的关键问题。作为其中一个在本地提供必要服务的主要零售商之一，我们会努力应对供应链干扰所带来的挑战，保护顾客和员工的安全和健康，以及保护环境。

我们将在可持续发展报告中分享对公司和利益相关者至关重要的可持续发展课题，像是食品购买力、顾客满意度、食品和产品安全、职场健康、安全和福利、生产力和效率、供应链的可持续管理、网络安全和数据隐私、排放和废料管理。上述属于对公司的重要课题，我们将加强管理实践，并辨析有待改进的地方。

我们也会在可持续发展报告中与您分享公司的进度，这份报告是按照全球报告倡议组织（GRI）的报告指南所编写，并会在2022年5月27日于新交所发布。

## 奖状与殊荣

2021年，集团有幸荣获以下的殊荣，使品牌形象有所提升：

- 2021年新加坡超级品牌
- 2021年The Edge 十亿元俱乐部：总冠军和最具盈利的公司（产业总类：餐饮业；食品及药物零售）
- 《亚洲零售》杂志：排名亚西安首50强零售商的第25名
- 新交所快速追踪计划：连续第三年
- 新加坡红十字会“Bloodmobile Organiser Appreciation Award”

## 致谢

我由衷地感谢顾客在艰难的时期所给予的支持和合作。我也要感谢全体员工在过去一年的付出和贡献，因为集团上下一心的投入和努力，我们才能度过最艰难的时期，并越战越勇。

我们在2021年也重组了董事会，新的董事会将带领集团迈入下一个成长期。我想借此感谢独立董事吴耀镇先生、李福华先生、杨文豪先生，以及非执行董事李德龙先生对公司多年来的贡献。他们提供了宝贵的见解和专长，在此预祝各位前程似锦。我也谨此代表董事会热烈欢迎徐泽光先生、陈怀林先生、高泉安先生和鍾丽慧女士的加入，与我们一起让公司取得进一步增长。

执行主席  
林福荣<sup>PBM</sup>

# CEO's Statement & Operations Review



“ Gross margin increased slightly from 27.4% to 28.7% in FY2021, attributable to favourable sales mix and reflective of the Group's longstanding efforts to increase efficiencies across its business operations. ”

**DEAR SHAREHOLDERS,**

## **REVENUE**

2021 was a year of normalisation for the Group, following an exceptional 2020 as the Group experienced elevated demand due to Circuit Breaker and relevant social distancing measures put in place by the Singapore government to contain the outbreak of COVID-19 pandemic. As the COVID-19 pandemic situation stabilized in 2021 and coupled with high national vaccination rates, social distancing measures and other restrictions were relaxed gradually. Singapore also lifted its border control restrictions and put in place Vaccinated Travel Lanes (“VTL”) with partner countries in a push for quarantine-free travel. These developments have led to consumers increasing their spending on other social activities or international travels, which resulted in the tapering of the previously elevated demand.

Consequently, we recorded a revenue decline of 1.7% year-on-year (“yoy”) to S\$1,370 million in FY2021 from S\$1,394 million in FY2020, mainly attributable to a high base effect in FY2020. Comparable same store sales declined by 4.8% yoy and was partially offset by a 2.9% increase in sales from the full year operations of five new stores which were opened in 2020. Revenue generated by our stores in China increased by 0.2% yoy as the Group opened two new stores in the second half of 2021 and operations in China continued to be profitable.

In 2021, we successfully secured the leases of three stores in Singapore and opened one store on 30 December 2021 at Blk 467 Bukit Batok West. The remaining two are scheduled to open in first half of 2022 and they are located at 377 Hougang Street 32, Hougang Rivercourt and 151 Bedok South Road, Siglap Community Club. As of 31 December 2021, the Group had a total retail area of 576,640 square feet (“sq. ft”) and total store count of 64 in Singapore. In addition, we also entered into two lease agreements for total retail space of approximately 68,518 sq. ft in Kunming, China, taking the Group's total store count in China to four.

# CEO's Statement & **Operations Review**

In October 2021, the Group completed the acquisition of a commercial premise situated at 1 Jalan Berseh #B1-02 to #B1-22 New World Centre S209037, with floor area of approximately 19,267 sq. ft for a consideration of S\$17.25 million. The Group operates a supermarket at this location since 2012 and following the completion of acquisition, has ceased the tenancy agreement. This will provide the Group with lease certainty at a prime spot, near the historic district of Little India and Jalan Besar MRT station.

## **GROSS PROFIT**

Gross margin increased slightly from 27.4% to 28.7% in FY2021, attributable to favourable sales mix and reflective of the Group's longstanding efforts to increase efficiencies across its business operations. The Group's gross margin has been increasing steadily over the past years. Gross profit increased by 3.0% yoy from S\$381.9 million to S\$393.3 million in FY2021 despite a 1.7% decline in revenue.

## **OTHER INCOME**

Other income decreased by 70.6% yoy to S\$12.1 million in FY2021 due to the decline in government grants mainly related to COVID-19 pandemic as the situation stabilized further in 2021. The Group received S\$34.8 million of government support in the form of COVID-19 Budget Supplementary Packages, Wage Credit, and Special Employment Schemes in FY2020, and received S\$4.8 million in support grants for FY2021.

## **OPERATING EXPENSES**

Administrative expenses declined by S\$15.0 million from S\$245.2 million in FY2020 to S\$230.2 million in FY2021. Reduction in staff cost mainly contributed to this decline, as all staff excluding directors were rewarded with higher bonus and additional one-month salary in FY2020 to commensurate their efforts made during the COVID-19 pandemic and in-line with the Group's record high sales performance. Savings in property tax attributable to rebates granted from the Budget 2020 package was not available in FY2021.

## **NET PROFIT**

The effective tax rate was 17.3% for FY2021, as compared to the statutory rate of 17.0%. The deviation was caused by certain expenses that are not deductible coupled with 25% corporate tax rate in China.

Consequently, the Group achieved a 4.3% yoy decline in net profit after tax from S\$139.1 million in FY2020 to S\$133.1 million in FY2021, in line with lower revenue.

## **CASH**

Our business model continues to facilitate cash generation opportunities. Cash generated from operating activities was at S\$172.7 million in FY2021 as compared with S\$274.1 million in FY2020, mainly attributable to higher working capital requirements and higher income tax payment on account of high business volume generated in FY2020. The Group's balance sheet remained healthy with cash and cash equivalents of S\$246.6 million as at 31 December 2021, as compared to S\$253.9 million a year ago.

## **LOOKING FORWARD**

### **Singapore**

Despite the occurrence of the highly transmissible Omicron variant, the government has expressed confidence in dealing with the surge in community cases in Singapore. Arising from high national vaccination rates and as Singapore looks to treat COVID-19 as an endemic, it could further ease restrictions following surge of Omicron cases. Singapore has also simplified restrictions for VTL travellers and extended VTLs to more partner countries in 2022. As more people look to engage in more social activities, resume their travel plans and as more staff return to the workplace, this is expected to reduce demand for dining at home and we should see a normalization of demand in the coming quarters.

# CEO's Statement & **Operations Review**

Competition in the Supermarket industry is expected to remain keen among the brick-and-mortar stores and online marketplaces. The Group will focus on the development of corporate culture and innovation as well as focus on relevant trainings for our people and leadership team to shape and enhance our core competitiveness.

Within Singapore, core inflation rate increased by 0.9% for 2021 and rose to 2.1% in December 2021, according to the Monetary Authority of Singapore, the supply chain disruptions and geopolitical events will continue to put pressures on the Group's input costs. However, the Group remains well-positioned to mitigate any potential disruptions due to our initial investments in diversifying our sources of supply. We will closely monitor the situation and work with our suppliers to minimize these disruptions and to bring greater value for our customers.

During the year under review, the Group made progress on its strategic plan to open new stores and has successfully secured the leases of three stores in Singapore. We will stick to this strategy and expansion plan and look out for retail spaces in new and existing HDB housing estates to strengthen our branding and presence. We will accelerate our margin enhancement initiatives and integrate the use of technology to derive efficiency gains from the supply chains.

## **China**

We have expanded our retail space in Kunming, China in the year under review and the Group's operations in China remains profitable. The Group will keep up with its efforts to promote the "Sheng Siong" brand in China and capitalize on opportunities to expand our network there.

## **INNOVATION**

The pandemic has highlighted the need for businesses to be agile and resilient in their operations to overcome any unprecedented challenges and to emerge stronger. We continue to put great emphasis on innovation and are keenly aware that it is critical to driving efficiency necessary to ensure the Group's ongoing competitive advantages.

We have completed the construction of the extension building which encompasses ambient Automated Storage and Retrieval Systems ("ASRS") and cold-chain ASRS facilities. The ASRS facilities have allowed Sheng Siong to better utilize the floor space as compared to the traditional racking system and reduces reliance on physical labour as pallets are now controlled by the automated system. This has allowed the Group to reduce human error and improve inventory control.

Since the launch of our first "recycling" cash withdrawal machine known as "\$TM" in 2018, we also have added new functions to it. Besides allowing customers to withdraw cash using UOB and OCBC ATM cards, customers can now also top up their Singtel Dash wallets at the \$TM, as well as withdraw cash using PayNow.

We also recognize the need to support our Small and Medium-Sized Enterprises ("SMEs") suppliers build up capabilities to accelerate digitalisation and Sheng Siong is honoured to be the first Queen Bee partner to be appointed for the retail sector, under the SkillsFuture Queen Bee ("SFQB") programme. The SFQB members are industry leaders who take on a leading role to champion skills development in organisations, particularly for the SMEs. As SFQB, we will provide skills advisory and support to guide organisations in identifying and acquiring the skills needed for business transformation. To date, more than 30 SMEs have joined Sheng Siong's SFQB programme and we look forward to working with more partners.

## **CONCLUSION**

Moving forward, as COVID-19 becomes endemic, we expect the elevated demand to taper to a new normal. We will monitor the performance of all retail stores and focus on core competencies and automating work processes wherever feasible to improve our operational efficiency. Our goal to provide value to our customers remains unchanged and we continue to look for new retail spaces to expand our network, particularly in areas where we do not have a presence in. Moreover, we expect to accelerate our digitalisation process, as technology innovation and overall productivity enhancements will allow us to capitalize on upcoming opportunities and in turn stimulate our growth.

**LIM HOCK CHEE** <sup>BBM</sup>  
**CEO**

# 总裁献词及业务回顾

亲爱的股东们，

## 营业额

政府在2020年实施了阻断措施和社交距离措施控制2019冠状病毒疾病的暴发，让集团经历了消费需求的高涨而取得优异表现。2021年对集团而言可谓恢复常态的一年，随着疫情逐步稳定及全国的接种率提升，社交距离措施和相关限制也逐渐放宽。新加坡政府也解除了边境措施，与其他国家开放实施疫苗接种者旅游通道（“VTL”）开始了免隔离旅游。这些发展让消费者将消费转移到社交活动或国际旅游，使高涨的消费需求逐渐趋缓。

因此，集团在2021年所录得收入从2020年的13.94亿新元同比下降1.7%，达13.7亿新元，主要因为前一年的高基数效应。同店销售增长与上一年相比下滑4.8%，但也因为2020年开设的五间新店已投入全年营运，销售额增长2.9%而部分抵消。中国分店的年收入增长了0.2%，主要因为集团在2021年下半年开设了二间新店，集团在中国的业务也继续保持盈利。

2021年，我们成功标得三间新店的租约，其中一间位于武吉巴督西大牌467的新店在同年12月30日开业。其余两间新店预料将在2022年上半年投入营运，地点位于后港32街大牌377，以及151勿洛南路的实乞纳民众俱乐部。截至2021年12月31日，集团在本地总零售面积达到57万6640平方尺，分店总数为64间。此外，我们也在中国昆明签署了二间新店的租约，两间分店的总零售面积约6万8518平方尺，集团在中国的分店总数达到四间。

集团在2021年10月以1725万新元完成收购新世界中心地下一层（#B1-02至#B1-22），店面地点位于惹兰白锡（Jalan Bersih），总面积约1万9267平方尺。集团的超市自2012年便在该地点营业，并在完成收购后终止租赁协议。这让集团在黄金地段拥有一个固定的租赁点，该地段靠近历史悠久的小印度和惹兰勿剌地铁站。

## 毛利

2021年的毛利率也从2020年的27.4%稍微提升至28.7%，主要因为销售比例的改善，并反映了集团长期以来致力于提高营运业务的效率。过去几年，集团的毛利率正在稳步增长。尽管收入下降1.7%，但2021年的毛利同比增长3.0%，从3.819亿新元增至3.933亿新元。

## 其他收入

由于2021年的疫情逐渐取得稳定，与疫情相关的政府津贴也有所减少，2021年的其他收入与前年同期相比下跌70.6%，达到1210万新元。集团从2020年的冠病补助计划、加薪补贴计划、特别就业补贴获得3480万新元的政府津贴，在2021年则获得480万新元的津贴。

## 营运开支

2021年的行政开支达到2.302亿新元，与2020年的2.452亿新元相比，减少了1500万新元。这主要来自员工成本的下跌，公司在2020年为奖励员工在疫情期间的付出，向董事之外的所有员工分发了额外一个月的薪酬，也因为集团的营业额创下新高，2020年的员工分红分配也有所增长。产业税的减少主要来自2020年的预算案补贴，2021年的相关补贴则有所减少。

## 净利润

2021年的有效税率为17.3%，法定税率为17.0%。这个偏差主要来自部分开销无法扣税，以及中国25%的企业税率。

随着收入减少，集团的税后净利也因此从2020年的1.391亿新元减少至2021年的1.331亿新元，与上一年相比下滑4.3%。

## 现金

集团的营运模式继续产生现金流。营运活动产生的现金为1.727亿新元，而2020财年则为2.741亿新元。这主要是由于2020年业务量较大，导致营运资本需求和缴付的所得税增加。集团的现金流量表保持稳健，相对于上一年2.539亿新元的现款，截至2021年12月31日的现金流为2.466亿新元。

## 展望未来

### 新加坡

尽管出现了传播较快的奥密克戎变异毒株，政府表示有信心应对社区确诊案例的增加。随着全国的疫苗接种率提升，新加坡将冠病视为地方性流行病处理，并将在奥密克戎疫情过了巅峰期后放宽防疫措施。新加坡已经简化对VTL旅客的限制，并会在2022年与更多国家开通VTL。随着更多人参与社交活动、恢复旅游计划和重返办公室，这将减少居家用餐的需求，我们预料接下来几个季度的消费需求将恢复正常。

超市业的竞争预计将继续激烈，特别是实体店和网购平台。集团将专注于企业文化和创新的发展，并专注于培训员工和领导团队，以型塑及加强我们的核心竞争力。

新加坡金融管理局数据显示，本地2021年核心通货膨胀率增加了0.9%，并在2021年12月达到2.1%，而供应链干扰和地缘政治因素将继续对集团的投入成本带来压力。然而，由于集团在初期对供应源多元化所投入的投资，集团正处在能缓解供应干扰的有利位置。我们会密切留意情况，与供应商合作减少这些干扰，为我们的顾客带来更大的价值。

回顾去年，集团开设新店的战略取得了进展，并成功在新加坡标得三间新店的租约。我们将坚持这个策略和扩展计划，在新建和现有的组屋区寻找零售空间，强化集团的品牌和存在。我们会加快提高利润率的计划，利用科技从供应链中获得效率收益。

## 中国

我们扩展了中国昆明的零售空间，集团在中国的业务保持营运盈利。集团将继续努力在中国推广“昇菘”的品牌，并寻求机会扩大当地的分店网络。

## 创新

疫情突显企业在营运中需要保持应变和韧性，才能克服前所未有的挑战并突破重围。我们会继续强调创新的重要性，同时也意识到提高效率对确保集团维持竞争优势是至关重要的。

我们完成了货仓的扩建，建设了恒温冷链的自动化存储和恢复系统（“ASRS”）。较之传统的货架，昇菘透过ASRS能更好地使用空间，并减少对人力的依赖。托盘由自动系统控制，让集团能减少人为失误及提高库存管理。

自从昇菘在2018年推出第一台STM新型提款机后，我们也陆续加入了新功能。顾客除了能使用大华银行和华侨银行的提款卡提款，也能在STM为Singtel Dash钱包储值，及使用PayNow功能提取现金。

我们也意识到需要支持中小型供应商建立加快数码化的能力，昇菘很荣幸能担任技能创前程行业领头羊计划（SkillsFuture Queen Bee Programme，简称“领头羊计划”）的首位指定合作伙伴。领头羊计划主要透过行业的领导者引导中小型企业开发技能。作为行业领头羊的伙伴之一，我们会提供技能咨询和支援，引导机构了解和取得企业转型所需要的技能。截至目前为止，有超过30间中小型供应商加入了昇菘的行业领头羊计划，我们期待能与更多的伙伴携手合作。

## 总结

展望未来，冠病将成为地方性流行病，预料高涨的消费需求将渐渐回归新常态。我们会关注所有分店的表现，专注核心竞争力，尽所能将工作流程自动化以提升营运效率。提供顾客价值是我们贯彻始终的目标，我们会继续寻找新的零售空间来扩大营运网络，特别是昇菘还未进驻的地区。此外，我们将加速数码化进程，因为我们相信科技创新和整体生产力的提升所带来的契机，将为集团创造未来增长。

总裁  
林福星<sup>BBM</sup>



# 64 stores

across Singapore enabling us to provide islandwide service.





# CONSTANTLY INNOVATING FOR YOU

Focus to improve shopping experience is always at the forefront of our minds. Sheng Siong constantly innovates and improves our operational processes to ensure convenience for our customers.



## SHENG SIONG APP

With the Sheng Siong Connect Mobile Application, customers can access features such as in-store promotion alerts, auto-completion of Sheng Siong's mega promotion lucky draw entry form, e-receipts, purchase history records and store locator.



# Our Housebrands

Over the past decade, we have begun curating a selection of housebrands to bring our customers a delightful union of intrinsic value and quality.

**1,500**  
Products

**23**  
Brands



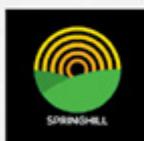
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泰 Thai



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## OUR HOUSEBRANDS

# Healthier Choice

Sheng Siong offers a wide variety of housebrand products that serves as a healthier and more nutritional choice for our consumers.





## OUR HOUSEBRANDS

# Support Local

Staying true to our humble roots in Singapore, Sheng Siong offers a wide range of local products to meet our customers' quality and value-for-money demands.



# Board of **Directors**



- 1 LIM HOCK ENG <sup>PBM</sup>
- 2 TAN LING SAN
- 3 LIM HOCK CHEE <sup>BBM</sup>
- 4 LIM HOCK LENG
- 5 LIN RUIWEN

- 6 PATRICK CHEE TECK KWONG <sup>PBM</sup>
- 7 TAN HUAY LIM
- 8 TAN POH HONG
- 9 KO CHUAN AUN
- 10 CHENG LI HUI

# Board of Directors

1

**LIM HOCK ENG<sup>PBM</sup>**  
Executive Chairman



Date of first appointment: 10 November 2010  
Date of last re-appointment: 22 June 2020  
*Standing for re-election at the AGM*

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

Mr Lim is one of the founding shareholders of C M M Marketing Management Pte Ltd and Sheng Siong Supermarket Pte Ltd. He has been a director since Sheng Siong Supermarket Pte Ltd was incorporated in 1983, and has been instrumental in our Group's growth. Mr Lim has more than 38 years of experience in grocery retailing. Prior to founding our Group, Mr Lim was employed in his family's hog rearing business.

Mr Lim is appointed as a patron of Yio Chu Kang Citizens' Consultative Committee from December 2020 to November 2022. Since 2014, Mr Lim has been appointed as the Chairman of the CDAC@Ang Mo Kio Management Committee in the Chinese Development Assistance Council.

In 2016, Mr Lim was 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 (FY2019– 2021):**

*NIL*

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**TAN LING SAN**  
Vice Chairman and Executive Director



Date of first appointment: 28 April 2017  
Date of last re-appointment: 22 June 2020

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

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

**Present Directorships in other Listed Companies:**

*NIL*

**Past Directorships in other Listed Companies (FY2019– 2021):**

*NIL*

3

**LIM HOCK CHEE<sup>BBM</sup>**  
Chief Executive Officer



Date of first appointment: 10 November 2010  
Date of last re-appointment: 26 April 2021

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

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

# Board of **Directors**

In 2006, Mr Lim was awarded the Pingat Bakti Masyarakat, or the Public Service Medal, by the Singapore Prime Minister's Office and the Long Service Award by the Singapore Prime Minister's Office in 2007. Since 2010, Mr Lim has served as a Council Member of the Singapore Chinese Chamber of Commerce and Industry (SCCCI) and is elected as the vice-president of the 61<sup>st</sup> Council in 2022.

Mr Lim was a member of Ministry of Trade and Industry's Retail Price Watch Group (RPWG) from 2011 to 2013. He was appointed as a member of IRAS' Taxpayer Feedback Panel – Mandarin Dialogue from 2012 to 2014, on behalf of SCCCI. From 2014 to 2016, Mr Lim continued to be a member of the feedback panel in his own capacity as a corporate taxpayer.

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

From 2017 to 2019, Mr Lim served on the Payments Council established by the Monetary Authority of Singapore to foster innovation and promote interoperability of Singapore's payments industry. At the same time, he was appointed by Enterprise Singapore as a member of the Future Economy Council Lifestyle Sub-committee for two terms from 2017 to 2020.

Mr Lim is re-appointed as a board member of the Singapore Productivity Centre for a second term from November 2021 to October 2023 to assist enterprises to be future-ready. In March 2022, he is appointed as a member of the Committee Against Profiteering, which is set up to address concerns about businesses using the GST increase as a reason to raise prices.

Currently, Mr Lim serves on the Marsiling Citizen's Consultative Committee as Vice-Chairman, and on the advisory committee of Qihua Primary School in Woodlands, Singapore. He 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 (FY2019– 2021):**

*NIL*

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## **LIM HOCK LENG**

Managing Director



Date of first appointment: 10 November 2010

Date of last re-appointment: 26 April 2019

*Standing for re-election at the AGM*

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

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

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

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

*NIL*

#### **Past Directorships in other Listed Companies (FY2019– 2021):**

*NIL*

# Board of Directors

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## LIN RUIWEN

Executive Director



Date of first appointment: 27 April 2016  
Date of last re-appointment: 26 April 2021

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

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

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

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

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

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

### Present Directorships in other Listed Companies:

NIL

### Past Directorships in other Listed Companies (FY2019– 2021):

NIL

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## PATRICK CHEE TECK KWONG<sup>PBM</sup>

Lead Independent Director



Date of first appointment: 29 July 2021  
*Standing for re-election at the AGM*

Mr Chee Teck Kwong Patrick<sup>PBM</sup> is our Lead Independent Director. Mr Chee holds a Bachelor of Law (Hons) Degree from the University of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore and a Solicitor of the senior courts of England and Wales. Mr Chee has been in private legal practice since 1980 and is now a Senior Legal Consultant with Withers KhattarWong LLP, an international law firm. His areas of practice are corporate and commercial matters, banking and finance, cross-border joint ventures and investments, mergers and acquisitions, setting up of family offices and listing of companies. He has also advised on property law and has handled several landmark development projects in Singapore, Indonesia, Malaysia and China. He also conducts civil litigation and arbitration proceedings. Mr Chee had initiated and was instrumental to the setting up of a full licensed KhattarWong's law practice in Vietnam.

Mr Chee is a Notary Public and a Commissioner for Oaths and is a member of Singapore Institute of Arbitrators, and Singapore Institute of Directors. He had served several years in the sub-committee of National Crime Prevention Council, Singapore, and worked with National Productivity Board, Singapore in developing and seeing the successful launch of some well-known franchises in Singapore in the early 1990s. From 2002 to 2013, Mr Chee was the Organising Chairman of the 'National Street Soccer League – Lee Hsien Loong Challenge Trophy' and Vice Chairman of Teck Ghee Community Club.

He is also Honorary Legal Advisor to Hospitality Purchasing Association Singapore, and several big clans and trade associations in Singapore. Mr Chee is also the recipient of the National Day Awards 2003 – 'The Public Service Medal (Pingat Bakti Masyarakat)' from the President of Republic of Singapore.

### Present Directorships in other Listed Companies:

- China International Holdings Limited
- OneApex Limited
- MeGroup Ltd
- QAF Limited
- Noel Gifts International Ltd

### Past Directorships in other Listed Companies (FY2019– 2021):

- Hai Leck Holdings Limited

# Board of **Directors**

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**TAN HUAY LIM**  
Independent Director



Date of first appointment: 22 December 2021  
*Standing for re-election at the AGM*

Mr Tan Huay Lim is our Independent Director and the Chairman of the Audit Committee.

Mr Tan has more than 30 years of experience in audit, accounting and finance. He served as a partner at KPMG Singapore for 23 years until his retirement in September 2015.

Mr Tan has extensive experience in auditing companies in a wide range of industries. He was a Banking Partner involved in the audit of financial institutions and was involved in a number of initial public offerings as well as merger and acquisitions during his tenure with KPMG. Mr Tan was the Singapore Head of KPMG Global China Practice from September 2010 to September 2015.

Mr Tan received his Bachelor's degree in Commerce (Accountancy) from Nanyang University in Singapore in August 1978. He is a fellow member of the Institute of Singapore Chartered Accountants, the Association of Certified Accountants (United Kingdom), and the Certified Practising Accountants (Australia).

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

- Zheneng Jinjiang Environment Holding Company Limited
- Dasin Retail Trust Management Pte Ltd, the manager of Dasin Retail Trust
- Elite Commercial REIT Management Pte Ltd, the manager of Elite Commercial REIT
- Linklogis Inc. (listed on the Hong Kong Stock Exchange)
- SF REIT Asset Management Limited, the manager of SF Real Estate Investment Trust (listed on the Hong Kong Stock Exchange)

#### **Past Directorships in other Listed Companies (FY2019–2021):**

- ASL Marine Holdings Ltd
- Koufu Group Limited (resigned on 31 March 2022)

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**TAN POH HONG**  
Independent Director



Date of first appointment: 5 January 2018  
Date of last re-appointment: 26 April 2021

Ms Tan Poh Hong is our Independent Director. She is Singapore's Non-Resident Ambassador to the Kingdom of Denmark.

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

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

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

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

- Ann Aik Limited
- APAC Realty Ltd
- Centurion Corporation Ltd
- VICOM Limited
- OTS Holdings Ltd

Past Directorships in other Listed Companies (FY2019– 2021):  
*NIL*

# Board of **Directors**

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## **KO CHUAN AUN**

Independent Director



Date of first appointment: 22 December 2021  
Standing for re-election at the AGM

Mr Ko Chuan Aun is our Independent Director. He is currently the Chairman of HSK Resources Pte Ltd.

Previously between May 2014 to October 2017, Mr Ko was the President and Executive Director of KOP Limited. Prior to the reverse take-over exercise by the former, Mr Ko was the Executive Director and Group CEO of Scorpio East Holdings Ltd from March 2012 to May 2014. Mr Ko also holds chairmanships and directorships in various private and public companies. He is an Independent Director of KSH Holdings Ltd, Lian Beng Group Ltd and Pavillon Holdings Ltd. Mr Ko has more than 15 years of working experience with the former Trade Development Board of Singapore (TDB, now known as Enterprise Singapore or ESG). His last appointment with then TDB was Head of China Operations.

In the past 30 years, Mr Ko has been very actively involved in business investments in the PRC market. He was previously appointed as a Member of the Steering Committee of the Network China. In addition, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade & Investment Committee, as well as Investment Advisor to the Fushun Foreign Trade & Economic Cooperation Bureau, PRC respectively.

Mr Ko is currently Vice President of ESG Society, as well as the Vice Chairman of Public Relation Committee under the Singapore-China Business Association. Mr Ko was awarded the Service to Education (Pewter) by the Ministry of Education in 2016.

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

- Lian Beng Group Ltd
- KSH Holdings Limited
- Pavillon Holdings Ltd

### **Past Directorships in other Listed Companies (FY2019– 2021):**

- Koon Holdings Limited (resigned on 17 January 2022)

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## **CHENG LI HUI**

Independent Director



Date of first appointment: 22 December 2021  
Standing for re-election at the AGM

Ms Cheng Li Hui is our Independent Director. Prior to joining the Group, Ms Cheng has served on the board of NTUC Foodfare in 2019, which thereafter merged with NTUC Fairprice in September 2019.

She was appointed the Deputy Chief Executive Officer and Director of Hai Leck Holdings Ltd from January 2012 to December 2017. She assisted the CEO in overseeing the daily operations of the Group including scaffolding, corrosion prevention, insulation and refractory as well as its maintenance businesses.

Ms Cheng holds a Master of Applied Finance from Macquarie University and a Bachelor of Arts from National University of Singapore. She is an Elected Member of Parliament for Tampines GRC.

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

*NIL*

### **Past Directorships in other Listed Companies (FY2019–2021):**

*NIL*

# Key Executives

## **JOANNE CHUA OI KENG**

Chief Financial Officer

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Ms Joanne Chua Oi Keng is the Chief Financial Officer since joining the Group in April 2021. Reporting directly to the Group Chief Executive Officer, Ms Chua oversees the Group's finance and accounting functions, cash management, strategic planning and budget, tax management, corporate governance and internal controls.

Ms Chua has more than 22 years of experience in the FMCG industry. Prior to her appointment with the Group, Ms Chua was the Chief Financial Officer responsible for the financial, accounting, cash management, legal and taxation matters of fashion brand H&M's (Hennes & Mauritz AB) franchise operating in Thailand and Indonesia. During her tenure, Ms Chua was instrumental in setting up the SAP ERP system and incorporating the subsidiaries in Thailand and Indonesia. Ms Chua was located in Thailand for 6 years, working closely with local financial institutions while heading a local finance team.

In addition, she has also served as the Group Financial Controller at RSH Limited from 1994 to 2009, a company responsible for the retailing and distribution of more than 60 renowned international brands in sports, golf, accessories and fashion operating in 12 countries. In 2000, she played a key role in the successful listing of RSH Limited (formerly known as Royal Clicks Limited) on the mainboard of SGX.

From 1987 to 1991, Ms Chua joined Provisions Suppliers Corporation Limited as an Accountant. The company primarily supplies provisions and household consumer products through its chain of Econ Minimart stores. Ms Chua was involved in the listing of PSC Corporation Limited (formerly known as Provisions Suppliers Corporation Limited and later renamed in 2012 to Hanwell Holdings Limited) on the mainboard of SGX in 1990.

Ms Chua started her career in 1982 at KPMG LLP where she was involved in financial audits, corporate secretarial and insolvency work. She was responsible for the operational and financial audits of public listed financial institutions and companies operating in various industries as well as developing and implementing plans to lead audit engagements and to enhance the efficiency and efficacy of business and financial processes.

Ms Chua graduated from The National University of Singapore with a Bachelor's degree in Accountancy in 1982. She is a Chartered Accountant and non-practicing member of the Institute of Chartered Accountant of Singapore (ISCA). She completed the Berkeley-Nanyang Advanced Management Program in 2007, which is a joint initiative between the Haas School of Business at the University of California at Berkeley, USA and Nanyang Business School at Nanyang Technological University (NTU), Singapore.

## **LEE MOI HONG**

Director/ Head – Dry Goods

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

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

# Key Executives

## **HO CHEE HAW**

Director/ Head – Retail Operations

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

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

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

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

## **LEONG WENG FONG**

Director/ Head – Purchasing and Promotions

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Mr Leong heads the purchasing team and is responsible in leading negotiations with our suppliers in areas such as trading terms and planning for promotions with our major corporate partners.

He plays a key role in implementing procurement strategies and leads his team in sourcing for good quality and appealing merchandise for sale at our stores.

Mr Leong joined the company in 2000 and has held various positions in our Group, beginning as a grocery stacker and rising through a series of promotions to become the Purchasing General Manager in 2015.

In July 2021, he was appointed a director of our subsidiaries, Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd.

## **CHOW KEE MIN**

Director/ Head – Housebrands and Marketing

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Mr Chow Kee Min is responsible for the Housebrands department and oversees the team in overall product development, marketing and sales management of Housebrands products including rice, cooking oils, household products, frozen products etc.

Mr Chow joined C M M Marketing Management Pte Ltd in 2007 as the Business Development and Promotion Assistant General Manager. He became the Marketing Deputy General Manager of the Housebrands department in 2018, and was appointed as a director of our subsidiaries, Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd in July 2021.

Prior to joining the Group, he was the Sales Manager at Topseller Pte Ltd. Mr Chow holds a Certificate in Business Studies from Singapore Institute of Management.

# Key Executives

## WONG HENG SAN

Deputy General Manager – International Business Development

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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 years from 2013 to 2015. The objectives of the Business Cluster are to identify new sources and gather feedback on issues on food supply so as to enhance the resilience and ensure a stable supply, besides fostering closer industry integration between the private sector and AVA. The food-related functions of AVA have since been consolidated into a new statutory board, known as the Singapore Food Agency.

Prior to joining us in 2007, Mr Wong began his career at Golden Hope Commodity Pte Ltd, where he was engaged in commodity futures trading between 1980 and 1981. Between 1981 and 1989, Mr Wong worked at the Singapore Trade Development Board ("STDB"), where his responsibilities included serving at STDB's China Desk to assist Singaporean and Chinese companies in their trading and investment operations in the PRC and Singapore, respectively. In 1989, Mr Wong was appointed Centre Director of the Beijing-Singapore Trade Office by STDB, as well as Assistant Commercial Representative for Beijing, PRC by the Singapore Ministry of Foreign Affairs. In 1991, Mr Wong served as a Commercial Attaché in the Singapore Embassy in Beijing, PRC. From 1992 to 2007, Mr Wong worked in PSC Corporation Limited (now known as Hanwell Holdings Limited) 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

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

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

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

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



# \$TM

Customers are now able to withdraw cash from \$TM with PayNow, bringing greater convenience to customers and neighbourhoods where ATMs are not readily available.





## HYBRID SELF-CHECKOUT

The only supermarket with Hybrid Self-Checkout in Singapore. Customers have shorter waiting time at checkout and cashiers can focus on customer care.



# ENHANCING OUR SPACES FOR YOU

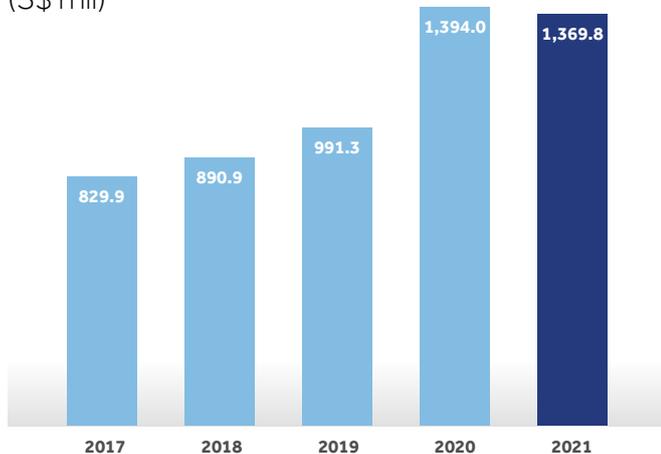
Bringing a more convenient shopping experience to our brick and mortar stores, Sheng Siong is focused on constant enhancements of our spaces for our customers.



# Financial Highlights

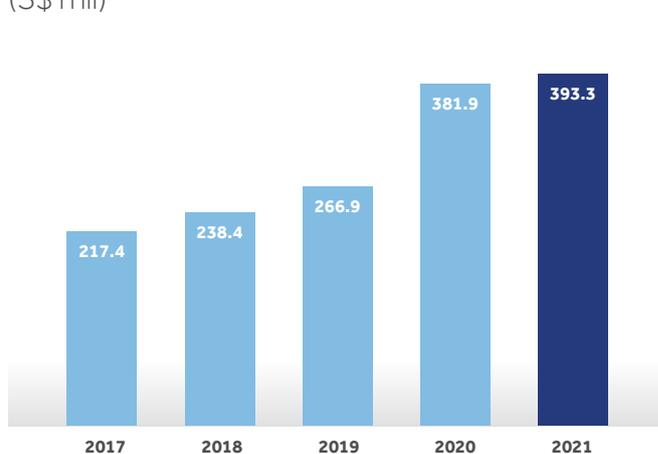
## REVENUE

(S\$ mil)



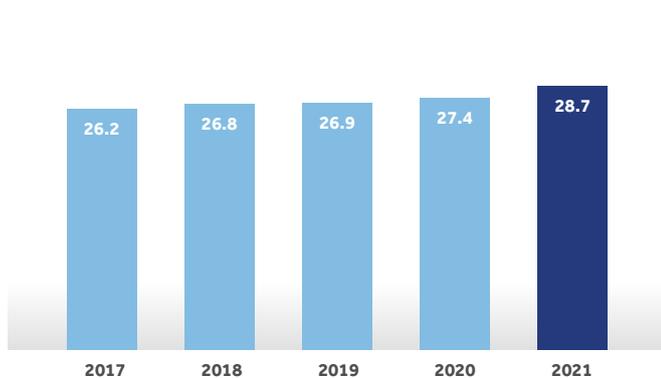
## GROSS PROFIT

(S\$ mil)



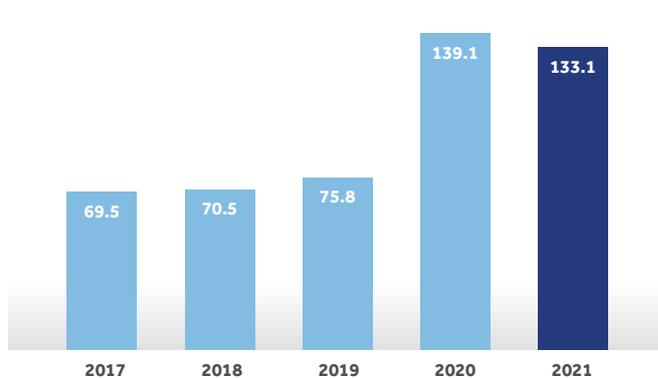
## GROSS PROFIT MARGIN

(%)



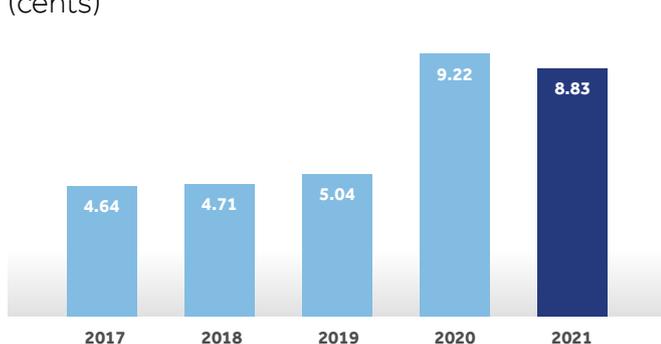
## NET PROFIT

(S\$ mil)



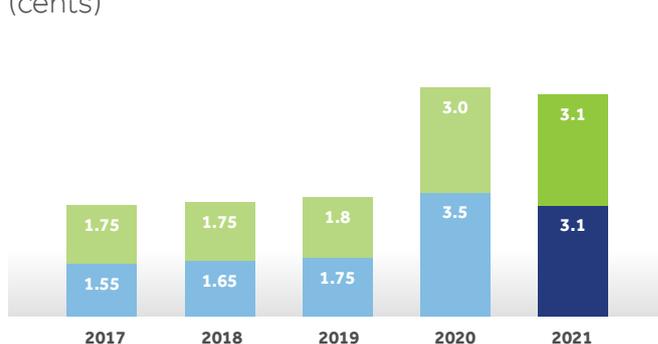
## EARNINGS PER SHARE

(cents)



## DIVIDEND PER SHARE

(cents)



● Interim Dividend ● Final Dividend

# Corporate Governance

## INTRODUCTION

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

This report describes the Group’s corporate governance practices for the financial year ended 31 December 2021 (“**FY2021**”) with specific references to the principles of the Code of Corporate Governance 2018 (the “**Code**”), and where appropriate, the explanations for deviation from the Code has been provided in this report.

## BOARD MATTERS

### Board’s Conduct of its Affairs

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

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

The Group’s key stakeholders include its shareholders, customers, suppliers, business partners, employees and the community. The Board is guided by a Code of Conduct and Ethics to ensure that obligations to these key stakeholders are understood and met.

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

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

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

# Corporate Governance

The number of Board and Board committee meetings and general meeting held in FY2021 and the attendance of our Directors at these meetings are as follows:

Number of meetings held	Board		NC		RC		AC		AGM**
	4		1		1		4		1
	Position	Attended	Position	Attended	Position	Attended	Position	Attended	Attended
<b>Executive Directors</b>									
Mr. Lim Hock Chee	M	4	–	1*	–	1*	–	4*	1
Mr. Lim Hock Eng	C	4	–	1*	–	1*	–	4*	1
Mr. Lim Hock Leng	M	4	–	1*	–	1*	–	4*	1
Mr. Tan Ling San	M	4	–	1*	–	1*	–	4*	1
Ms. Lin Ruiwen	M	4	–	1*	–	1*	–	4*	1
<b>Non-executive Directors</b>									
Mr. Goh Yeow Tin <sup>(1)</sup>	M	4	M	1	C	1	M	4	1
Mr. Jong Voon Hoo <sup>(1)</sup>	M	4	–	1*	M	1	C	4	1
Mr. Francis Lee Fook Wah <sup>(1)</sup>	M	4	C	1	–	1*	M	4	1
Mr. Lee Teck Leng Robson <sup>(2)</sup>	M	1	M	–	M	–	M	1	1
Ms. Tan Poh Hong <sup>(3)</sup>	M	4	M	1*	C	1	M	4	1
Mr. Chee Teck Kwong Patrick <sup>(4)</sup>	M	1	C	–	M	–	M	1	–
Mr. Tan Huay Lim <sup>(5)</sup>	M	–	M	–	M	–	C	–	–
Mr. Ko Chuan Aun <sup>(5)</sup>	M	–	M	–	M	–	M	–	–
Ms. Cheng Li Hui <sup>(5)</sup>	M	–	M	–	M	–	M	–	–

\* By invitation

M Member

C Chairman

\*\* The Annual General Meeting (“AGM”) was held virtually

Note:

- (1) Mr. Goh Yeow Tin, Mr. Jong Voon Hoo and Mr. Francis Lee Fook Wah resigned as the Independent Director on 31 December 2021. Following the resignation, (i) Mr. Goh Yeow Tin relinquished as the Lead Independent Director, Chairman of the RC and a member of the AC and NC; (ii) Mr. Jong Voon Hoo relinquished as the Chairman of the AC and a member of the RC; and (iii) Mr. Francis Lee Fook Wah relinquished as the Chairman of the NC and a member of the AC.
- (2) Mr. Lee Teck Leng Robson resigned as the Non-Executive Director on 30 June 2021. Following the resignation, Mr. Lee Teck Leng Robson relinquished as a member of the AC, NC and RC.
- (3) Ms. Tan Poh Hong was re-designated as the Chairman of RC and appointed as a member of the NC on 31 December 2021.
- (4) Mr. Chee Teck Kwong Patrick was appointed as Independent Director and a member of the AC, NC and RC on 29 July 2021. Mr. Chee Teck Kwong was re-designated as the Lead Independent Director and Chairman of NC on 31 December 2021.
- (5) Mr. Tan Huay Lim, Mr. Ko Chuan Aun and Ms. Cheng Li Hui was appointed as Independent Director on 22 December 2021. With effect from 31 December 2021, (i) Mr. Tan Huay Lim was appointed as the Chairman of the AC and a member of the NC and RC; (ii) Mr. Ko Chuan Aun and Ms. Cheng Li Hui were appointed as the member of the AC, NC and RC.

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

# Corporate Governance

The Executive Chairman works together with the Finance Director (who retired on 30 June 2021) and the Chief Financial Officer (“CFO”) and the Company Secretary to set the agenda for board meetings, overseeing the quality and timely despatch of the board papers and promoting open discussions between Board members and Management prior to and during the board meetings. The Board and Board committees’ papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board committees’ meetings. Directors are given separate and independent access to the Group’s Management and Company Secretary to address any enquiries. Directors may seek professional advice in furtherance of their duties and the costs will be borne by the Company. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

## Board Composition and Balance

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

As of the date of this Annual Report, our Board comprises ten (10) Directors, five (5) of whom are non-executive and 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. Chee Teck Kwong Patrick, Lead Independent Director  
Mr. Tan Huay Lim, Independent Director  
Ms. Tan Poh Hong, Independent Director  
Mr. Ko Chuan Aun, Independent Director  
Ms. Cheng Li Hui, Independent Director

As a group, the Directors bring with them a broad range of relevant industry knowledge, expertise and experience in areas such as accounting, finance, business, legal, food safety, real estate and management. The size and composition of the Board are reviewed by the NC on an annual basis to ensure that the Board has the appropriate balance, mix of expertise and experience and collectively possesses the necessary skill sets and core competencies for effective decision-making. The experience and skill of the Directors are further described on pages 18 to 22.

While the Chairman is part of the management team and a sibling of the CEO, the Board is of the opinion that based on the Group’s current size and operations, it is not necessary to have Independent Directors and Non-executive Directors make up a majority of the Board at present. As the Non-executive and Independent Directors make up half of the Board, the Board is able to exercise objective judgement through constructive dialogue and no individual or group of individuals dominate the Board’s decision-making process. The Board is of the opinion that its current size of 10 Directors is appropriate, considering the nature and scope of the Group’s operations. The current Board composition represents a well-balanced mix of skills, experience, expertise and knowledge of the Group to facilitate effective decision-making. Three (3) of the 10 Board members are female and although the Board has not set up a policy on gender diversity, the Board recognized the need and will take gender diversity into consideration when assessing any candidates.

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

The independence of each Director is reviewed by the NC on an annual basis based on the provisions set out in the Code. Based on the Board evaluation and review conducted by the NC, the Board is of the view that Mr. Chee Teck Kwong Patrick, Mr. Tan Huay Lim, Ms. Tan Poh Hong, Mr. Ko Chuan Aun and Ms. Cheng Li Hui are independent.

# Corporate Governance

The NC also takes into consideration the circumstances provided in Rule 210(5)(d) of the SGX-ST Listing Manual for determining the independence of the Independent Directors. The Directors, namely Mr. Goh Yeow Tin, Mr. Jong Voon Hoo and Mr. Francis Lee Fook Wah resigned as the Independent Directors of the Company on 31 December 2021. This is to allow for renewal of the Board of the Company as they have served on the Board beyond 9 years from the date of their first appointment to the Board. Currently, there are no Independent Directors, who would have served the Board beyond 9 years since their appointment to the Board.

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

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

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

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

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

## Nominating Committee

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

The NC comprises the following Non-executive Directors, the majority of whom, including the Chairman, are independent. The Lead Independent Director, Mr. Chee Teck Kwong Patrick is a Chairman of the NC.

- Mr. Chee Teck Kwong Patrick (Chairman)
- Mr. Tan Huay Lim
- Ms. Tan Poh Hong
- Mr. Ko Chuan Aun
- Ms. Cheng Li Hui

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 term of reference, 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;

# Corporate Governance

- determining, on an annual basis, if a Director is independent;
- recommending the nomination of Directors who are retiring by rotation to be put forward for re-election;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations;
- assessing the effectiveness of the Board as a whole and the contribution of each of the Directors to the effectiveness of the Board; and
- establishing and reviewing the training programme for the Board.

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

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

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

The NC has recommended the nomination of Mr. Lim Hock Eng, Mr. Lim Hock Leng, Mr. Chee Teck Kwong Patrick, Mr. Tan Huay Lim, Mr. Ko Chuan Aun and Ms. Cheng Li Hui who are retiring by rotation pursuant to the Company's Constitution, for re-election at the forthcoming AGM.

The Board has accepted the NC's afore-mentioned recommendations and being eligible, (i) Mr. Lim Hock Eng; (ii) Mr. Lim Hock Leng; (iii) Mr. Chee Teck Kwong Patrick; (iv) Mr. Tan Huay Lim; (v) Mr. Ko Chuan Aun and (vi) Ms. Cheng Li Hui will be standing for re-election at the AGM. Each member of the NC shall abstain from voting, approving or making a recommendation on any resolution of the NC in which he has a conflict of interest in the subject matter under consideration.

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

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

The key information regarding the Directors such as academic and professional qualifications, Board Committees served, Directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive set out on pages 18 to 22 of this Annual Report.

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

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

Details	Name of Retiring Director					
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng	Lim Hock Leng
Date of Appointment	29 July 2021	22 December 2021	22 December 2021	22 December 2021	10 November 2010	10 November 2010
Date of last re-appointment (if applicable)	Nil	Nil	Nil	Nil	22 June 2020	26 April 2019
Age	68	66	65	46	62	57
Country of principal residence	Singapore	Singapore	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for the appointment of directors, and the re-nomination and re-election of Directors to the Board, is set out in pages 32- 33 of the Annual Report.					
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive	Non-Executive	Executive	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee	Chairman of the Audit Committee and member of Nominating Committee and Remuneration Committee	Member of the Audit Committee, Nominating Committee and Remuneration Committee	Member of the Audit Committee, Nominating Committee and Remuneration Committee	Executive Chairman	Managing Director
Professional qualifications	Please refer to the detailed description of the Directors; qualifications and working experience set out in the pages 18 to 22 of the Annual Report					
Working experience and occupation(s) during the past 10 years	Please refer to the detailed description of the Directors; qualifications and working experience set out in the pages 18 to 22 of the Annual Report					
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil	Nil	137,400,000 (direct interests) and 714,574,100 (deemed interests)	127,400,000 (direct interests) and 724,574,100 (deemed interests)

# Corporate Governance

Details	Name of Retiring Director				
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil	Nil	<p><b>Lim Hock Eng</b></p> <p>The Executive Directors, Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng are brothers.</p> <p>Mdm. Tan Bee Loo, who has retired as the Head of Vegetables and Fruits and Director of the Group's subsidiaries, Sheng Siong Supermarket Pte Ltd ("<b>SSS</b>") and C M M Marketing Management Pte Ltd ("<b>CMM</b>") on 31 December 2021, is the spouse of Mr. Lim Hock Eng.</p> <p>Ms. Lin Ruiwen an Executive Director of the Company and the Group's subsidiaries, SSS and CMM, is the daughter of Mr. Lim Hock Eng.</p>
					<p><b>Lim Hock Leng</b></p> <p>The Executive Directors, Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng are brothers.</p> <p>Uncle of Ms. Lin Ruiwen, Executive Director</p>

# Corporate Governance

Details	Name of Retiring Director				
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng
Conflict of interest (including any competing business)	No	No	No	No	Lim Hock Leng
					As disclosed in the table "Other Principal Commitments Including Directorships – Present", Mr. Lim Hock Leng is also a director of E Land Properties Pte. Ltd., F M Food Court Pte. Ltd., ECL Money Changer Pte. Ltd. and Sheng Siong Holdings Pte. Ltd. in which Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng each holds approximately 33.3% of the equity interest of E Land Properties Pte. Ltd., ECL Money Changer Pte. Ltd. and Sheng Siong Holdings Pte. Ltd.; and 21.57% of F M Food Court Pte. Ltd. The Group leases space to/from and sells goods and services to these companies.

# Corporate Governance

Details	Name of Retiring Director					
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng	Lim Hock Leng
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes	Yes
Other Principal Commitments Including Directorships - Past (for the last 5 years)	<ol style="list-style-type: none"> <li>CSC Holdings Limited</li> <li>Ramba Energy Limited (now known as Eneco Energy Limited)</li> <li>Hai Leck Holdings Limited</li> </ol>	<ol style="list-style-type: none"> <li>Hong Leong Asia Ltd.</li> <li>Singapore Hokkien Huay Kuan</li> <li>Ren Ci Hospital</li> <li>Xihe Holdings (Pte) Ltd (under winding up by court order since 24 March 2022)</li> <li>Xihe Capital (Pte) Ltd. (in liquidation pursuant to a members' voluntary winding up since 22 October 2020)</li> <li>ASL Marine Holdings Ltd</li> <li>Koufu Group Limited (resigned on 31 March 2022)</li> </ol>	<ol style="list-style-type: none"> <li>KOP Limited</li> <li>San Teh Ltd</li> <li>Scorpio East Entertainment Pte Ltd</li> <li>Scorpio East Multimedia Pte Ltd</li> <li>Scorpio East Pictures Pte Ltd</li> <li>Scorpio East Productions Pte Ltd</li> <li>Singapore Koh Clan Association Ltd</li> <li>Super Group Ltd</li> <li>Koon Holdings Limited (resigned on 17 January 2022)</li> </ol>	Nil	Nil	Nil

# Corporate Governance

Details	Name of Retiring Director					
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng	Lim Hock Leng
Other Principal Commitments Including Directorships - Present	<ol style="list-style-type: none"> <li>China International Holdings Limited</li> <li>OneApex Limited</li> <li>MeGroup Ltd.</li> <li>QAF Limited</li> <li>Noel Gifts International Ltd</li> </ol>	<ol style="list-style-type: none"> <li>Zheneng Jinjiang Environment Holding Company Limited<sup>(A)</sup></li> <li>Dasin Retail Trust Management Pte. Ltd. (The Manager of Dasin Retail Trust<sup>(A)</sup>)</li> <li>Elite Commercial REIT Management Pte. Ltd. (The Manager of Elite Commercial REIT<sup>(A)</sup>)</li> <li>Linklogis Inc.<sup>(B)</sup></li> <li>SF REIT Asset Management Limited (The Manager of SF Real Estate Investment Trust<sup>(B)</sup>)</li> <li>Green Link Digital Bank Pte. Ltd.</li> </ol> <p>(A) Listed on Singapore Stock Exchange (B) Listed on Hong Kong Stock Exchange</p>	<ol style="list-style-type: none"> <li>Lian Beng Group Ltd</li> <li>KSH Holdings Limited</li> <li>Pavillon Holdings Ltd</li> <li>HSK Resources Pte. Ltd.</li> </ol>	Nil	<ol style="list-style-type: none"> <li>Sheng Siong Supermarket Pte Ltd</li> <li>C M M Marketing Management Pte Ltd</li> <li>Sheng Siong Holdings Pte. Ltd.</li> <li>E Land Properties Pte. Ltd.</li> <li>ECL Money Changer Pte. Ltd.</li> <li>F M Food Court Pte. Ltd.</li> <li>Choon Loo Trading</li> <li>96 Capital Management Pte Ltd</li> <li>Gingko Global Ltd</li> </ol>	<ol style="list-style-type: none"> <li>Sheng Siong Supermarket Pte Ltd</li> <li>C M M Marketing Management Pte Ltd</li> <li>Sheng Siong Holdings Pte. Ltd.</li> <li>E Land Properties Pte. Ltd.</li> <li>ECL Money Changer Pte. Ltd.</li> <li>F M Food Court Pte. Ltd.</li> </ol>
<b>The general statutory disclosures of the Directors are as follows:</b>						
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No	No

# Corporate Governance

Details	Name of Retiring Director					
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng	Lim Hock Leng
<p>b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p> <p>c. Whether there is any unsatisfied judgment against him?</p>	No	<p>Mr. Tan was (i) an independent non-executive director from 1 July 2020 to 28 August 2020 of Xihe Holdings (Pte) Ltd, which was placed under interim judicial management on 13 August 2020, under judicial management on 13 November 2020 and under winding up by court order since 24 March 2022 and (ii) an independent non-executive director from 1 July 2020 to 28 August 2020 of Xihe Capital (Pte) Ltd, which has been placed in liquidation pursuant to a members' voluntary winding up since 22 October 2020.</p>	No	No	No	No
	No	No	No	No	No	No

# Corporate Governance

Details	Name of Retiring Director					
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng	Lim Hock Leng
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No	No
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No	No

# Corporate Governance

Details	Name of Retiring Director					
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng	Lim Hock Leng
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No	No

# Corporate Governance

Details	Name of Retiring Director					
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng	Lim Hock Leng
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No	No
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—	No	No	No	No	No	No
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No	No	No

# Corporate Governance

Details	Name of Retiring Director					
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng	Lim Hock Leng
<p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p>	No	<p>Mr. Tan was a council member of the management committee from 30 October 2007 to 31 March 2013 of Ren Ci Hospital &amp; Medicare Centre ("RCHMC"), a non-profit voluntary welfare organisation established in Singapore.</p> <p>On 29 March 2009, Mr. Tan was interviewed by the Commercial Affairs Department ("CAD") in his capacity as a council member of the management committee of RCHMC in connection with CAD's investigations in the affairs of RCHMC. For the avoidance of doubt, Mr. Tan was not the subject of the foregoing investigations and following the interview, Mr. Tan has not been required by the CAD to provide any further assistance in the matter for which the appointee was interviewed.</p> <p>RCHMC, which was registered as a society under the Societies Act, Chapter 311 of Singapore, was voluntarily dissolved on 31 March 2013.</p>	No	No	No	No

# Corporate Governance

Details	Name of Retiring Director					
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng	Lim Hock Leng
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No	No	No

# Corporate Governance

Details	Name of Retiring Director					
	Chee Teck Kwong Patrick	Tan Huay Lim	Ko Chuan Aun	Cheng Li Hui	Lim Hock Eng	Lim Hock Leng
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No	No
<b>Information required</b>						
<b>Disclosure applicable to the appointment of Director only.</b>						
Any prior experience as a Director of an issuer listed on the Exchange?	Not applicable. This is a re-election of Directors.					
If yes, please provide details of prior experience.						
If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a Director of a listed issuer as prescribed by the Exchange.						

# Corporate Governance

## Board Performance

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

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

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

The completed questionnaires are collated for the NC's deliberation. The NC then presents the results, conclusions and its recommendations to the Board. The Board has met its performance objectives in respect of FY2021. The Board is of the view that the Board and Board Committees operate effectively and each Director is contributing to the effectiveness of the Board and the Board Committees. No external facilitator was used during the evaluation of FY2021's performance.

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

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

## REMUNERATION MATTERS

### Procedures for developing remuneration policies

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

### Remuneration Committee

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

- Ms. Tan Poh Hong (Chairman)
- Mr. Chee Teck Kwong Patrick
- Mr. Tan Huay Lim
- Mr. Ko Chuan Aun
- Ms. Cheng Li Hui

The RC has a term of reference, 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 on 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.

# Corporate Governance

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

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

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

The RC has full authority to seek any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. The Company did not engage any remuneration consultants during FY2021.

## Level and Mix of Remuneration

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

## Remuneration of Executive Directors and Key Management Personnel

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

### (a) Fixed Component

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

### (b) Variable Component

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

### (c) Benefits

Benefits provided are consistent with market practice and include medical benefits and travel allowances.

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

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

# Corporate Governance

## Remuneration of Non-executive Directors

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

## Disclosure on Remuneration

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

The disclosure on remuneration is provided to enable investors to understand the link between the remuneration paid to Directors and Management, and corporate and individual performance. A breakdown of the remuneration of Directors for FY2021 is set out below.

	Salary <sup>(1)</sup>	Variable Bonus	Director's Fees	Benefits in Kind	Total
	(S\$'000)				
<b>Executive Directors</b>					
Mr. Lim Hock Eng	298	5,390	20*	46	5,754
Mr. Lim Hock Chee	376	5,390	20*	42	5,828
Mr. Lim Hock Leng	307	5,390	20*	44	5,761
Mr. Tan Ling San	295	5,390	20*	124	5,829
Ms. Lin Ruiwen	311	–	20*	15	346
<b>Non-executive Directors</b>					
Ms. Tan Poh Hong	–	–	60**	–	60
Mr. Chee Teck Kwong Patrick <sup>(2)</sup>	–	–	30**	–	30
Mr. Goh Yeow Tin <sup>(3)</sup>	–	–	60**	–	60
Mr. Jong Voon Hoo <sup>(3)</sup>	–	–	60**	–	60
Mr. Francis Lee Fook Wah <sup>(3)</sup>	–	–	60**	–	60
Mr. Lee Teck Leng Robson <sup>(4)</sup>	–	–	30**	–	30
Mr. Tan Huay Lim <sup>(5)</sup>	–	–	–	–	–
Mr. Ko Chuan Aun <sup>(5)</sup>	–	–	–	–	–
Ms. Cheng Li Hui <sup>(5)</sup>	–	–	–	–	–

### Notes:

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

\*\* Directors' fees payable to Independent and/or Non-Executive Directors are subject to the approval of shareholders at the forthcoming AGM.

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

(2) Mr. Chee Teck Kwong Patrick was appointed as the Independent Director on 29 July 2021.

(3) Mr. Goh Yeow Tin, Mr. Jong Voon Hoo and Mr. Francis Lee Fook Wah resigned as the Independent Director on 31 December 2021.

(4) Mr. Lee Teck Leng Robson resigned as the Non-Executive Director on 30 June 2021.

(5) Mr. Tan Huay Lim, Mr. Ko Chuan Aun and Ms. Cheng Li Hui were appointed as the Independent Director on 22 December 2021.

# Corporate Governance

The remuneration of the top ten key management personnel for FY2021 is set out below. The total remuneration paid to these personnel (who are not Directors or the CEO of the Company) is approximately S\$3.2 million (2020: S\$2.9 million).

	Salary <sup>(1)</sup>	Variable Bonus	Director's Fees (%)	Benefits in Kind	Total
<b>Key management personnel</b>					
<i>S\$500,001 to S\$750,000</i>					
Mr. Ho Chee Haw, Alvin	19.2	78.1	2.7*	–	100
<i>S\$250,001 to S\$500,000</i>					
Mr. Wong Soong Kit <sup>(4)</sup>	27.6	66.2	2.4*	3.8	100
Ms. Joanne Chua Oi Keng <sup>(5)</sup>	42.8	57.2	–	–	100
Mdm. Lee Lay Chin <sup>(6)</sup>	18.0	78.9	2.8*	0.3	100
<i>S\$1 to S\$250,000</i>					
Mdm. Lee Moi Hong <sup>(2)</sup>	91.9	–	8.1*	–	100
Mdm. Tan Bee Loo <sup>(3)</sup>	91.1	–	8.1*	0.8	100
Mr. Chow Kee Min <sup>(7)</sup>	31.0	62.1	5.3*	1.6	100
Mr. Leong Weng Fong <sup>(8)</sup>	31.9	61.7	5.3*	1.1	100
Mr. Woo Chee Kit	47.7	52.3	–	–	100
Mr. Wong Heng San	44.3	55.7	–	–	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 and she retired as the Director/Head – Fruits and Vegetables on 31 December 2021.

(4) Mr. Wong Soong Kit retired as Finance Director on 30 June 2021.

(5) Ms. Joanne Chua Oi Keng was appointed as CFO on 1 April 2021.

(6) Mdm. Lee Lay Chin retired as Director, Purchasing and Promotions on 30 June 2021.

(7) Mr. Chow Kee Min was appointed as Director, Housebrands and Marketing on 1 July 2021.

(8) Mr. Leong Weng Fong was appointed as Director, Purchasing and Promotions on 1 July 2021.

Overall, the Company's Executive Directors and the Group's key management personnel have met the key performance objectives in FY2021. 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 S\$100,000 for FY2021 is set out below:

## S\$300,001 to S\$400,000

Ms. Lin Ruiwen	Executive Director	Daughter of Mr. Lim Hock Eng, niece of Mr. Lim Hock Chee, Mr. Lim Hock Leng
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## S\$200,001 to S\$300,000

Mdm. Lee Moi Hong	Head of Dry Goods	Wife of Mr. Lim Hock Chee
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Mdm. Tan Bee Loo	Head of Vegetables & Fruits	Wife of Mr. Lim Hock Eng
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## S\$100,001 to S\$200,000

Mr. Lin Junlin, Nigel	Executive Assistant to CEO	Son of Mr. Lim Hock Leng, nephew of Mr. Lim Hock Eng, Mr. Lim Hock Chee
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Mr. Lin Zikai	Executive Assistant to CEO	Son of Mr. Lim Hock Chee, nephew of Mr. Lim Hock Eng, Mr. Lim Hock Leng
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Mr. Lin Yuansheng	Executive Assistant to CEO	Son of Mr. Lim Hock Chee, nephew of Mr. Lim Hock Eng, Mr. Lim Hock Leng
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Ms. Lim Guek Li	Senior Manager	Sister of Mr. Lim Hock Eng, Mr. Lim Hock Chee, Mr. Lim Hock Leng. Aunt of Ms. Lin Ruiwen
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Ms. Lim Huek Hun	Manager	Sister of Mr. Lim Hock Eng, Mr. Lim Hock Chee, Mr. Lim Hock Leng. Aunt of Ms. Lin Ruiwen
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## Employee Share Schemes

The Sheng Siong ESOS (employees' share option scheme) has expired on 30 June 2021. There were no options granted under the scheme since its inception. The Company did not extend the duration of the Sheng Siong ESOS as the Sheng Siong Share Award Scheme which was approved by members at the Extraordinary General Meeting held on 25 April 2013 will provide the flexibility in tailoring reward and incentive packages for its Directors and employees, and at the same time aligning their interest with those of the Company's shareholders on a long-term basis.

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

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

## Sheng Siong Share Award Scheme

The Sheng Siong Share Award Scheme was approved by the shareholders of the Company at an Extraordinary General Meeting held on 25 April 2013, and is administered by the scheme committee, comprising the RC 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.

Other information regarding the Sheng Siong Share Award Scheme is set out on page 57 of this Annual Report.

No awards were granted during FY2021 and as at the date of this Annual Report, no awards are outstanding, under the Sheng Siong Share Award Scheme.

# Corporate Governance

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

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

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

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

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

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

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

### Audit Committee

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

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

- Mr. Tan Huay Lim (Chairman)
- Mr. Chee Teck Kwong Patrick
- Ms. Tan Poh Hong
- Mr. Ko Chuan Aun
- Ms. Cheng Li Hui

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

# Corporate Governance

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

The AC has a term of reference, which is endorsed by the Board and sets out its duties and responsibilities. The AC performs the functions specified in Section 201B of the Companies Act 1967, the Listing Rules of SGX-ST and the Code which include:

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

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

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

The AC also reviewed the independence of the external auditors and noted that the fees payable by the Group to our external auditors for FY2021 are as follows:

<b>Fees paid/payable to external auditor for FY2021</b>	<b>S\$'000</b>
Audit	286
Non-audit	53
<b>Total</b>	<b>339</b>

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

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

The Group has implemented a whistle-blowing policy, which provides employees and any other persons with channels through which they may report any concern, irregularity or improper act committed by another employee of the Group. The policy is endorsed by the AC and report(s) or concern(s) over wrongdoing or malpractice are made directly to the Chairman of the AC. All reports/complaints including the identity of the complainant will be treated as private and strictly confidential. 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. The AC is responsible for oversight and monitoring of whistle-blowing. In FY2021, there were no whistle-blowing instances reported to the AC or to any Directors.

# Corporate Governance

## **Audit Committee's Commentary on Significant Financial Reporting Matters**

The AC considered recognition of revenue from supermarket operations as a significant financial reporting matter. A significant percentage of the revenue from supermarket operations is received in cash and there is an inherent risk of misappropriation of cash.

The AC obtained an understanding of the key internal controls over the collection, custody and the recording of revenue and held discussions with the external auditors regarding the scope and results of the audit work on recognition of revenue including those received in cash.

The above significant reporting matter was also an area of focus for the external auditor in their audit report set out in this Annual Report.

### **Internal Audit**

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

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

## **COMMUNICATION WITH SHAREHOLDERS**

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

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

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

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

# Corporate Governance

In line with the Company's sustainability practices, all shareholders will receive the printed copies of the Notice of AGM, proxy form and Request Form for the printed copy of Annual Report. The Annual Report and notice of AGM will be sent to the shareholders by electronic means via publication on the Company's website at <https://corporate.shengsiong.com.sg/investors> and SGX website at <https://www.sgx.com/securities/company-announcements>. The notice of AGM is also advertised in the newspaper. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. The shareholders are also informed on the poll voting procedures at the general meetings.

The Constitution of the Company allows a member of the Company to appoint one or two proxies to attend and vote at general meetings instead of the member. Pursuant to Section 181 of the Companies Act 1967, members who are relevant intermediaries (as defined in Section 181 of the Companies Act 1967), which include banking corporations providing nominee services and holders of capital markets services licence providing custodial services for securities, are allowed to appoint more than two proxies.

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

The Company welcomes the views of shareholders on matters concerning the Group and encourages shareholders' participation at AGM. As the AGM held in 2021 was done virtually, shareholders were encouraged to ask questions in writing through a dedicated website and the Company had answered all the queries by posting the answers on the website and through SGXNET. Nonetheless, though the AGM was held virtually, all Directors, including the Chairman of each of the AC, NC and RC, and Management and the external auditors were in attendance. The attendance of the Directors at general meeting held in FY2021 is disclosed in the Annual Report on page 30.

Separate resolutions on substantive matters will be tabled, to avoid the "bundling" of resolutions and all resolutions are to be voted by poll, following which the detailed results showing, *inter alia*, the number of votes cast for and against each resolution and the respective percentages will be announced. The minutes of general meetings, which will typically include substantial comments or queries from shareholders and responses from the Board and Management, will be made available to shareholders upon written request. The minutes for the AGM held in FY2021 was published via SGXNET within one month from the date of the AGM.

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

The Board has recommended a final dividend of S\$0.031 per ordinary share for FY2021 which is subject to the shareholders' approval at the forthcoming AGM of the Company.

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

## Dealings in securities

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

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

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

# Corporate Governance

## Interested Person Transactions

The Company has established procedures to ensure that all interested persons transactions are carried out on normal commercial terms and do not prejudice the interests of the Company and its minority shareholders. Details of the interested person transactions entered into by the Group during FY2021 are set out below:

### INTERESTED PERSON TRANSACTIONS

From 1 January 2021 to 31 December 2021

Name of Interested Person(s)	Description of Interested Person Transactions	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
F M Food Court Pte. Ltd. <sup>(1)</sup> Lim Hock Eng Lim Hock Chee Lim Hock Leng	Sale of goods and services by Sheng Siong Group Ltd. to F M Food Court Pte. Ltd. <sup>(1)</sup>	34	–
Lim Hock Eng Lim Hock Chee Lim Hock Leng	Rent and utilities paid by F M Food Court Pte. Ltd. <sup>(1)</sup> to Sheng Siong Group for lease of operating space	1,473	–
E Land Properties Pte. Ltd. <sup>(1)</sup> Lim Hock Eng Lim Hock Chee Lim Hock Leng	Rent paid by Sheng Siong Group Ltd. to E Land Properties Pte. Ltd. <sup>(1)</sup> for lease and license of operating space	1,367	–
E Land Properties Pte. Ltd. <sup>(1)</sup> Lim Hock Eng Lim Hock Chee Lim Hock Leng	Utilities paid by Sheng Siong Group Ltd. to E Land Properties Pte. Ltd. <sup>(1)</sup> for lease of operating space	265	–
Sheng Siong Holdings Pte. Ltd. <sup>(2)</sup> Lim Hock Eng Lim Hock Chee Lim Hock Leng Lin Ruiwen	Purchase of gold to manufacture medallions to reward the long service employees	428	–

#### Notes:

- (1) These entities are associates of Messrs. Lim Hock Eng, Lim Hock Chee and Lim Hock Leng, the Executive Directors and controlling shareholders of Sheng Siong Group Ltd.
- (2) This entity is an associate of Messrs. Lim Hock Eng, Lim Hock Chee, Lim Hock Leng, the Executive Directors and controlling shareholders of Sheng Siong Group Ltd., and Ms. Lin Ruiwen an Executive Director of Sheng Siong Group Ltd.

## Material Contracts

Save as disclosed above, there were no other material contracts, which involve the interests of any Director and/or controlling shareholder, that were entered into by the Group during FY2021 and are still subsisting as at 31 December 2021, or were entered into since 31 December 2021.

# Directors' Statement

## 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 2021.

In our opinion:

- (a) the financial statements set out on pages 63 to 103 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 2021 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 Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

## Directors

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

Lim Hock Chee	
Lim Hock Eng	
Lim Hock Leng	
Tan Ling San	
Lin Ruiwen	
Tan Poh Hong	
Chee Teck Kwong Patrick	(Appointed on 29 July 2021)
Tan Huay Lim	(Appointed on 22 December 2021)
Ko Chuan Aun	(Appointed on 22 December 2021)
Cheng Li Hui	(Appointed on 22 December 2021)

# Directors' Statement

## Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967, 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 and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings in the name of the director		Other holdings in which the director is deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
<b>The Company</b>				
<b>Ordinary shares</b>				
Lim Hock Chee	138,374,100	138,374,100	725,707,100 <sup>(1)(2)</sup>	715,707,100 <sup>(1)(2)</sup>
Lim Hock Eng	137,400,000	137,400,000	724,574,100 <sup>(1)</sup>	714,574,100 <sup>(1)</sup>
Lim Hock Leng	137,400,000	127,400,000	724,574,100 <sup>(1)</sup>	724,574,100 <sup>(1)</sup>

### 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 1967:
- (a) Mr. Lim Hock Chee is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (274,800,000 shares and 264,800,000 shares as at 1 January 2021 and 31 December 2021 respectively); and (ii) SS Holdings (448,800,000 shares);
- (b) Mr. Lim Hock Eng is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (275,774,100 shares and 265,774,100 shares as at 1 January 2021 and 31 December 2021 respectively); and (ii) SS Holdings (448,800,000 shares); and
- (c) Mr. Lim Hock Leng is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (275,774,100 shares as at 1 January 2021 and 31 December 2021); and (ii) SS Holdings (448,800,000 shares).
- (2) Mr. Lim Hock Chee is also deemed to be interested in the 2,107,100 shares in Sheng Siong Group Ltd. held by his spouse, Mdm. Lee Moi Hong.

By virtue of Section 7 of the Companies Act 1967, Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng are deemed to have interests in the subsidiaries of the Company, all of which are wholly-owned, at the beginning and at the end of the financial year.

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

There were no other changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2022.

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.

## Long term incentive schemes

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

# Directors' Statement

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

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

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

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

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries;
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries; and
- (iii) no awards granted by the Company or its subsidiaries to any person under the Sheng Siong Share Award Scheme.

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

## Audit Committee

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

- Tan Huay Lim (Chairman), independent director (Appointed on 31 December 2021)
- Chee Teck Kwong Patrick, lead independent director (Appointed on 29 July 2021)
- Tan Poh Hong, independent director
- Ko Chuan Aun, independent director (Appointed on 31 December 2021)
- Cheng Li Hui, independent director (Appointed on 31 December 2021)
- Lee Teck Leng, Robson, non-executive director (Resigned on 30 June 2021)
- Jong Voon Hoo, independent director (Resigned on 31 December 2021)
- Goh Yeow Tin, independent director (Resigned on 31 December 2021)
- Francis Lee Fook Wah, independent director (Resigned on 31 December 2021)

The Audit Committee performs the functions specified in Section 201B of the Companies Act 1967, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance.

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

# Directors' Statement

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

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-ST Listing Manual.

## Auditors

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

On behalf of the Board of Directors

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**Lim Hock Chee**

*Director*

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**Lim Hock Eng**

*Director*

28 March 2022

# Independent Auditors' Report

Members of the Company  
Sheng Siong Group Ltd.

## Report on the audit of 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 2021, 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 the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 103.

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 Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 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**

### *The key audit matter*

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

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

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

### *Other information*

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

# Independent Auditors' Report

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 Companies Act 1967 and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

## *Auditors' responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# Independent Auditors' Report

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Companies Act 1967 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 Companies Act 1967.

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

## KPMG LLP

Public Accountants and  
Chartered Accountants

## Singapore

28 March 2022

# Statements Of Financial Position

As at 31 December 2021

	Note	Group		Company	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
Property, plant and equipment	4	302,883	291,588	–	–
Right-of-use assets	4	79,505	48,711	–	–
Investment in subsidiaries	5	–	–	82,261	82,261
<b>Non-current assets</b>		<b>382,388</b>	<b>340,299</b>	<b>82,261</b>	<b>82,261</b>
Inventories	6	98,383	77,911	–	–
Trade and other receivables	7	11,604	19,949	200,721	199,300
Cash and cash equivalents	8	246,642	253,901	308	274
<b>Current assets</b>		<b>356,629</b>	<b>351,761</b>	<b>201,029</b>	<b>199,574</b>
<b>Total assets</b>		<b>739,017</b>	<b>692,060</b>	<b>283,290</b>	<b>281,835</b>
<b>Equity</b>					
Share capital	9	235,373	235,373	235,373	235,373
Merger reserve	10	(68,234)	(68,234)	–	–
Foreign currency translation reserve		(98)	3	–	–
Accumulated profits		246,365	205,248	47,551	46,083
<b>Equity attributable to owners of the Company</b>		<b>413,406</b>	<b>372,390</b>	<b>282,924</b>	<b>281,456</b>
<b>Non-controlling interest</b>		<b>2,916</b>	<b>2,709</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>416,322</b>	<b>375,099</b>	<b>282,924</b>	<b>281,456</b>
<b>Liabilities</b>					
Term loan	11	–	15,000	–	–
Lease liabilities	12	48,945	23,129	–	–
Deferred tax liabilities	13	3,229	3,615	–	–
<b>Non-current liabilities</b>		<b>52,174</b>	<b>41,744</b>	<b>–</b>	<b>–</b>
Trade and other payables	14	212,391	208,089	361	379
Current tax payable		25,381	29,754	5	–
Term loan	11	5,000	15,000	–	–
Lease liabilities	12	27,749	22,374	–	–
<b>Current liabilities</b>		<b>270,521</b>	<b>275,217</b>	<b>366</b>	<b>379</b>
<b>Total liabilities</b>		<b>322,695</b>	<b>316,961</b>	<b>366</b>	<b>379</b>
<b>Total equity and liabilities</b>		<b>739,017</b>	<b>692,060</b>	<b>283,290</b>	<b>281,835</b>

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 2021

	Note	2021 \$'000	2020 \$'000
Revenue	15	1,369,760	1,393,998
Cost of sales		(976,468)	(1,012,140)
<b>Gross profit</b>		<b>393,292</b>	<b>381,858</b>
Other income		12,110	41,243
Selling and distribution expenses		(7,576)	(7,222)
Administrative expenses		(230,237)	(245,159)
Other expenses		(5,358)	(4,580)
<b>Results from operating activities</b>		<b>162,231</b>	<b>166,140</b>
Finance income	16	1,115	984
Finance expenses	16	(2,364)	(2,016)
<b>Profit before tax</b>		<b>160,982</b>	<b>165,108</b>
Tax expense	18	(27,874)	(25,975)
<b>Profit for the year</b>	17	<b>133,108</b>	<b>139,133</b>
<b>Profit attributable to:</b>			
Owners of the Company		132,833	138,650
Non-controlling interest		275	483
<b>Profit for the year</b>		<b>133,108</b>	<b>139,133</b>
<b>Other comprehensive income</b>			
<b>Item that is or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences – foreign operations		(169)	293
<b>Total comprehensive income for the year</b>		<b>132,939</b>	<b>139,426</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		132,732	138,826
Non-controlling interest		207	600
Total comprehensive income for the year		132,939	139,426
<b>Earnings per share</b>			
- Basic and diluted (cents)	19	8.83	9.22

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

# Consolidated Statement Of Changes In Equity

Year ended 31 December 2021

	Attributable to owners of the Company						Non-controlling interest \$'000	Total equity \$'000
	Share capital \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000			
<b>Group</b>								
At 1 January 2020	235,373	(68,234)	(173)	146,285	313,251	2,109	315,360	
<b>Total comprehensive income for the year</b>								
Profit for the year	–	–	–	138,650	138,650	483	139,133	
<b>Other comprehensive income</b>								
Foreign currency translation differences	–	–	176	–	176	117	293	
<b>Total comprehensive income for the year</b>	–	–	176	138,650	138,826	600	139,426	
<b>Transaction with owners, recognised directly in equity</b>								
<b>Distribution to owners of the Company</b>								
Dividends paid (Note 9)	–	–	–	(79,687)	(79,687)	–	(79,687)	
<b>Total transaction with owners</b>	–	–	–	(79,687)	(79,687)	–	(79,687)	
<b>At 31 December 2020</b>	<b>235,373</b>	<b>(68,234)</b>	<b>3</b>	<b>205,248</b>	<b>372,390</b>	<b>2,709</b>	<b>375,099</b>	
<b>At 1 January 2021</b>	<b>235,373</b>	<b>(68,234)</b>	<b>3</b>	<b>205,248</b>	<b>372,390</b>	<b>2,709</b>	<b>375,099</b>	
<b>Total comprehensive income for the year</b>								
Profit for the year	–	–	–	132,833	132,833	275	133,108	
<b>Other comprehensive income</b>								
Foreign currency translation differences	–	–	(101)	–	(101)	(68)	(169)	
<b>Total comprehensive income for the year</b>	–	–	(101)	132,833	132,732	207	132,939	
<b>Transaction with owners, recognised directly in equity</b>								
<b>Distribution to owners of the Company</b>								
Dividends paid (Note 9)	–	–	–	(91,716)	(91,716)	–	(91,716)	
<b>Total transaction with owners</b>	–	–	–	(91,716)	(91,716)	–	(91,716)	
<b>At 31 December 2021</b>	<b>235,373</b>	<b>(68,234)</b>	<b>(98)</b>	<b>246,365</b>	<b>413,406</b>	<b>2,916</b>	<b>416,322</b>	

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

# Consolidated Statement Of Cash Flows

Year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Operating activities</b>			
Profit for the year		133,108	139,133
Adjustments for:			
Depreciation of:			
– property, plant and equipment	4	20,435	20,675
– right-of-use assets	4	31,179	29,910
(Gain)/Loss on disposal of property, plant and equipment	17	(205)	124
Gain on disposal of right-of-use assets	17	(14)	–
Unrealised exchange gain		(465)	(58)
Interest income	16	(1,115)	(984)
Interest expense	16	2,364	2,016
Tax expense	18	27,874	25,975
		<u>213,161</u>	<u>216,791</u>
Changes in:			
– inventories		(20,472)	4,255
– trade and other receivables		8,345	(1,968)
– trade and other payables		4,302	67,323
<b>Cash generated from operations</b>		<u>205,336</u>	<u>286,401</u>
Taxes paid		(32,633)	(12,253)
<b>Cash flows from operating activities</b>		<u>172,703</u>	<u>274,148</u>
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		263	30
Purchase of property, plant and equipment		(31,693)	(17,131)
Interest received		1,115	984
<b>Cash flows used in investing activities</b>		<u>(30,315)</u>	<u>(16,117)</u>
<b>Financing activities</b>			
Dividends paid		(91,716)	(79,687)
(Repayment)/Proceeds from borrowings		(25,000)	30,000
Payment of lease liabilities		(31,003)	(29,197)
Interest paid on lease liabilities		(2,158)	(2,016)
<b>Cash flows used in financing activities</b>		<u>(149,877)</u>	<u>(80,900)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(7,489)	177,131
Cash and cash equivalents at beginning of the year		253,901	76,419
Effect of exchange rate changes on balances held in foreign currencies		230	351
<b>Cash and cash equivalents at end of the year</b>	8	<u>246,642</u>	<u>253,901</u>

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 28 March 2022.

## 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 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

## 2 Basis of preparation

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The changes to significant account policies are described in Note 2.5.

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

### 2.4 Use of estimates and judgements

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

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

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

### 2.5 Changes in accounting policies

#### Classification of property, plant and equipment / right-of-use assets

Property, plant and equipment and right-of-use assets were aggregated and presented as a single financial statement caption as 'property, plant and equipment' in the consolidated statement of financial position of the Group as at 31 December 2020. As at 31 December 2021, property, plant and equipment and right-of-use assets are disaggregated and presented separately as 'property, plant and equipment' and 'right-of-use assets'.

#### New standards and amendments

The Group has applied the following SFRS(I)s, amendments to SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions* (Amendments to SFRS(I) 16)
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFS(I) 16)

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

# Notes To The Financial Statements

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

### 3.1 Basis of consolidation

#### (i) Acquisitions of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholders that controls 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; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

#### (ii) Subsidiaries

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

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

#### (iii) Non-controlling interest

NCI 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. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### (iv) Loss of control

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

#### (v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.1 Basis of consolidation (cont'd)

#### (vi) Subsidiaries in the separate financial statements

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

### 3.2 Foreign currency

#### (i) Foreign currency transactions

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

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

#### (ii) Foreign operations

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

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

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.3 Property, plant and equipment

#### (i) Recognition and measurement

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

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

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

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

If significant 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.

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

#### (ii) 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.

#### (iii) 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)

#### (iii) Depreciation (cont'd)

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

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

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

### 3.4 Financial instruments

#### (i) Recognition and initial measurement

##### Non-derivative financial assets and financial liabilities

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

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

#### (ii) Classification and subsequent measurement

##### Non-derivative financial assets

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

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.4 Financial instruments (cont'd)

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

##### *Financial assets at amortised cost*

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

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

##### **Financial assets: Business model assessment**

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

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

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

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

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.4 Financial instruments (cont'd)

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

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

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

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

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

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

###### ***Financial assets at amortised cost***

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

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

Financial liabilities are classified as measured at amortised cost.

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.4 Financial instruments (cont'd)

#### (iii) Derecognition

##### Financial assets

The Group derecognises a financial asset when:

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

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

##### Financial liabilities

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

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

#### (iv) Offsetting

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

#### (v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

#### (vi) Share capital

##### Ordinary shares

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

##### Dividends

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.5 Leases

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

#### (i) As a lessee

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

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

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

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

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

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

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

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

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.5 Leases (cont'd)

#### (i) As a lessee (cont'd)

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

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

#### *Short-term leases and leases of low-value assets*

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

#### (ii) As a lessor

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

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

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

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

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

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

### 3.6 Inventories

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.7 Impairment

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

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

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

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

#### ***Simplified approach***

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

#### ***General approach***

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

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.7 Impairment (cont'd)

#### **Non-derivative financial assets (cont'd)**

##### ***Measurement of ECLs***

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

##### ***Credit-impaired financial assets***

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

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

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

##### ***Presentation of allowance for ECLs in the statements of financial position***

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

##### ***Write-off***

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

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

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

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.7 Impairment (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

#### (i) 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.

#### (ii) Short-term employee benefits

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

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

### 3.9 Revenue

#### *Supermarket operations*

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.10 Other income

#### (i) 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.

#### (ii) Government grants

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

### 3.11 Finance income and finance costs

The Group's finance income and finance costs include:

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

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

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

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

### 3.12 Tax expense

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

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.12 Tax expense (cont'd)

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

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

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

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

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

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

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

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

### 3.13 Earnings per share

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

# Notes To The Financial Statements

## 3 Significant accounting policies (cont'd)

### 3.14 Segment reporting

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

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

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

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

### 3.15 New standards and interpretations not adopted

The Group has not adopted the following standards and interpretations applicable to the Group that have been issued but are not yet effective.

Management anticipates that the adoption of the new standards and interpretations will not have a material impact on the financial statements of the Group in the period of their initial adoption.

- SFRS(I) 17 *Insurance Contracts* and amendments to SFRS(I) 17 *Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to SFRS(I) 16)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, plant and equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Annual Improvements to SFRS(I)s 2018-2020*
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to SFRS(I) 1-12)

## 4 Property, plant and equipment / Right-of-use assets

	2021 \$'000	2020 \$'000
<b>Group</b>		
Property, plant and equipment owned	302,883	291,588
Right-of-use assets	79,505	48,711
	<u>382,388</u>	<u>340,299</u>

# Notes To The Financial Statements

## 4 Property, plant and equipment / Right-of-use assets (cont'd)

(a) Property, plant and equipment owned

Group	Leasehold land and properties \$'000	Renovations \$'000	Plant and machinery \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Computers \$'000	Solar panels \$'000	Cold room \$'000	Construction in-progress \$'000	Total \$'000
<b>Cost</b>										
At 1 January 2020	256,014	21,229	70,314	5,619	11,750	16,708	3,766	6,389	19,719	411,508
Additions	18,220	1,972	10,969	1,019	986	1,496	-	2,188	(19,719)	17,131
Disposals	-	(157)	(5,868)	(198)	(105)	(622)	-	-	-	(6,950)
At 31 December 2020	274,234	23,044	75,415	6,440	12,631	17,582	3,766	8,577	-	421,689
Additions	19,552	4,016	4,511	115	1,349	1,890	-	192	68	31,693
Disposals	-	-	(1,075)	(56)	(1,278)	(16)	-	-	-	(2,425)
Adjustment	-	371	609	12	83	134	-	-	-	1,209
Effect of movements in exchange rates	-	153	54	-	4	32	-	-	-	243
At 31 December 2021	293,786	27,584	79,514	6,511	12,789	19,622	3,766	8,769	68	452,409
<b>Accumulated depreciation</b>										
At 1 January 2020	20,204	14,207	47,863	4,786	9,188	11,715	1,883	6,376	-	116,222
Depreciation	3,939	2,515	8,892	435	928	3,219	377	370	-	20,675
Disposals	-	(158)	(5,738)	(176)	(103)	(621)	-	-	-	(6,796)
At 31 December 2020	24,143	16,564	51,017	5,045	10,013	14,313	2,260	6,746	-	130,101
Depreciation	4,100	2,831	8,587	409	1,019	2,636	377	476	-	20,435
Disposals	-	-	(1,040)	(50)	(1,261)	(16)	-	-	-	(2,367)
Adjustment	-	371	609	12	83	134	-	-	-	1,209
Effect of movements in exchange rates	-	89	27	-	1	31	-	-	-	148
At 31 December 2021	28,243	19,855	59,200	5,416	9,855	17,098	2,637	7,222	-	149,526
<b>Carrying amounts</b>										
At 1 January 2020	235,810	7,022	22,451	833	2,562	4,993	1,883	13	19,719	295,286
At 31 December 2020	250,091	6,480	24,398	1,395	2,618	3,269	1,506	1,831	-	291,588
At 31 December 2021	265,543	7,729	20,314	1,095	2,934	2,524	1,129	1,547	68	302,883

# Notes To The Financial Statements

## 4 Property, plant and equipment / Right-of-use assets (cont'd)

### (b) Right-of-use assets

Right-of-use assets relate to leasehold land and properties of which the Group is a lessee.

	Leasehold land and properties	
	2021	2020
	\$'000	\$'000
<b>Group</b>		
Balance at 1 January	48,711	60,903
Additions	62,464	17,787
Depreciation	(31,179)	(29,910)
Disposal	(536)	(69)
Effect of movements in exchange rates	45	–
Balance at 31 December	79,505	48,711

The Group's major leasehold properties owned as at 31 December 2021 are as follows:

Location	Description	Tenure	Floor area (sq. m.)
Blk 4, Lorong 7 Toa Payoh, #01-107 Singapore 310004	1 HDB shop unit	55 years commencing 24 September 2013	219
Blk 506 Tampines Central 1 #01-361 Singapore 520506	3 storey shopping mall*	75 years commencing 31 December 2014	3,876
18 Yishun Avenue 9 Singapore 768897	6 units in shopping mall*	96 years commencing 31 March 2016	1,727
209 New Upper Changi Road #01-631 Singapore 460209	1 HDB shop unit*	62 years commencing 20 May 2016	2,844
Blk 118 Aljunied Avenue 2 #01-100 Singapore 380118	1 HDB shop unit on 1 <sup>st</sup> and 2 <sup>nd</sup> floor	60 years commencing 26 December 2019	2,717
6 Mandai Link, Singapore 728652	4 storey warehouse with ancillary offices	30 years commencing in 2009, with an option to extend for a further 30 years	59,549 <sup>3</sup>
Woodlands Road <sup>1</sup>	Leasehold land	22 years commencing in 2016 <sup>2</sup>	
Blk 4, Lorong 7 Toa Payoh, #01-113 Singapore 310004	1 HDB shop unit*	47 years commencing 26 Jan 2021	130
1 Jalan Berseh New World Centre Singapore 209037	22 units in shopping mall	72 years commencing 30 October 2021	1,790

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

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

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

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

# Notes To The Financial Statements

## 5 Investment in subsidiaries

	Company	
	2021	2020
	\$'000	\$'000
Equity investments, at cost	82,261	82,261

The subsidiaries of the Company are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2021	2020
			%	%
Sheng Siong Supermarket Pte Ltd <sup>1</sup>	Supermarket operations	Singapore	100	100
CMM Marketing Management Pte Ltd <sup>1</sup>	Trading of general and wholesale importers and exports	Singapore	100	100
Sheng Siong Supermarket Sdn. Bhd. <sup>2</sup>	Dormant	Malaysia	100	100
Sheng Siong (China) Supermarket Co., Ltd. <sup>2</sup>	Supermarket operations	China	60	60

KPMG LLP is the auditor of all significant subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Listing Manual of the Singapore Exchange Securities Trading Limited if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

1 Audited by KPMG LLP, Singapore.

2 Audited by other certified public accountants.

## 6 Inventories

	Group	
	2021	2020
	\$'000	\$'000
Goods for resale	98,383	77,911

In 2021, changes in goods for resale recognised in cost of sales amounted to \$939,916,000 (2020: \$968,422,000).

# Notes To The Financial Statements

## 7 Trade and other receivables

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables	7,468	10,405	–	–
Amounts due from related parties (trade)	–	12	–	–
Amounts due from subsidiaries:				
- non-trade	–	–	154,011	136,594
- dividend receivable	–	–	46,700	62,700
Other receivables	617	1,759	–	–
Grant receivable	–	2,386	–	–
Deposits	1,859	3,409	–	–
	9,944	17,971	200,711	199,294
Prepayments	1,660	1,978	10	6
	11,604	19,949	200,721	199,300

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

The grant receivable relates to the Jobs Support Scheme given by the Singapore Government as part of the COVID-19 relief measures to provide wage support to employers to help retain their employees during the period of economic uncertainty. The grant was received in 2021.

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

## 8 Cash and cash equivalents

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash in hand	11,248	12,172	*	*
Cash at banks	42,924	12,007	308	274
Fixed deposits	192,470	229,722	–	–
	246,642	253,901	308	274

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

Fixed deposits are placed with banks in Singapore and China with interest rates of 0.08% to 3.32% (2020: 0.01% to 2.0%).

# Notes To The Financial Statements

## 9 Share capital

	2021		2020	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'000
In issue at 1 January and 31 December	1,503,537	235,373	1,503,537	235,373

### Ordinary shares

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

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

### Dividends

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

	2021 \$'000	2020 \$'000
<i>Ordinary dividends paid in respect of the financial year ended 2019</i>		
<b>Final cash dividend of 1.80 cents per ordinary share</b>	–	27,063
<i>Ordinary dividends paid in respect of the financial year ended 2020</i>		
<b>Interim cash dividend of 3.50 cents per ordinary share</b>	–	52,624
<b>Final cash dividend of 3.00 cents per ordinary share</b>	45,106	–
<i>Ordinary dividends paid in respect of the financial year ended 2021</i>		
<b>Interim cash dividend of 3.10 cents per ordinary share</b>	46,610	–
	<u>91,716</u>	<u>79,687</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 3.10 cents per share (2020: exempt (one-tier) final dividend of 3.00 cents per share) amounting to an estimated amount of \$46.6 million (2020: \$45.1 million) in respect of the year ended 31 December 2021. 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 2021 approximates 70.2% (2020: 70.5%) of the Group's net profit attributable to owners of the Company.

# Notes To The Financial Statements

## 9 Share capital (cont'd)

### *Capital management*

The Group defines capital as share capital and accumulated profits.

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

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

## 10 Merger reserve

Merger reserve represents the difference between the nominal value of shares of \$78.2 million issued by the Company in exchange for the nominal value of shares of subsidiaries totalling \$10 million acquired during the restructuring exercise, which was accounted for as a business combination under common control.

## 11 Term loan

	Group	
	2021 \$'000	2020 \$'000
Unsecured term loan		
Non-current	–	15,000
Current	5,000	15,000
	<u>5,000</u>	<u>30,000</u>

The unsecured term loan of \$30.0 million was granted by a government agency in June 2020, of which \$10.0 million and \$15.0 million were repaid in June 2021 and December 2021 respectively.

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

# Notes To The Financial Statements

## 11 Term loan (cont'd)

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

	Liabilities		Total \$'000
	Lease liabilities \$'000	Unsecured term loan \$'000	
<b>Balance at 1 January 2020</b>	56,982	–	56,982
<b>Changes from financing cash flows</b>			
Payment of lease liabilities	(29,197)	–	(29,197)
Interest paid	(2,016)	–	(2,016)
Proceeds from borrowings	–	30,000	30,000
<b>Total changes from financing cash flows</b>	<b>(31,213)</b>	<b>30,000</b>	<b>(1,213)</b>
<b>Non-cash changes</b>			
New leases	17,787	–	17,787
Disposal	(69)	–	(69)
Interest expense	2,016	–	2,016
<b>Total non-cash changes</b>	<b>19,734</b>	<b>–</b>	<b>19,734</b>
<b>Balance at 31 December 2020</b>	<b>45,503</b>	<b>30,000</b>	<b>75,503</b>
<b>Balance at 1 January 2021</b>	<b>45,503</b>	<b>30,000</b>	<b>75,503</b>
<b>Changes from financing cash flows</b>			
Payment of lease liabilities	(31,003)	–	(31,003)
Interest paid	(2,158)	–	(2,158)
Repayment of borrowings	–	(25,000)	(25,000)
<b>Total changes from financing cash flows</b>	<b>(33,161)</b>	<b>(25,000)</b>	<b>(58,161)</b>
<b>Non-cash changes</b>			
New leases	62,464	–	62,464
Disposals	(550)	–	(550)
Interest expense	2,364	–	2,364
Effects of movement in exchange rates	74	–	74
<b>Total non-cash changes</b>	<b>64,352</b>	<b>–</b>	<b>64,352</b>
<b>Balance at 31 December 2021</b>	<b>76,694</b>	<b>5,000</b>	<b>81,694</b>

# Notes To The Financial Statements

## 12 Lease liabilities

The Group leases land and properties which includes shop outlets. The leases typically run for a period of 3 to 60 years, some with an option to renew subject to certain terms and conditions on expiry.

The Group leases certain shop outlets with contract terms of 1 year or less. The Group has elected not to recognise these as right-of-use assets and lease liabilities for these leases in accordance with SFRS(I) 16 *Leases*.

	Group	
	2021	2020
	\$'000	\$'000
Non-current	48,945	23,129
Current	27,749	22,374
	76,694	45,503

### Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

	Currency	Nominal interest rate %	Year of maturity	2021		2020	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Lease liabilities	SGD	3.7%	2022 - 2069	77,781	69,802	48,966	42,368
Lease liabilities	CNY	5.5%	2022 - 2036	9,672	6,892	4,199	3,135
				87,453	76,694	53,165	45,503

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

### i. Amounts recognised in profit or loss

	Group	
	2021	2020
	\$'000	\$'000
Interest on lease liabilities	(2,364)	(2,016)
Income from sub-leasing right-of-use assets presented in 'other income'	1,458	1,183
Expenses relating to short-term leases	(3,168)	(3,043)
	(3,074)	(3,876)

# Notes To The Financial Statements

## 12 Lease liabilities (cont'd)

### ii. Amounts recognised in consolidated statement of cash flows

	Group	
	2021 \$'000	2020 \$'000
Total cash outflow for leases	33,161	31,213

### iii. Extension options

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

The Group assumed that condition for extension of its leased land at 6 Mandai Link granted by the lessor for an additional 30 years commencing from 10 January 2039 will be met, and the Group used the current rent in calculating the lease liabilities for the additional 30 years which amounted to \$5,107,000.

#### Leases as lessor

##### Operating lease

The Group sub-leases a number of excess outlet space to third parties under operating leases. The leases typically run for an initial period of one to three years. The Group also leases its property to third parties under operating leases. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from property and property sub-lease recognised by the Group during 2021 was \$2,939,000 (2020: \$2,081,000).

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

	Group	
	2021 \$'000	2020 \$'000
Less than one year	1,759	1,585
One to two years	1,259	458
Two to three years	732	233
<b>Total</b>	<b>3,750</b>	<b>2,276</b>

## 13 Deferred tax liabilities

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

	At 1 January 2020 \$'000	Recognised in profit or loss (Note 18) \$'000	At 31 December 2020 \$'000	Recognised in profit or loss (Note 18) \$'000	At 31 December 2021 \$'000
<b>Group</b>					
Property, plant and equipment	3,042	573	3,615	(386)	3,229

# Notes To The Financial Statements

## 14 Trade and other payables

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade payables	123,936	114,582	–	–
Amounts due to:				
– related parties (trade)	25	21	–	–
– directors	929	1,038	300	300
Other payables	9,541	9,323	5	5
Deposits received	1,149	1,214	–	–
Accrued expenses	70,695	78,412	56	74
	206,275	204,590	361	379
Advances received from suppliers	6,116	3,499	–	–
	212,391	208,089	361	379

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

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

## 15 Revenue

	Group	
	2021 \$'000	2020 \$'000
Supermarket operations	1,369,760	1,393,998

## 16 Finance income and finance expense

	Group	
	2021 \$'000	2020 \$'000
Interest income received/receivable from:		
– financial institutions	1,115	984
Lease liabilities:		
– interest expense	(2,364)	(2,016)

# Notes To The Financial Statements

## 17 Profit for the year

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

	Group	
	2021 \$'000	2020 \$'000
Audit fees paid/payable to auditors of the Group	(286)	(285)
Non-audit fees paid/payable to auditors of the Group	(53)	(20)
Short-term lease expense	(3,168)	(3,043)
Operating lease income	2,939	2,081
Depreciation of:		
– property, plant and equipment	(20,435)	(20,675)
– right-of-use assets	(31,179)	(29,910)
Gain/(loss) on disposal of plant and equipment	205	(124)
Gain on disposal of right-of-use assets	14	–
Sales of recyclable items	2,841	1,514
Exchange gain, net	629	1,326
Government grants	4,806	34,804
Staff costs	(193,122)	(208,494)
Contributions to defined contribution plans, included in staff costs	(7,339)	(6,382)

## 18 Tax expense

	Note	Group	
		2021 \$'000	2020 \$'000
<b>Current tax expense</b>			
Current year		29,020	24,821
(Over)/Under provided in prior years		(760)	581
		28,260	25,402
<b>Deferred tax expense</b>			
Origination and reversal of temporary differences	13	(386)	573
<b>Total tax expense</b>		27,874	25,975
<b>Reconciliation of effective tax rate</b>			
Profit before tax		160,982	165,108
Tax expense using Singapore tax rate of 17% (2020: 17%)		27,367	28,068
Tax exempt income		(702)	(3,674)
Expenses not deductible for tax purposes		1,898	1,030
Effect of tax rates in foreign jurisdictions		71	–
(Over)/Under provision in respect of prior years		(760)	581
Tax rebate		–	(30)
		27,874	25,975

# Notes To The Financial Statements

## 19 Earnings per share

	Group	
	2021 \$'000	2020 \$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	132,833	138,650

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

There were no potential dilutive ordinary shares in existence for the financial years ended 31 December 2021 and 2020.

## 20 Segment reporting

The Group operates in one segment which relates to the provision of supermarket supplies and supermarket operations. The Group's operations are mainly located in Singapore. The overseas subsidiaries' operations are not significant for the financial years ended 31 December 2021 and 2020.

## 21 Commitments

### (a) Capital commitments

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

	Group	
	2021 \$'000	2020 \$'000
Approved capital expenditure	3,965	3,547

### (b) Investment

As at 31 December 2021, the Group has an outstanding commitment of uncalled capital contribution of US\$3 million (approximately \$4 million) (2020: US\$3 million (approximately \$4 million)) in respect of investment in Sheng Siong (China) Supermarket Co., Ltd.

# Notes To The Financial Statements

## 22 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.

### *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, and key executives are considered as key management personnel of the Group. The amounts stated below for key management compensation are for all the directors and key executives.

Key management personnel compensation included in staff costs, comprises:

	Group	
	2021	2020
	\$'000	\$'000
Short-term employee benefits (including defined contribution plans)	26,590	27,718
Directors' fees	520	520
	<u>27,110</u>	<u>28,238</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:

	2021	2020
	\$'000	\$'000
<b>Corporations in which directors of the Group have substantial financial interests</b>		
Sales	24	37
Operating lease and utilities expenses	(2,306)	(2,140)
Operating lease and utilities income	414	437
Reimbursement of expenses	<u>(428)</u>	<u>(470)</u>

# Notes To The Financial Statements

## 23 Financial risk management

### *Overview*

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

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

### *Credit risk*

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

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

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

The impairment losses recognised on the financial assets for both 2021 and 2020 is insignificant.

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

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

### *Expected credit loss assessment for trade receivables (lifetime ECL)*

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

# Notes To The Financial Statements

## 23 Financial risk management (cont'd)

### Credit risk (cont'd)

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

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

	Group	
	Carrying amount \$'000	Credit impaired
<b>2021</b>		
Neither past due nor impaired	6,849	No
Past due 0 – 30 days	446	No
Past due 31 – 60 days	99	No
Past due more than 60 days	74	No
Past due more than 90 days	–	N/A
	7,468	
<b>2020</b>		
Neither past due nor impaired	8,739	No
Past due 0 – 30 days	1,633	No
Past due 31 – 60 days	8	No
Past due more than 60 days	9	No
Past due more than 90 days	28	No
	10,417	

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

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

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

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

The Company held non-trade receivables from its subsidiaries of \$200,711,000 (2020: \$199,294,000). These are loans to subsidiaries to satisfy their funding requirements. The Company considers that these exposures have low credit risks as there has been no significant increase in the risk of default on the non-trade amounts due from subsidiaries since initial recognition. The amount of the allowance is negligible.

# Notes To The Financial Statements

## 23 Financial risk management (cont'd)

### Credit risk (cont'd)

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

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

### Liquidity risk

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

### Exposure to liquidity risk

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

	Cash flows				
	Carrying amount \$'000	Expected contractual cash flows \$'000	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
<b>Group</b>					
<b>31 December 2021</b>					
<b>Non-derivative financial liabilities</b>					
Unsecured term loan	5,000	(5,000)	(5,000)	–	–
Trade and other payables*	206,275	(206,275)	(206,275)	–	–
Lease liabilities	76,694	(87,453)	(30,026)	(41,041)	(16,386)
	<b>287,969</b>	<b>(298,728)</b>	<b>(241,301)</b>	<b>(41,041)</b>	<b>(16,386)</b>
<b>31 December 2020</b>					
<b>Non-derivative financial liabilities</b>					
Unsecured term loan	30,000	(30,000)	(15,000)	(15,000)	–
Trade and other payables*	204,590	(204,590)	(204,590)	–	–
Lease liabilities	45,503	(53,165)	(23,500)	(16,652)	(13,013)
	<b>280,093</b>	<b>(287,755)</b>	<b>(243,090)</b>	<b>(31,652)</b>	<b>(13,013)</b>
<b>Company</b>					
<b>31 December 2021</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables*	361	(361)	(361)	–	–
<b>31 December 2020</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables*	379	(379)	(379)	–	–

\* Excludes advances received from suppliers.

# Notes To The Financial Statements

## 23 Financial risk management (cont'd)

### Market risk

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

### 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 United States dollars ("USD"), Euro ("EUR"), Australian dollars ("AUD"), New Zealand dollars ("NZD") and Chinese yuan ("CNY").

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:

	USD \$'000	EUR \$'000	AUD \$'000	NZD \$'000	CNY \$'000
<b>Group</b>					
<b>31 December 2021</b>					
Cash and cash equivalents	1,591	326	137	233	6
Trade payables	(1,097)	(1)	(775)	–	(27)
Net exposure	494	325	(638)	233	(21)
<b>31 December 2020</b>					
Cash and cash equivalents	12	19	611	271	6
Trade payables	(3,366)	(56)	(724)	–	–
Net exposure	(3,354)	(37)	(113)	271	6

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 2020.

# Notes To The Financial Statements

## 23 Financial risk management (cont'd)

### *Foreign currency risk (cont'd)*

#### *Sensitivity analysis (cont'd)*

	Profit before tax	
	2021	2020
	\$'000	\$'000
<b>Group</b>		
USD	49	(335)
EUR	33	(3)
AUD	(64)	(11)
NZD	23	27
CNY	(2)	1

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

### *Interest rate risk*

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

### *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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

# Notes To The Financial Statements

## 23 Financial risk management (cont'd)

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

	Note	Carrying amount		Total \$'000
		Amortised cost \$'000	Other financial liabilities \$'000	
<b>Group</b>				
<b>31 December 2021</b>				
<b>Financial assets not measured at fair value</b>				
Trade and other receivables*	7	9,944	–	9,944
Cash and cash equivalents	8	246,642	–	246,642
		<u>256,586</u>	<u>–</u>	<u>256,586</u>
<b>Financial liabilities not measured at fair value</b>				
Unsecured term loan	11	–	(5,000)	(5,000)
Lease liabilities	12	–	(76,694)	(76,694)
Trade and other payables**	14	–	(206,275)	(206,275)
		<u>–</u>	<u>(287,969)</u>	<u>(287,969)</u>
<b>Group</b>				
<b>31 December 2020</b>				
<b>Financial assets not measured at fair value</b>				
Trade and other receivables*	7	17,971	–	17,971
Cash and cash equivalents	8	253,901	–	253,901
		<u>271,872</u>	<u>–</u>	<u>271,872</u>
<b>Financial liabilities not measured at fair value</b>				
Unsecured term loan	11	–	(30,000)	(30,000)
Lease liabilities	12	–	(45,503)	(45,503)
Trade and other payables**	14	–	(204,590)	(204,590)
		<u>–</u>	<u>(280,093)</u>	<u>(280,093)</u>

\* Excludes prepayments.

\*\* Excludes advances received from suppliers.

# Notes To The Financial Statements

## 23 Financial risk management (cont'd)

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

	Note	Carrying amount		Total \$'000
		Amortised cost \$'000	Other financial liabilities \$'000	
<b>Company</b>				
<b>31 December 2021</b>				
<b>Financial assets not measured at fair value</b>				
Trade and other receivables*	7	200,711	–	200,711
Cash and cash equivalents	8	308	–	308
		<u>201,019</u>	<u>–</u>	<u>201,019</u>
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables**	14	–	(361)	(361)
<b>31 December 2020</b>				
<b>Financial assets not measured at fair value</b>				
Trade and other receivables*	7	199,294	–	199,294
Cash and cash equivalents	8	274	–	274
		<u>199,568</u>	<u>–</u>	<u>199,568</u>
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables**	14	–	(379)	(379)

\* Excludes prepayments.

\*\* Excludes advances received from suppliers.

### Estimation of fair values

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

#### Unsecured term loan

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

In 2020, the fair value of the unsecured term loan is \$28 million.

#### Other financial assets and liabilities

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

# Notes To The Financial Statements

## 23 Financial risk management (cont'd)

### *Valuation techniques and unobservable inputs*

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

### Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>Group</b>			
<b>31 December 2020</b>			
Unsecured term loan	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	Discount rate: 3.0%	The estimated fair value varies inversely against the discount rate.

# 财务报表—财务状况表

截至2021年12月31日

	备注	集团		公司	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>资产</b>					
房地产、厂房与器材	4	302,883	291,588	—	—
租赁资产	4	79,505	48,711	—	—
于子公司的投资	5	—	—	82,261	82,261
<b>非流动资产</b>		<b>382,388</b>	<b>340,299</b>	<b>82,261</b>	<b>82,261</b>
库存	6	98,383	77,911	—	—
贸易和其它应收账款	7	11,604	19,949	200,721	199,300
银行结余和现金	8	246,642	253,901	308	274
<b>流动资产</b>		<b>356,629</b>	<b>351,761</b>	<b>201,029</b>	<b>199,574</b>
<b>总资产</b>		<b>739,017</b>	<b>692,060</b>	<b>283,290</b>	<b>281,835</b>
<b>权益</b>					
股本	9	235,373	235,373	235,373	235,373
储备	10	(68,234)	(68,234)	—	—
外汇兑换储备		(98)	3	—	—
累计盈利		246,365	205,248	47,551	46,083
<b>可归属股东的权益</b>		<b>413,406</b>	<b>372,390</b>	<b>282,924</b>	<b>281,456</b>
<b>非控股权益</b>		<b>2,916</b>	<b>2,709</b>	<b>—</b>	<b>—</b>
<b>总权益</b>		<b>416,322</b>	<b>375,099</b>	<b>282,924</b>	<b>281,456</b>
<b>负债</b>					
定期贷款	11	—	15,000	—	—
租赁负债	12	48,945	23,129	—	—
递延税款负债	13	3,229	3,615	—	—
<b>非流动负债</b>		<b>52,174</b>	<b>41,744</b>	<b>—</b>	<b>—</b>
贸易和其它应付账款	14	212,391	208,089	361	379
当前应缴税务		25,381	29,754	5	—
定期贷款	11	5,000	15,000	—	—
租赁负债	12	27,749	22,374	—	—
<b>流动负债</b>		<b>270,521</b>	<b>275,217</b>	<b>366</b>	<b>379</b>
<b>总负债</b>		<b>322,695</b>	<b>316,961</b>	<b>366</b>	<b>379</b>
<b>总权益与负债</b>		<b>739,017</b>	<b>692,060</b>	<b>283,290</b>	<b>281,835</b>

# 综合损益表和其它综合收益表

截至2021年12月31日

	备注	2021 \$'000	2020 \$'000
营业额	15	1,369,760	1,393,998
销售成本		(976,468)	(1,012,140)
毛利		393,292	381,858
其它收益		12,110	41,243
销售与分销开支		(7,576)	(7,222)
行政开支		(230,237)	(245,159)
其它开支		(5,358)	(4,580)
营运活动的业绩		162,231	166,140
财务收益	16	1,115	984
财务开支	16	(2,364)	(2,016)
税前盈利		160,982	165,108
税务开支	18	(27,874)	(25,975)
全年盈利	17	133,108	139,133
盈利：			
可归属股东的盈利		132,833	138,650
非控制股权益的盈利		275	483
全年盈利		133,108	139,133
其它综合收益			
可重新分类为损益的项目			
外企的外币换算差额		(169)	293
全年综合收益总额		132,939	139,426
综合收益：			
可归属股东的综合收益		132,732	138,826
非控股权益的综合收益		207	600
全年综合收益总额		132,939	139,426
每股盈利			
- 基本和摊薄 (分)	19	8.83	9.22

# Statistics of Shareholdings

As at 10 March 2022

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

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	17	0.09	257	0.00
100 - 1,000	3,366	17.68	2,481,038	0.16
1,001 - 10,000	11,388	59.83	63,729,203	4.24
10,001 - 1,000,000	4,229	22.22	190,585,727	12.68
1,000,001 AND ABOVE	35	0.18	1,246,740,775	82.92
<b>TOTAL</b>	<b>19,035</b>	<b>100.00</b>	<b>1,503,537,000</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SHENG SIONG HOLDINGS PTE. LTD.	448,800,000	29.85
2	LIM HOCK CHEE	137,700,000	9.16
3	LIM HOCK ENG	137,400,000	9.14
4	LIM HOCK LENG	127,400,000	8.47
5	CITIBANK NOMINEES SINGAPORE PTE LTD	96,170,403	6.40
6	HSBC (SINGAPORE) NOMINEES PTE LTD	66,342,058	4.41
7	RAFFLES NOMINEES (PTE.) LIMITED	61,891,615	4.12
8	DBS NOMINEES (PRIVATE) LIMITED	55,958,956	3.72
9	DBSN SERVICES PTE. LTD.	28,084,989	1.87
10	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	10,413,400	0.69
11	PHILLIP SECURITIES PTE LTD	9,520,044	0.63
12	LIM KIM HOCK	8,400,000	0.56
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	8,072,700	0.54
14	IFAST FINANCIAL PTE. LTD.	7,266,800	0.48
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,660,160	0.44
16	CHUA KOK SOON	4,500,000	0.30
17	OCBC SECURITIES PRIVATE LIMITED	3,880,006	0.26
18	CI EN INVESTMENTS PTE LTD	3,680,000	0.24
19	UOB KAY HIAN PRIVATE LIMITED	2,389,241	0.16
20	LEE MOI HONG	2,107,100	0.14
	<b>TOTAL</b>	<b>1,226,637,472</b>	<b>81.58</b>

# Substantial Shareholders

As at 10 March 2022

NAME	DIRECT INTEREST		DEEMED INTEREST	
	No. of Shares	%	No. of Shares	%
Lim Hock Eng	137,400,000	9.14	714,574,100 <sup>(1)</sup>	47.53
Lim Hock Chee	138,374,100	9.20	715,707,100 <sup>(1)(2)</sup>	47.60
Lim Hock Leng	127,400,000	8.47	724,574,100 <sup>(1)</sup>	48.19
Sheng Siong Holdings Pte. Ltd.	448,800,000	29.85	–	–

## Notes:

- (1) Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng (each a "Lim Director") are siblings and each of them is a director and shareholder (each holding an equity interest of approximately 33.3%) of Sheng Siong Holdings Pte. Ltd. ("SS Holdings"). Pursuant to Section 7 of the Companies Act 1967:
- (a) Mr. Lim Hock Chee is deemed to be interested in the shares of the Company held by (i) the other Lim Directors (264,800,000 shares); and (ii) SS Holdings (448,800,000 shares);
  - (b) Mr. Lim Hock Eng is deemed to be interested in the shares of the Company held by (i) the other Lim directors (265,774,100 shares); and (ii) SS Holdings (448,800,000 shares); and
  - (c) Mr. Lim Hock Leng is deemed to be interested in the shares of the Company held by (i) the other Lim directors (275,774,100 shares); and (ii) SS Holdings (448,800,000 shares).
- (2) Mr. Lim Hock Chee is also deemed to be interested in the 2,107,100 shares held by his spouse, Mdm. Lee Moi Hong.

## SHAREHOLDINGS HELD BY THE PUBLIC

Based on the information available to the Company as at 10 March 2022, approximately 43.2% of the issued ordinary shares of the Company are held by the public. Accordingly, the Company had complied with Rule 723 of the Listing Manual of the SGX-ST.

# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Eleventh Annual General Meeting of SHENG SIONG GROUP LTD. (the “**Company**”) will be convened and held by way of electronic means on 26 April 2022 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 2021 together with the Auditors’ Report thereon. **(Resolution 1)**

2. To declare a final (one-tier tax exempt) dividend of 3.1 cents per ordinary share for the financial year ended 31 December 2021. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Regulation 88 and Regulation 89 of the Company’s Constitution (the “**Constitution**”):

### Regulation 88

- |                             |                       |
|-----------------------------|-----------------------|
| Mr. Chee Teck Kwong Patrick | <b>(Resolution 3)</b> |
| Mr. Tan Huay Lim            | <b>(Resolution 4)</b> |
| Mr. Ko Chuan Aun            | <b>(Resolution 5)</b> |
| Ms. Cheng Li Hui            | <b>(Resolution 6)</b> |

*[See Explanatory Note (i)]*

### Regulation 89

- |                   |                       |
|-------------------|-----------------------|
| Mr. Lim Hock Eng  | <b>(Resolution 7)</b> |
| Mr. Lim Hock Leng | <b>(Resolution 8)</b> |

*[See Explanatory Note (ii)]*

4. To approve the payment of Directors’ fees of S\$300,000 for the financial year ended 31 December 2021 (2020: S\$300,000). **(Resolution 9)**

5. To re-appoint KPMG LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 10)**

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

## AS SPECIAL BUSINESS

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

# Notice Of Annual General Meeting

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

"That, pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

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

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

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as at the time of passing of this Resolution);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be issued under sub-paragraph (1) above on a pro-rata basis, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of convertible securities;
  - (b) new Shares arising from exercising share options or vesting of share awards; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares,

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

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

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Constitution; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier."

[See Explanatory Note (iii)]

**(Resolution 11)**

# Notice of Annual General Meeting

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

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

[See Explanatory Note (iv)]

**(Resolution 12)**

By Order of the Board

Mr. Lim Hock Chee  
Chief Executive Officer  
Singapore, 5 April 2022

### Explanatory Notes:

- (i) Mr. Chee Teck Kwong Patrick will, upon re-election as a Director of the Company, remain as the Lead Independent Director, the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board considers Mr. Chee Teck Kwong Patrick to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Tan Huay Lim will, upon re-election as a Director of the Company, remain as the Independent Director, the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. The Board considers Mr. Tan Huay Lim to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Ko Chuan Aun will, upon re-election as a Director of the Company, remain as the Independent Director, a member of the Audit Committee, Nominating Committee and Remuneration Committee. The Board considers Mr. Ko Chuan Aun to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Ms. Cheng Li Hui will, upon re-election as a Director of the Company, remain as the Independent Director, a member of the Audit Committee, Nominating Committee and Remuneration Committee. The Board considers Ms. Cheng Li Hui to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

- (ii) Mr. Lim Hock Eng will, upon re-election as a Director of the Company, remain as the Executive Director and Executive Chairman of the Company.

Mr. Lim Hock Leng will, upon re-election as a Director of the Company, remain as the Executive Director and Managing Director of the Company.

- (iii) The Ordinary Resolution 11 proposed in item 7 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued on a pro-rata basis, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares. In determining the 20% which may be issued other than on a pro-rata basis, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time the Ordinary Resolution 11 is passed.

- (iv) The Ordinary Resolution 12 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue such number of fully paid Shares from time to time pursuant to the vesting of Awards under the Scheme provided that the aggregate additional shares to be issued pursuant to the Scheme do not exceed in total (for the entire duration of the Scheme) fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

# Notice Of Annual General Meeting

## Notes:

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting and Proxy Form will be sent to members, whereas, the Annual Report for the financial year ended 31 December 2021 will be sent to members by electronic means via publication on the Company's website at <https://corporate.shengsiong.com.sg/investors/>. The Notice of Annual General Meeting and Proxy Form will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means, submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the Company's announcement on 5 April 2022 titled "Letter to shareholders on alternative arrangements for the Annual General Meeting to be held on 26 April 2022". This announcement may be accessed at the Company's website at <https://corporate.shengsiong.com.sg/investors/>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.

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

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

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 14 April 2022 (being at least seven (7) working days before the Annual General Meeting).

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be lodged at the office of the Company at 6 Mandai Link, Singapore 728652; or
  - (b) if submitted by email, be received by the Company at [investor.relations@shengsiong.com.sg](mailto:investor.relations@shengsiong.com.sg)

in either case, by 10:00 a.m. on 23 April 2022 (being not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting) and in default the Proxy Form for the Annual General Meeting shall not be treated as valid.

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

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

## Personal Data Privacy:

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

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## Sheng Siong Group Ltd.

(Company Registration No.: 201023989Z)

(Incorporated in Singapore with limited liabilities)

### Annual General Meeting

# Proxy Form

(Please see notes overleaf before completing this Form)

#### IMPORTANT

##### Alternative Arrangements for Annual General Meeting

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting and Proxy Form will be sent to members, whereas, the Annual Report for the financial year ended 31 December 2021 will be sent to members by electronic means via publication on the Company's website at <https://corporate.shengsiong.com.sg/investors/>. The Notice of Annual General Meeting and Proxy Form will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
  2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means, submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the Company's announcement on 5 April 2022 titled "Letter to shareholders on alternative arrangements for the Annual General Meeting to be held on 26 April 2022". This announcement may be accessed at the Company's website at <https://corporate.shengsiong.com.sg/investors/>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
  3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.
  4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend and vote on his/her/its behalf at the Annual General Meeting.
- CPF/SRS Investors
5. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 14 April 2022 (being at least seven (7) working days before the Annual General Meeting).

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

(NRIC No. / FIN No. / Passport No. / Company Registration No.) \_\_\_\_\_

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

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

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

as my/our\* proxy to attend, speak and vote for me/us on my/our behalf at the Meeting of the Company to be convened and held by way of electronic means on 26 April 2022 at 10.00 a.m. and at any adjournment thereof. I/We\* direct my/our\* proxy to vote for or against, or to abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. In terms of proxy voting, the shareholder/shareholders must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

No.	Resolutions relating to:	No. of votes 'For'***	No. of votes 'Against'***	No. of votes 'Abstain'***
<b>Ordinary Business</b>				
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2	Approval of payment of the final dividend			
3	Re-election of Mr. Chee Teck Kwong Patrick as a Director			
4	Re-election of Mr. Tan Huay Lim as a Director			
5	Re-election of Mr. Ko Chuan Aun as a Director			
6	Re-election of Ms. Cheng Li Hui as a Director			
7	Re-election of Mr. Lim Hock Eng as a Director			
8	Re-election of Mr. Lim Hock Leng as a Director			
9	Approval of Directors' fees amounting to S\$300,000 for the financial year ended 31 December 2021			
10	Re-appointment of KPMG LLP as Auditors and to authorise the Board of Directors of the Company to fix their remuneration			
<b>Special Business</b>				
11	Authority to allot and issue shares in the capital of the Company – Share Issue Mandate			
12	Authority to grant options and issue shares under the Sheng Siong Share Award Scheme			

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Total number of Shares in:	No. of Shares Held
CDP Register	
Register of Members	

\_\_\_\_\_  
Signatures of Shareholder(s)  
and/or, Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**Notes:**

1. Please insert the total number of ordinary shares (Shares) held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this instrument of proxy shall be deemed to relate to all the Shares held by you.
2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person.** A member (whether individual or corporate) (including a Relevant Intermediary\*) must appoint the Chairman of the Meeting as his/ her/its proxy to attend and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. This proxy form may be accessed at the Company's website at <https://corporate.shengsiong.com.sg/investors/> and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 14 April 2022 (being at least seven (7) working days before the Annual General Meeting).

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited at the office of the Company at 6 Mandai Link, Singapore 728652; or
  - (b) if submitted electronically, be submitted via email of the Company at [investor.relations@shengsiong.com.sg](mailto:investor.relations@shengsiong.com.sg),

in either case, **by 10:00 a.m. on 23 April 2022, being 72 hours before the time appointed for holding the Annual General Meeting.**

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

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

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised. Where the instrument appointing Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

\* Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of the Laws of the Republic of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of the Laws of the Republic of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of the Laws of the Republic of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**Personal Data Privacy:**

By submitting an instrument appointing the Chairman of the Meeting as proxy, a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2022.

# Corporate **Information**

## **BOARD OF DIRECTORS**

Mr Lim Hock Eng, *Executive Chairman*  
Mr Tan Ling San, *Vice Chairman and Executive Director*  
Mr Lim Hock Chee, *Chief Executive Officer*  
Mr Lim Hock Leng, *Managing Director*  
Ms Lin Ruiwen, *Executive Director*  
Mr Chee Teck Kwong Patrick, *Lead Independent Director*  
Mr Tan Huay Lim, *Independent Director*  
Ms Tan Poh Hong, *Independent Director*  
Mr Ko Chuan Aun, *Independent Director*  
Ms Cheng Li Hui, *Independent Director*

## **AUDIT COMMITTEE**

Mr Tan Huay Lim, *Committee Chairman*  
Mr Chee Teck Kwong Patrick  
Ms Tan Poh Hong  
Mr Ko Chuan Aun  
Ms Cheng Li Hui

## **NOMINATING COMMITTEE**

Mr Chee Teck Kwong Patrick, *Committee Chairman*  
Mr Tan Huay Lim  
Ms Tan Poh Hong  
Mr Ko Chuan Aun  
Ms Cheng Li Hui

## **REMUNERATION COMMITTEE**

Ms Tan Poh Hong, *Committee Chairman*  
Mr Chee Teck Kwong Patrick  
Mr Tan Huay Lim  
Mr Ko Chuan Aun  
Ms Cheng Li Hui

## **COMPANY SECRETARY**

Ms Shirley Tan Sey Liy (FCS, FCG)

## **INDEPENDENT AUDITOR**

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

## **PARTNER-IN-CHARGE OF THE AUDIT**

Ms Sarina Lee  
Date appointed: 10 September 2020

## **SHARE REGISTRAR**

Boardroom Corporate & Advisory Services Pte Ltd  
1 Harbourfront Avenue  
Keppel Bay Tower #14-03/07  
Singapore 098632  
Tel: 6536 5355  
Fax: 6536 1360

## **REGISTERED OFFICE**

6 Mandai Link  
Singapore 728652  
Tel: 6895 1888  
Fax: 6269 8265

## **WEBSITE**

[corporate.shengsiong.com.sg](http://corporate.shengsiong.com.sg)



**SHENG SIONG**

**SHENG SIONG GROUP LTD.**

6 Mandai Link Singapore 728652

Tel: +65 6895 1888

Fax: +65 6269 8265

[corporate.shengsiong.com.sg](http://corporate.shengsiong.com.sg)