SHENGSIONG

RISE ABOVE

ANNUAL REPORT 2019

CONTENTS

ABOUT SHENG SIONG GROUP

Sheng Siong Group Ltd is one of Singapore's largest retailers with 61 stores located all across the island. Our chain stores are designed to provide customers with both "wet and dry" shopping options ranging from a wide assortment of live, fresh and chilled produce, such as seafood, meat and vegetables to packaged, processed, frozen and/or preserved food products as well as general merchandise, including toiletries and essential household products. Over the past decade, we have begun developing a selection of housebrands to offer our customers quality alternatives to national brands at substantial savings. To date, we have over 1200 products under 18 housebrands.

In 2014, we started our "allforyou.sg" online shopping platform for groceries, which offers e-commerce services in almost all postal districts in Singapore. Our first overseas store in Kunming, China has opened for business in November 2017 and a second in June 2019.

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

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

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

SERVING UP A BUMPER CROP

Even in the wake of the tumultuous sea of challenges presented before us, we persevered to Rise Above the encroaching tides, casting our nets far and wide to reap a bountiful harvest.

CHAIRMAN'S MESSAGE

"The opening of new stores in newly re-developed or new HDB estates presented opportunities for us to develop new market segments."

LIM HOCK ENG PBM
Executive Chairman

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of our Board of Directors, it is my pleasure to present our annual report for the financial year ended 31 December 2019.

Singapore has ended the year of 2019 with a flattish GDP growth of 0.7%[1] which was much lower than the 3.4% growth recorded in 2018, due in part to the uncertainty in trading conditions because of tariffs and the trade war between USA and China. In line with the weak market sentiments, retail sales contracted by 2.8%, whereas the supermarket segment was lackluster, growing by 0.3%[2].

The business environment has been tough and the trading conditions in the supermarket industry has been challenging. Nonetheless, we delivered a set of stellar results in 2019 with the concerted effort from the team who have worked very smartly and diligently. In 2019, we registered a 11.3% growth in our revenue to S$991.3 million, mainly attributable to the contribution from new stores, comparable same store sales and growth in the stores in China. As a result, net profit increased by 7.4% to S$75.8 million from S$70.5 million in 2018. The Group adopted the new Accounting Policy, SFRS (I) 16: Leases in 2019 and this lowered net profit by $1.6 million, without which and comparing on a like-for-like basis with 2018, net profit would be $77.4 million, or 9.7% higher.

SINGAPORE

In line with our strategy to open stores in areas where our potential customers reside, we opened five stores in Singapore, bringing the Group's total number of stores to 59 and total retail area to 529,480 sq ft by end of 2019. Just to recapitulate, we opened a record number of ten stores in 2018. We managed to open fifteen stores over a period of two years mainly because of the availability of new HDB shops and the changing dynamics in bidding for stores by the competition.

We completed the purchase of Block 118 Aljunied Ave 2 in late December 2019 and with the completion of the renovation of the store at Block 202 Marsiling Drive in early January 2020, two more stores were added, bringing our total store count to 61 stores.

Competition for new HDB shops remains keen but bidding has become more rational as compared to the aggressive bidding two years ago, probably due to the suspension of the online bidding process and the introduction of the Price-Quality Method in the closed tender process. In this tendering process, HDB will award the tender to the bidder with the highest score and the score is calculated with reference to the rent, competitiveness of a shopping basket of daily essentials, the use of productivity enhancing systems and qualitative factors like mode of operations and community-centric programs.

[1] MTI Press Release dated 17 February 2020.
[2] Economic Survey of Singapore 2019 (MTI)

CHAIRMAN'S MESSAGE

Changes in consumer behaviour arising from e-commerce have impacted the retail industry worldwide but were less pronounced in the grocery segment, particularly in Singapore. We are of the view that in the medium term, grocery shopping will still be done via multi-channels; in the brick-and-mortar supermarkets complemented by online. Our network of 61 stores put us in good stead in this multi-channel environment. Going forward, we will continue with our efforts in expanding our retail network in Singapore, especially in areas where our potential customers reside.

The opening of new stores in newly re-developed or new HDB estates presented opportunities for us to develop new market segments as these areas tend to have a larger proportion of millennial and new household formation. This will help mitigate the contraction in our supermarkets in matured HDB estates.

Competition is still keen in the industry and our strategy of enhancing gross margins and maintaining an efficient cost structure has kept our net operating margin stable. The Group will be investing in IT to further improve efficiency and keep customers satisfied.

CHINA

We opened our second store in Kunming in 2Q2019. The retail area of the second store is about 26,640 sq ft, which is about half the size of the first store, and we are pleased to see the healthy growth in revenue in both stores. We will continue to watch the progress of the building of our "Sheng Siong" brand in Kunming before deciding on any major expansion plans.

DIVIDEND

The Group has remained committed to reward our shareholders for their continued support since our listing in 2011. The Board has recommended a final cash dividend of 1.80 cents per share to show our gratitude to you for your continued support. Subject to your approval at the forthcoming AGM, this dividend will be paid on 27 May 2020 and will take our total dividend for FY2019 to 3.55 cents per share, representing a payout of approximately 70.4% of the Group's net profit after tax.

INNOVATION

Singapore has made being a Smart Nation a top priority, aiming to improve lives and livelihoods by harnessing technology. In support of the government's aim to build a Smart Nation, we are committed to embrace innovative initiatives by integrating technology into our daily operations to improve customers' experience and to improve productivity. Following our launch of the first "recycling" cash withdrawal machine in Singapore in 2018 which is known as "$tm", we have successfully rolled out the machine to all 61 stores. $tms which are conveniently located outside every supermarket allow our customers to withdraw money from their bank accounts using their OCBC or UOB ATM cards. The introduction of $tm resulted in a substantial portion of our cash being 'recycled' within our premises.

The world at large is moving towards being a cashless society. In line with the development, the Group is also keen to introduce additional cashless payment options to our customers such as Singtel Dash, Alipay and WeChat Pay in all our stores.

CHAIRMAN'S MESSAGE

AWARDS AND ACCOLADES

The following accolades further uplifted our brand in 2019:

- **The Edge Singapore, Billion Dollar Club 2019: Commerce Category (Overall Sector Winner and Most Profitable Company)**
- **Friend of Singapore Red Cross Award by Red Cross**

- **Mr. Lim Hock Chee, the CEO of the Group was awarded Businessman of the Year 2018 by The Singapore Business Awards.**

QUARTERLY REPORTING

Following the amendments to Rule 705(2) of the SGX-ST Listing Manual and after careful consideration, the Board is of the view that announcement of results on a half yearly basis, together with enhanced disclosures and engagement is sufficient to keep shareholders and potential investors informed of the state of affairs of the Group. The Group will continue to engage investors.

ACKNOWLEDGMENTS

I would like to express my sincere gratitude to our valued customers for their unwavering support over the years. Next, I would like to extend our heartfelt appreciation to our beloved employees for their continuous dedication and hard work. We would also like to extend our thanks and appreciation to our Board members for their counsel and guidance. And to all our other stakeholders who have contributed to our success, I would like to thank you for your support too.

LIM HOCK ENG PBM
Executive Chairman

主席献词

“在新组屋区设新店也为集团迎来了契机，成为集团新开发的顾客市场。”

执行主席
林福荣PBM

主席献词

主席献词

亲爱的股东们，

我谨代表昇菘董事会，发表集团截至2019年12月31日财政年的年报。

新加坡2019年的国内生产总值仅增长0.7%[1]，比2018年的3.4%增长来得低，主要来自于中美之间的关税和贸易战导致经济的不确定性。由于市场情绪疲弱，零售销售指数萎缩了2.8%，超市的表现也没有起色，仅增长0.3%[2]。

尽管商业环境艰巨，超市业充满挑战，但集团在2019年仍交出了亮眼的成绩。这可归功于我们团队齐心协力的奋斗。集团2019年的营业额与去年同期相比增长了11.3%，达9亿9130万元，增幅主要来自新店的贡献、同店销售增长及中国分店的增长。因此，集团的净利也从2018年的7050万元，增加了7.4%达7580万元。由于集团在2019年采用了新的会计标准SFRS(I)16: Leases，净利下降了160万元。若未受新会计标准的影响，集团的净利与2018年同期相比增加9.7%，达7740万元。

新加坡

一直以来，集团的策略是在有潜在顾客居住的地区开店。集团去年在新加坡开设了5间分店，店面总数截至2019年底达59间，总零售面积一共是52万9480平方尺。集团在2018年开了10间新店，创下前所未有的纪录。综合上述，集团能在这两年开设15间新店，主要因为建屋局有更多的新店，及竞标方式的转变。

集团在2019年12月底完成了对阿裕尼2道大牌118的一个商业房地产的收购，随着集团在马西岭通道大牌202的分店在2020年1月初完成了装修，集团的总店数增加到61间。

建屋局新店面的竞争仍然激烈，但是与两年前相比，投标情况趋于理智。这或许是因为当局调整了投标程序，以价格和品质作为投标考量，不再沿用网上公开竞标的方式。按照新的投标程序，当局会将店面颁给得分最高的投标者，总分是根据租金、一篮子必需品的价格竞争性、提升生产力的系统及定性因素，如营运模式及社区活动来计算。

电子商务改变了消费者行为，也影响了全球的零售业，但是对杂货业的影响并不显著，特别是在新加坡。从中期来看，我们认为顾客还是会通过多元渠道进行购物，以超市的实体店为主，网购平台为辅。因此，集团拥有的61间分店网络，将能使集团在这个趋势中处于有利的位置。展望未来，我们会继续扩大本地的分店网络，特别是潜在顾客居住的地区。

在新组屋区设新店也为集团迎来了契机，因为这些地区的千禧世代和年轻家庭比较多，成为集团新开发的顾客市场。这将有助于缓解集团在成熟市镇的分店所面临的萎缩。

尽管超市业的竞争依然激烈，但是集团促进毛利率及维持有效价格结构的策略凑效，使净营运率保持平稳。集团也将投资资讯科技来提高效率及满足顾客的需求。

中国

我们于2019年第二季在昆明开设了第二间分店。第二间分店的零售面积约2万6640平方尺，是第一间分店的一半。值得一提的是，两间分店的营业额都有健康的增长。在决定投入任何重大的扩充计划之前，我们将继续观察在昆明建立“昇菘”品牌的进度。

股息

自2011年上市以来，集团致力于答谢股东们的支持。董事会建议派发每股1.8分的年终股息，以感谢股东的持续支持。股息在来临的常年股东大会获得股东的批准后，将于2020年5月27日派发，使2019年的总股息达每股3.55分，股息派发总额相等于集团税后净利的70.4%。

创新

政府将打造新加坡成为智慧国的愿景列为第一优先，希望透过科技来改善生活和工作。为响应政府打造智慧国的目标，我们将科技整合到日常的营运中，以促进顾客体验及生产力，这也是集团致力于落实创新方案的努力。继2018年推出本地第一台的新型提款机$tm后，集团便在旗下所有的超市安装了$tm。拥有华侨银行或大华银行提款卡的顾客能在超市外的$tm提款，非常方便。随着$tm的推行，我们大部分的现金能在店内“循环”使用。

全球正迈向无现金社会，顺应这个发展趋势，集团也为顾客推出更多的无现金付款方式,像是Singtel Dash、支付宝及微信支付都能在集团的所有分店使用。

奖状与殊荣

2019年，集团的品牌形象也因为以下的殊荣而获得提升：

- The Edge Singapore，10亿元俱乐部：商业组 （总冠军及最具盈利的公司）
- 新加坡红十字会之友
- 集团总裁林福星先生获“新加坡商业奖”颁发“2018年度杰出商人奖”。

季度报告

随着新交所上市手册修改了第705(2)规则，董事会经慎重考虑后决定每半年发布财报，并加强披露和互动，以确保股东及潜在投资者能及时知道集团的重要发展。集团也将继续与投资者接触。

致谢

我由衷地感谢顾客们多年来的不懈支持。此外，我们诚心感激员工的投入和辛劳，并感谢董事会成员的指导和咨询。最后，与我们共创成功的合作伙伴，感谢各位的支持。

执行主席
林福荣PBM

[1] 贸工部于2020年2月17日发布的新闻稿。

[2] 2019年新加坡经济调查报告（贸工部）

CEO'S STATEMENT & OPERATIONS REVIEW

LIM HOCK CHEE BBM
Chief Executive Officer

REVENUE

The supermarket industry has been increasingly competitive and the business environment has been challenging. While retail sales at supermarkets in Singapore grew only 0.3%[1] in 2019, the Group outperformed with a 11.3% growth in revenue, contributed mainly by the 10 stores opened in 2018 and 5 in 2019. Comparative same store sales for 2019 from the remaining stores which were opened prior to 2018 was flattish, but has been improving from 1Q2019's contraction of 1.0% to a growth of 1.8% in 4Q2019.

The five new stores opened in 2019 were in Anchorvale Block 351, Sumang Block 231, Bukit Batok Block 292, Woodlands Block 182 and Tampines Block 602A and these further expanded our retail area from 496,200 square feet to 529,480 square feet, bringing our total store count to 59 (excluding the two stores in Kunming, China) by the end of 2019. Subsequently we have opened another two stores in Singapore in January 2020 and at the date of writing the Group's store count in Singapore is now 61.

Most of the new shops opened in 2018 and 2019 were new HDB shops and over the last two years, we have seen changes in approach to bidding by the competition, brought about probably by the proliferation of new HDB shops which in some instances were in close proximity to existing supermarkets.

GROSS PROFIT MARGIN

Our effort in enhancing the gross profit margin has resulted in gradual improvements but for 2019, these improvements were eroded by higher input prices which cannot be passed on to the customers. Increase in prices of pork caused by swine flu is a good example. Nonetheless, gross margin remained largely unchanged at 26.9%.

[1] Economic Survey of Singapore 2019 (MTI)

CEO'S STATEMENT & OPERATIONS REVIEW

OPERATING EXPENSES

Administrative expenses increased by S$18.7 million in 2019 compared with 2018. The increase was mainly due to higher staff costs as additional headcount was required to operate the new stores and higher provision for bonuses because of the better financial performance. The higher store count and business volume resulted in increase in utility expenses. Depreciation of property, plant and equipment was also higher because of capital expenditures relating to the new stores and investment in IT equipment. With the adoption of the new Accounting Standard SFRS(I) 16: Leases in 2019, most of the Group's lease obligations relating to leasing of retail space for supermarket operations were capitalized at net present value as right-of-use assets and amortized over the life of the lease. This resulted in a depreciation charge of $23.7m, interest expenses of $1.3m and much lower rental expense of $7.5m for the leases which were not capitalized. Administrative expense as a % of revenue was 17.4%, in 2019, which was slightly higher than 2018's ratio of 17.3%. In both these years, the ratio was above 17% mainly because of the high number of new stores, as certain expenses like rent, utility and basic crewing costs are fixed in nature but revenue will take some months after commencement to ramp up to a normal level.

CHINA

A second supermarket was opened in Kunming in late 2Q2019. Revenue for both stores has been growing steadily, but in any case, revenue for China is less than 2% of Group's revenue.

TAXES

The effective tax rate in 2019 was 17.5% which was marginally higher than Singapore's statutory rate of 17%.

NET PROFIT

The Group reported a 7.4% increase in net profit of S$75.8 million in 2019, mainly due to increase in gross profit arising from the growth in revenue, higher other income, but was partially offset by higher operating expenses and the adoption of SFRS (I) 16: Leases which lowered the Group's net profit by S$1.6 million. Without this adjustment, the Group's 2019's net profit would have been S$77.4 million or 9.7% higher compared with 2018.

CASH

Cash generated from operating activities amounted to S$117.3 million in FY2019, mainly because of the higher volume of business and the adding back of depreciation charges of right-of-use assets, a non-cash item.

Cash used for capital expenditures in 2019 amounted to S$53.6 million consisting mainly of purchase of Block 118 Aljunied of S$30.4 million, fitting out new stores, renovating old stores, purchase of electronic equipment and upgrading of supermarkets' equipment totalling S$13.6 million, construction of the new warehouse for S$5.1 million, upgrading equipment at the central distribution centre and purchase of commercial vehicles for S$3.0 million and S$1.5 million incurred by the supermarkets in China.

The Group's balance sheet remained healthy with cash of S$76.4 million as at 31 December 2019.

LOOKING FORWARD

SINGAPORE

The competition in the supermarket industry is expected to be keen, particularly with the increase in the number of new supermarkets in redeveloped or new HDB areas and large online retailers striving for market share. Recently, the Consumer Association of Singapore (CASE) rolled out a price comparison app for supermarkets and hawker centers which allows the consumers to compare the price of the products by the retailers. This would improve price transparency and will keep retailers on their toes in pricing and promoting their offerings.

Our Chairman, in his message made reference to the Price-Quality Method adopted by the HDB for evaluating tenders for leasing new HDB shops. I think that the industry is still trying to come to grips with this new methodology but a positive spin-off has been the more rational pricing of rent. We will continue to look for retail space in areas to serve unreached and new customers, but will continue to bid in a rational manner for new HDB shops.

In late December 2019, the Group completed the acquisition of a commercial premises situated at Block 118 Aljunied Avenue 2 with a gross floor area of about

CEO'S STATEMENT & OPERATIONS REVIEW

2,717 square metres for use as a supermarket. This premises is located within reasonable walking distance from Aljunied MRT station and is in an existing HDB residential estate where we have no presence. This new supermarket together with another in Block 202 Marsiling Drive were opened in early January 2020.

We will be nurturing the growth of the new stores. Our expanded store count could complement our e-commerce to offer a dual channel option to our customers. We believe both brick-and-mortar and e-commerce will co-exist in the medium term. Meanwhile, we are also in the midst of revamping our e-commerce website, striving to offer a better user interface and making it more user friendly for our customers.

We will continue with our efforts to enhance the gross margin and lowering input cost by improving the sales mix with a higher proportion of fresh produce and deriving more efficiency gains in the supply chain.

The recent outbreak of the Covid-19 which has caused fear worldwide resulted in lockdowns first in China and now in other countries as well. This might disrupt the supply chain and result in higher input prices which will eventually affect the Group's gross margin if these additional costs could not be passed to the customers. The Group is increasing its level of inventory in view of the uncertainties in the supply chain.

CHINA

We are delighted with the healthy growth in revenue in both stores in Kunming, China and will continue to promote the Sheng Siong brand there.

COVID-19

The health of our customers and employees are of paramount importance. We have introduced measures to keep our workplace and supermarkets safe and hygienic. The Group has business continuity plans to ensure that operations will continue as normal as possible in the unfortunate event of some disruptions.

CONCLUSION

Going forward, we remain committed to our strategy of opening supermarkets in areas where our potential customers reside but we have no presence. Our emphasis is to remain cost efficient and if viable, employ technology to improve productivity. I am optimistic watching the development of e-commerce that in the medium term, dual channel involving the brick and mortar and online would be the customers preferred outcome. Our spread of 61 stores and more will be a good fit in such an outcome.

LIM HOCK CHEE BBM
CEO

总裁献词及业务回顾

营业额

超市业的竞争日益激烈，商业环境也充满挑战。虽然新加坡的超市零售在2019年仅增长0.3%[1]，但是集团的营业额增加了11.3%，这样增长主要来自2018年所开设的10间新店及2019的5间新店。至于在2018年以前投入营运的分店，尽管同店销售增长持平，但也从2019年第一季的1%萎缩渐渐改善，并在第四季取得1.8%的增长。

集团有五间新店在2019年业，地点位于盛港安谷路大牌351、榜鹅苏芒巷大牌231、武吉巴督大牌292、兀兰大牌182及淡滨尼大牌602A。上述的新店将集团的零售面积从49万6200平方尺，增加到52万9480万平方尺，使总店数在2019年底增加到59间（不包括中国昆明的两间分店）。随后，集团在2020年1月开设两间新店，截至本文撰写之时，集团在新加坡的总店数达到61间。

集团大部分在2018及2019年开设的新店，属于建屋局的新店面。过去两年，我们观察到标店的竞争转弱，这或许因为建屋局有很多新店招标，而这些新店与现有的超市的距离非常近。

毛利率

集团为提升毛利率所作出的努力，带来了逐步的增长，但2019年的毛利率也因为一些因素而抵消。譬如，非洲猪瘟导致猪价上涨就是很好的例子，因为购货成本增加，但却无法转嫁给顾客。尽管如此，集团的毛利与以往无太大差异，维持在26.9%。

营运开支

与2018年相比，2019年的行政开支增加1870万元。开支增长主要因为公司需要更多人员经营新店，及集团的业绩表现进步，促使员工的花红分配增加。由于店数及生意额的增长，也使水电开支增加。房产、新店的开设及资讯科技设备的购入，也提高了房产、厂和器材的折旧费用。由于集团在2019年采用了新的会计标准SFRS(I)16: Leases，集团大部分超市的租约都以净现值的使用权资产入账，并以租期摊销。这也因此产生了2370万元的折旧费和130万元的利息开支，租金开支则因为未入账的租约而减少了750万元。2019年的行政开支占了总营业额的17.4%，比2018年的17.3%稍微高。两年来，行政开支率维持在17%以上，因为集团开设了很多新店。由于租金、水电费、基本薪酬属于固定开支，新店在开业后需要几个月才能将营业额增加到正常水平。

中国

集团于2019年第二季在昆明开设了第二间超市。尽管两间超市的营业额稳健增长，但中国的营业额仅占了集团营业额的2%。

税务

2019年的有效税率为17.5%，比17%的法定税率稍微高。

净利

集团2019年的净利为7580万元，比上一年增加了7.4%，因为营业额、毛利率和其他收入的提升，不过也因为营运开支的增加及新采用的会计标准SFRS(I)16: Leases导致集团净利减少160万元而抵消。若没有这项调整，集团2019年的净利将达到7740万元，比上一年增加9.7%。

现金

2019年的营运活动现金流报1亿1730万元，主要因为生意量增加，及使用权资产的折旧费调整为非现金账项。

[1] 2019年新加坡经济调查报告（贸工部）

总裁献词及业务回顾

集团在2019年的资本开支达5360万元，主要来自收购阿裕尼大牌118的3040万元，装修新店、购买电子设备及提升超市设备所支出的1360万元，扩建仓库的510万元，提升中央分销中心及购买商用车辆的300万元，及在中国的超市所产生150万元的费用。

截至2019年12月31日，集团的资产负债表保持强劲，现金报7640万元。

展望未来

新加坡

超市业预料将维持竞争，特别是新组屋区出现的许多新超市及大型网购业者都想分一杯羹。近来，消费者协会（CASE）也推出针对超市和小贩中心进行价格比较的手机应用,让消费者“货比三家”，比较各零售业者所提供的产品价格。这将能促进价格透明度，也确保零售业者在标价和促销方面能保持警惕。

集团主席在献词中也提到，建屋局在评估新店的竞标书时改以价格和品质作为投标考量。我相信市场正在适应这个新的投标方式，但已经产生的正面效应是租金变得更合理。我们会继续在尚未进驻的地区寻找零售空间服务从未接触的新顾客，并在竞标建屋局新店方面保持理智。

集团在2019年12月下旬也完成收购阿裕尼2道大牌118的一个商业单位作为超市用途，该单位的面积约2717平方米。这个店面位于集团尚未进驻的成熟组屋区，离阿裕尼地铁站只有步行的距离。这间新分店及另一间位于马西岭通道大牌202的分店已同时在2020年1月初开业。

集团会继续培养新店的增长。我们所增加的新店将能辅助集团的网购平台，提供顾客双渠道的购物选择。从中期来看，我们相信实体店和网购将能共存。与此同时，我们正在改造集团的电子商务平台，致力提供更好的用户介面，让顾客能拥有更便利的体验。

我们会继续努力透过提高鲜货比例及供应链效率，来促进毛利率和减低营运成本。

最近2019冠状病毒的疫情暴发，导致全球进入恐慌，中国及其他国家也陆续锁国。这可能会影响供应链，导致购货成本增加。若这类的额外开支不能转嫁给顾客，最终将影响集团的毛利率。鉴于供应链的不稳定因素，集团正在提高库存量。

中国

集团对中国昆明两间分店的营业额稳健增长感到鼓舞，并将继续在中国推广“昇菘”的品牌。

2019冠状病毒

顾客和职员的健康至关重要，我们已经在工作场所及超市推行相应的措施，确保这些地方的安全和卫生。集团也具备业务持续计划，确保即使发生突发情况，集团还是能照常营运。

总结

展望未来，我们将持续集团的策略，在潜在顾客所居住，但集团尚未进驻的地区开店。除了专注在维持成本效益，我们也会在适合的时候使用科技来提升生产力。对于电子商务的发展，我是乐见其成，并相信以中期来看，实体店及网购的双渠道购物选择将获得顾客的青睐。到时,拥有61间分店网络的我们,将能从这股趋势中受益。

总裁
林福星BBM

OUR HOUSEBRANDS

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

OUR HOUSEBRANDS

OUR HOUSEBRANDS

OUR HOUSEBRANDS

BOARD OF DIRECTORS

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

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

BOARD OF DIRECTORS

LIM HOCK ENG PBM

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

Mr Lim Hock Eng PBM is our Executive Chairman and his areas of responsibility include business strategy and 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 36 years of experience in grocery retailing. Prior to founding our Group, Mr Lim was employed in his family's hog rearing business.

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

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

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

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies (FY2017– 2019):
NIL

TAN LING SAN

Vice Chairman and Executive Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 28 April 2017
Standing for re-election at the AGM

Mr 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 (FY2017– 2019):
NIL

BOARD OF DIRECTORS

LIM HOCK CHEE BBM

Chief Executive Officer
Date of first appointment: 10 November 2010
Date of last re-appointment: 26 April 2019

Mr Lim Hock Cheebbm 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 36 years of experience in grocery retailing. Prior to founding our Group, Mr Lim was employed in his family's hog rearing business.

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. He was appointed to the Council of the Singapore Chinese Chamber of Commerce and Industry (SCCCI) in 2010 and remains as a Council Member. He is also a committee member of Singapore Chinese Chamber Institute of Business.

Mr Lim also serves on the Marsiling Citizen's Consultative Committee as Vice-Chairman, and on the advisory committee of Qihua Primary School in Woodlands, Singapore. In 2011, Mr Lim was invited to be a member of the Retail Prices Watch Group (RPWG) – spearheaded by the Ministry of Trade and Industry, for a period of two years. He was appointed as a member of IRAS' Taxpayer Feedback Panel – Mandarin Dialogue for a two-year term from 2012 to 2014, on behalf of SCCCI. From 2014 to 2016, Mr Lim continued to be a member of the feedback panel in his own capacity as a corporate taxpayer.

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

He was also invited by the Monetary Authority of Singapore to serve on the Payments Council for a two-year term, from 1 July 2017 to 30 June 2019. The Payments council was established to foster innovation, collaboration and to promote interoperability of Singapore's payments industry.

In 2018, Mr Lim was re-appointed by MTI as a member of the Lifestyle Sub-committee of the inaugural Council for Skills, Innovation and Productivity (CSIP) from September 2018 to May 2020. The CSIP supports the growth of a skills and innovation-driven economy. Currently, Mr Lim is also a patron of the National Crime Prevention Council.

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

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies (FY2017– 2019):
NIL

BOARD OF DIRECTORS

LIM HOCK LENG

Managing Director
Date of first appointment: 10 November 2010
Date of last re-appointment: 26 April 2019

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 25 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 (FY2017– 2019):
NIL

LIN RUIWEN

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

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

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

Ms Lin has been appointed a member of the AVA Fruit and Vegetable Cluster, and a member of the AVA Taskforce on Imported Fruits and Vegetables Inspection since 2011. She is also on the Technical Committee on Food Processing and Distribution from 2018 to 2020. The food-related functions of AVA have since been consolidated into a new statutory board, known as the Singapore Food Agency. Currently, she has been appointed as Business Excellence Assessor by Enterprise Singapore for the period 2018 to 2020.

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

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

Currently, Ms Lin serves as the assistant secretary to the 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 (FY2017– 2019):
NIL

BOARD OF DIRECTORS

GOH YEOW TIN

Lead Independent Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 27 April 2018
Standing for re-election at the AGM

Mr Goh Yeow Tin is our Lead Independent Director. Since 2001, Mr Goh is a Non-Executive Chairman of Seacare Medical Holdings Pte Ltd and SGP (Global) Pte Ltd (formerly known as WaterTech Pte Ltd).

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

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

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

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

Past Directorships in other Listed Companies (FY2017-2019):
NIL

JONG VOON HOO

Independent Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 27 April 2018
Standing for re-election at the AGM

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

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

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

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

Past Directorships in other Listed Companies (FY2017– 2019):
NIL

BOARD OF DIRECTORS

FRANCIS LEE FOOK WAH

Independent Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 26 April 2019

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

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

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

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

Present Directorships in other Listed Companies:
- Net Pacific Financial Holdings Ltd
- AsiaPhos Ltd
- Figtree Holdings Ltd

Past Directorships in other Listed Companies (FY2017– 2019):
- Metech International Ltd

LEE TECK LENG, ROBSON

Non-executive Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 26 April 2019

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

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

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

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

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies (FY2017– 2019):
NIL

BOARD OF DIRECTORS

TAN POH HONG

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

Ms Tan Poh Hong is our Independent Director. Prior to joining the Group, she was the Chief Executive Officer of Agri-Food & Veterinary Authority (AVA) of Singapore from 2009 to 2017. AVA 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 managed 4,700 officers in the Estates and Corporate Groups. She played a key role in restructuring of HDB in 2003 and helped to stabilise the organisation after restructuring through various internal communications and engagement processes.

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

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

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

Past Directorships in other Listed Companies (FY2017– 2019):
NIL

KEY EXECUTIVES

WONG SOONG KIT
Finance Director

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

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

TAN BEE LOO
Director/Head – Fruits and Vegetables

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

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

LEE MOI HONG
Director/Head – Dry Goods

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

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

LEE LAY CHIN
Director/Head – Purchasing and Promotions

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

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

KEY EXECUTIVES

HO CHEE HAW
Director/Head – Retail Operations

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

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

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

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

WONG HENG SAN
Deputy General Manager
International Business Development

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

Appointed by Agri-Food & Veterinary Authority of Singapore ("AVA"), Mr Wong is a member of the Food Fish Business Cluster for a term of two (2) years from 2013 to 2015. The objectives of the Business Cluster are to identify new sources and gather feedback on issues on food supply so as to enhance the resilience and ensure a stable supply, besides fostering closer industry integration between the private sector and AVA. 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 (now known as Hanwell Holdings Ltd) where he served as general manager of a joint venture company involving PSC Corporation in Shanghai, PRC. Mr Wong graduated from Nanyang University (which subsequently merged with the University of Singapore to form the National University of Singapore) in 1980, with a Bachelor's degree in Government and Public Administration.

WOO CHEE KIT
Acting Chief Information Officer

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

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

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

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

FINANCIAL HIGHLIGHTS

REVENUE ($M)

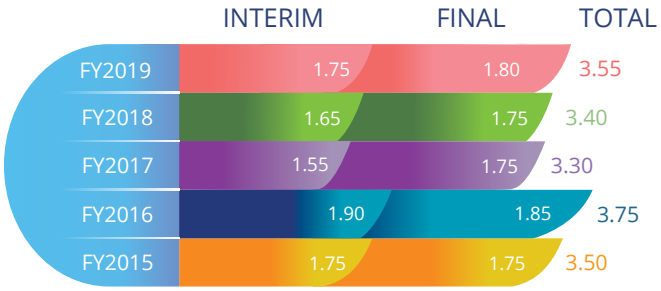
GROSS PROFIT ($M)

GROSS PROFIT MARGIN (%)

NET PROFIT ($M)

EARNINGS PER SHARE (CENTS)

DIVIDEND PER SHARE (CENTS)



CORPORATE GOVERNANCE

INTRODUCTION

Sheng Siong Group Ltd. (the "**Company**") and its subsidiaries (the "**Group**") is committed to achieving high standards of corporate governance. The Board of Directors of the Company (the "**Board**") believes that good corporate governance serves to protect shareholders' value and enhance the Group's financial performance.

This report describes the Group's corporate governance practices with specific references to the principles of the Code of Corporate Governance 2018 (the "**Code**").

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 value creation, innovation and sustainability. The Board will ensure that the necessary resources are available for the company to meet its objectives. Management are provided with a framework to assess and manage risks by ensuring that there are safeguards, suitable processes and internal controls to ensure that shareholders' interests are protected. The Board sets the Group's values and standards, ensures transparency in dealings with shareholders and other stakeholders and oversees Management by periodically reviewing and challenging their performance. All Board members possess diversified knowledge and experience and are expected to act in good faith and exercise independent and objective judgment in discharging their duties as fiduciaries, in the best interests of the Group.

The Directors are fiduciaries and are collectively and individually obliged at all times to act honestly and objectively in the interests of the Group. Consistent with this principle, the Board is committed to ethics and integrity of action and is seeking to implement a Code of Conduct and Ethics with a view to comply with the relevant provision of the Code, which provides that every Director is expected to, among other things, adhere to the highest standard of ethical conduct. All Directors are required to comply with the Code of Business Conduct and Ethics.

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

- Major (which is defined as amounts in excess of 5% of the Group's NTA) funding proposals, investments, acquisitions and divestments including the Group's commitment in terms of capital and other resources and
- the appointment and remuneration packages of the Directors and Management.

The Board has delegated specific responsibilities to three (3) Board committees, 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. While each Board committee has the power to examine particular issues and will make recommendations to the Board, the ultimate responsibility for the final decision on all matters lies with the Board. Where a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

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

CORPORATE GOVERNANCE

The number of Board and committee meetings and general meetings held in FY2019 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
Executive Directors									
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
Non-executive Directors									
Mr. Goh Yeow Tin	M	4	M	1	C	1	M	4	1
Mr. Jong Voon Hoo	M	4	–	1*	M	1	C	4	1
Mr. Francis Lee Fook Wah	M	4	C	1	–	1*	M	4	1
Mr. Lee Teck Leng, Robson	M	4	M	1	M	1	M	4	1
Ms. Tan Poh Hong	M	4	–	1*	M	1	M	4	1

* By invitation
M Member
C Chairman

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

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

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.

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

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

CORPORATE GOVERNANCE

As a group, the Directors bring with them a broad range of relevant industry knowledge, expertise and experience in areas such as accounting, finance, business, legal, food safety, real estate and management. The size and composition of the Board are reviewed by the NC on an annual basis to ensure that the Board has the appropriate balance, mix of expertise and experience and collectively possesses the necessary skill sets and core competencies for effective decision-making. The experience and skill of the directors are further described on page 19 to 25.

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, taking into account the nature and scope of the Group's operations. The current Board composition represents a well-balanced mix of skills, experience, expertise and knowledge of the Group to facilitate effective decision-making. Two (2) of the 10 Board members are female and although the Board has not set up a policy on gender diversity, the Board recognized the need and had taken the initiative by ensuring that the latest two recruitments are females. Nonetheless, the Board is reviewing the composition of the directors on the Board with a view to complying with the relevant provisions of the Code.

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

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

Executive Chairman and Chief Executive Officer ("CEO")

Principle 3: There is 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 account the current corporate structure, nature and the scope of the Group's operations, as well as the involvement by the non-executive Directors, the NC is of the view that there is an appropriate balance of power and accountability to ensure independent decision making.

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

CORPORATE GOVERNANCE

Nominating Committee

Principle 4: 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.

- Mr. Francis Lee Fook Wah (Chairman)
- Mr. Lee Teck Leng, Robson
- Mr. Goh Yeow Tin

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

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

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

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

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

Board renewal must be an ongoing process to ensure good governance and to maintain relevance to the changing needs of the Group. As such, no Director stays in office for more than three (3) years unless re-elected by shareholders.

CORPORATE GOVERNANCE

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

In recommending a Director for re-election to the Board, the NC considers, amongst other things, his performance and contributions to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs).

The NC has recommended the nomination of Mr. Lim Hock Eng, Mr. Tan Ling San, Mr. Goh Yeow Tin and Mr. Jong Voon Hoo who are retiring by rotation pursuant to the Company's Constitution, for re-election at the forthcoming Annual General Meeting ("**AGM**").

The Board has accepted the NC's afore-mentioned recommendations and being eligible, (i) Mr. Lim Hock Eng; (ii) Mr. Tan Ling San; (iii) Mr. Goh Yeow Tin and (iv) Mr. Jong Voon Hoo will be standing for re-election at the AGM.

The information required under Rule 720 (6) in respect of these Directors are:

Key Information	**Name of Retiring Director**			
	Lim Hock Eng	**Tan Ling San**	**Goh Yeow Tin**	**Jong Voon Hoo**
Date of appointment	10/11/2010	22/06/2011	22/06/2011	22/06/2011
Date of last re-appointment	28/04/2017	28/04/2017	27/04/2018	27/04/2018
Age	60	81	69	47
Country of principal residence	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 to 33 of the Annual Report.			
Whether the appointment is executive and if so, please state the area of responsibility	Executive	Executive	Non-Executive	Non-Executive
	Please refer to the detailed description of the area of responsibilities set out in pages 19 to 33 of the Annual Report			
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	Executive. Chairman	Executive Vice Chairman	Lead Independent Director,RC Chairman, AC, NC and Member	Independent Director, AC Chairman and RC Member
Professional memberships/ qualifications	Please refer to the detailed description of the directors; qualifications and working experience set out in pages 19 to 23 of the Annual Report			
Working experience and occupation(s) during the past 10 years				
Shareholding interest in the Company and its subsidiaries	137,400,000 (direct interests) and 724,100,000 (deemed interests)	Nil	Nil	Nil

CORPORATE GOVERNANCE

Key Information	Name of Retiring Director			
	Lim Hock Eng	Tan Ling San	Goh Yeow Tin	Jong Voon Hoo
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	The Executive Directors, Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng are brothers. Mdm. Tan Bee Loo, the Head of Vegetables and Fruits and director of the Group's subsidiaries, SSS and CMM, is the spouse of Mr. Lim Hock Eng. 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.	No	No	No
Conflict of Interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes	Yes
Principal commitments including Directorships - Past (for the last 5 years)	Please refer to the detailed description of the Directors' commitments set out in pages 19 to 23 of the Annual Report.			
Principal commitments including Directorships - Present	Please refer to the detailed description of the Directors' commitments set out in pages 19 to 23 of the Annual Report.			
The general statutory disclosures of the Directors are as follows:				
(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

CORPORATE GOVERNANCE

Key Information	Name of Retiring Director			
	Lim Hock Eng	Tan Ling San	Goh Yeow Tin	Jong Voon Hoo
(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 the 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?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(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
(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
(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
(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

CORPORATE GOVERNANCE

Key Information	Name of Retiring Director			
	Lim Hock Eng	Tan Ling San	Goh Yeow Tin	Jong Voon Hoo
(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
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-				
(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
(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	No	No	No	No
(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
(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
(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

CORPORATE GOVERNANCE

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each 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 FY2019.

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 and executive 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:

- Mr. Goh Yeow Tin (Chairman)
- Mr. Jong Voon Hoo
- Mr. Lee Teck Leng Robson
- Ms. Tan Poh Hong

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

The principal functions of the RC include:

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

CORPORATE GOVERNANCE

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

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

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

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration 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 duties. 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. In addition, the Group provides a car to each of our Executive Directors during his employment with the Group.

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.

Remuneration of Non-executive Directors

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

CORPORATE GOVERNANCE

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 FY2019 is set out below.

	Salary[1]	Variable Bonus	Director's Fees	Benefits in Kind	Total
	(S$'000)				
Executive Directors					
Mr. Lim Hock Eng	301	3,096	20*	51	3,468
Mr. Lim Hock Chee	372	3,096	20*	35	3,523
Mr. Lim Hock Leng	307	3,096	20*	49	3,472
Mr. Tan Ling San	286	3,096	20*	46	3,448
Ms. Lin Ruiwen	311	–	20*	16	347
Non-executive Directors					
Mr. Goh Yeow Tin	–	–	60**	–	60
Mr. Jong Voon Hoo	–	–	60**	–	60
Mr. Francis Lee Fook Wah	–	–	60**	–	60
Mr. Lee Teck Leng, Robson	–	–	60**	–	60
Ms. Tan Poh Hong	–	–	60**	–	60

Notes:

* Directors' fees paid by subsidiaries of the Company.

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

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

The remuneration of the top five key management personnel for FY2019 is set out below. The total remuneration paid to these personnel (who are not directors or the CEO of the Company) is approximately $2.06 million (2018: $1.95 million).

	Salary[1]	Variable Bonus	Director's Fees	Benefits in Kind	Total
	(%)				
Key personnel					
S$500,001 to S$750,000					
Mr. Wong Soong Kit	37.3	56.1	3.4*	3.2	100
S$250,001 to S$500,000					
Mr. Ho Chee Haw, Alvin	26.9	69.0	4.1*	–	100
Mdm. Lee Lay Chin	24.1	71.1	4.2*	0.6	100
Mdm. Lee Moi Hong[2]	90.9	–	7.8*	1.3	100
Mdm. Tan Bee Loo[3]	92.1	–	7.9*	–	100

Notes:

* Directors' fees paid by subsidiaries of the Company.

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

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

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

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

The remuneration of employees who are immediate family members of a director or the CEO of the Company and whose salary exceeds $100,000 for FY2019 is set out below.

$301,000 to $400,000		
Ms. Lin Ruiwen	Executive Director	Daughter of Mr. Lim Hock Eng
$200,001 to $300,000		
Mdm. Lee Moi Hong	Head of Dry Goods	Wife of Mr. Lim Hock Chee
Mdm. Tan Bee Loo	Head of Vegetables & Fruits	Wife of Mr. Lim Hock Eng
$101,000 to $200,000		
Mr. Lin Junlin, Nigel	Executive Assistant to CEO	Son of Mr. Lim Hock Leng

Employee Share Schemes

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

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

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

Sheng Siong ESOS

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

The exercise price of each option is determined and fixed by the RC. Options may be granted at market price1 ("**Market Price Option**") or at a discount of up to 20% of the market price ("**Incentive Option**"). The period for the exercise of an option shall be:

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

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

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

No options were granted during FY2019 and as at the date of this Annual Report, no options are outstanding, under the Sheng Siong ESOS.

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

CORPORATE GOVERNANCE

Sheng Siong Share Award Scheme

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

The Sheng Siong Share Award Scheme was approved by the shareholders of the Company at an extraordinary general meeting held on 25 April 2013, and is administered by the scheme committee, comprising the RC, the Finance Director and two (2) Executive Directors duly authorised and appointed by the Board.

Participants in the Sheng Siong Share Award Scheme will receive awards which represent the right to receive fully paid shares of the Company free of charge, upon the participant achieving prescribed performance targets and upon expiry of the prescribed vesting periods.

No awards were granted during FY2019 and as at the date of this Annual Report, no awards are outstanding, under the Sheng Siong Share Award Scheme.

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

The Board has received assurance from the CEO and the Finance Director that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. The Board has also received assurance from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control system.

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

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

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

CORPORATE GOVERNANCE

Audit Committee

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

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

- Mr. Jong Voon Hoo (Chairman)
- Mr. Goh Yeow Tin
- Mr. Francis Lee Fook Wah
- Mr. Lee Teck Leng, Robson
- Ms. Tan Poh Hong

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

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

- reviewing the significant financial reporting issues and judgments, so as to ensure the integrity of the Group's financial statements and quarterly announcements;
- reviewing the scope and results of the internal and external audits;
- reviewing the adequacy and effectiveness of the Group's risk management and internal controls, including financial, operational and compliance controls;
- reviewing the assurance from the CEO and Finance Director 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 reviewed with management the internal controls, corroborating with findings from the recent external audit, the following significant matter:

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

The AC noted that the external auditors have also included cash as a key audit matter, which was set out on page 50.

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

CORPORATE GOVERNANCE

The AC also reviewed the independence of the external auditors and noted that the fees payable by the Group to our external auditors for FY2019 are as follows:

Fees payable to external auditor for FY2019	S$'000
Audit	290
Non-audit	19
Total	309

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

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

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

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

Internal Audit

The Group has engaged PricewaterhouseCoopers Risk Services Pte Ltd ("**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 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 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.

CORPORATE GOVERNANCE

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

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

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

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

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

Although the Group does not currently have a formal dividend policy, the Group endeavors to distribute up to 70% percent 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 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 Listing Manual.

The Directors and the Company's officers are prohibited from dealing in the Company's securities during the period commencing two (2) weeks before the announcement of the Group's quarterly financial results, and the period commencing one (1) month before the announcement of the Group's full-year financial results.

The Directors and the Company's officers are also prohibited from dealing in the Company's securities on short-term considerations and are expected to observe insider-trading laws at all times even when dealing in securities within a permitted trading period.

CORPORATE GOVERNANCE

Interested Person Transactions

The Company has established procedures to ensure that all interested persons transactions are carried out on normal commercial terms and do not prejudice the interests of the Company and its minority shareholders. Details of the interested person transactions entered into by the Group during FY2019 are set out below:

INTERESTED PERSON TRANSACTIONS
From 1 January 2019 to 31 December 2019

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$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ($'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
F M Food Court Pte Ltd[1] 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[1]	42	–
	Lease of operation space by FM Food Court Pte Ltd[1] from Sheng Siong Group Ltd	446	–
E Land Properties Pte Ltd[1] Lim Hock Eng Lim Hock Chee Lim Hock Leng	Rent and utilities paid by Sheng Siong Group Ltd. to E Land Properties Pte Ltd[1] for lease and license of operations space	2,286	–
Sheng Siong Holdings Pte Ltd[2] Lim Hock Eng Lim Hock Chee Lim Hock Leng Lin Ruiwen	Re-billing at cost of purchases of gold to manufacture long service medallions to be awarded to employees	164	–

Note:

(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, were entered into by the Group during FY2019 and are still subsisting as at 31 December 2019, or were entered into since 31 December 2019.

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 2019.

In our opinion:

(a) the financial statements set out on pages 53 to 93 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2019 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

Lim Hock Chee
Lim Hock Eng
Lim Hock Leng
Tan Ling San
Lin Ruiwen
Goh Yeow Tin
Jong Voon Hoo
Francis Lee Fook Wah
Lee Teck Leng, Robson
Tan Poh Hong

Directors' interests

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

	Holdings in the name of the director or nominee		Other holdings in which the director is deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Name of director and corporation in which interests are held				
The Company				
Ordinary shares				
Lim Hock Chee	137,400,000	137,900,000	725,707,100[(1)(2)]	725,707,100[(1)(2)]
Lim Hock Eng	137,400,000	137,400,000	723,600,000[(1)]	724,100,000[(1)]
Lim Hock Leng	137,400,000	137,400,000	723,600,000[(1)]	724,100,000[(1)]
Lee Teck Leng, Robson	50,000	50,000	–	–

DIRECTORS' STATEMENT

Notes:

(1) Mr. Lim Hock Chee, Mr. Lim Hock Eng and Mr. Lim Hock Leng (each a "Lim Director") are siblings and each of them is a director and shareholder (each holding an equity interest of approximately 33.3%) of Sheng Siong Holdings Pte. Ltd. ("SS Holdings"). Pursuant to Section 7 of the Companies Act (Cap. 50):

(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 (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 (274,800,000 and 275,300,000 shares as at 1 January 2019 and 31 December 2019 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 (274,800,000 and 275,300,000 shares as at 1 January 2019 and 31 December 2019 respectively); 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.

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

Save as disclosed, there were no other changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

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

Except for salaries, bonuses and fees and those benefits that are disclosed in this statement and in Note 21 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Long term incentive schemes

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

Other information regarding the ESOS is set out below:

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

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

DIRECTORS' STATEMENT

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

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

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

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

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

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

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

During the financial year, there were:

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

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

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

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

Audit Committee

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

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

DIRECTORS' STATEMENT

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

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

The Audit Committee also reviewed the following:

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

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

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

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

Auditors

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

On behalf of the Board of Directors

Lim Hock Chee
Director

Lim Hock Eng
Director

31 March 2020

INDEPENDENT AUDITORS' REPORT

Report on the financial statements

Opinion

We have audited the financial statements of Sheng Siong Group Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages 53 to 93.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matter

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

Cash sales/receipts arising from supermarket operations

The key audit matter

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

How the matter was addressed in our audit

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

Findings

Processes are in place to ensure segregation of duties, recording of sales and collection of cash.

Other information

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

- 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.·

INDEPENDENT AUDITORS' REPORT

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

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

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

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

Report on other legal and regulatory requirements

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Assets					
Property, plant and equipment	4	356,189	266,219	–	–
Subsidiaries	5	–	–	82,261	82,261
Non-current assets		356,189	266,219	82,261	82,261
Inventories	6	82,166	69,897	–	–
Trade and other receivables	7	17,981	12,989	181,354	180,755
Cash and cash equivalents	8	76,419	87,234	299	325
Current assets		176,566	170,120	181,653	181,080
Total assets		532,755	436,339	263,914	263,341
Equity					
Share capital	9	235,373	235,373	235,373	235,373
Merger reserve	10	(68,234)	(68,234)	–	–
Foreign currency translation reserve		(173)	(91)	–	–
Accumulated profits		146,285	123,177	28,094	27,576
Equity attributable to owners of the company		313,251	290,225	263,467	262,949
Non-controlling interest		2,109	2,141	–	–
Total equity		315,360	292,366	263,467	262,949
Liabilities					
Deferred tax liabilities	11	3,042	2,919	–	–
Lease liabilities	12	30,239	–	–	–
Non-current liabilities		33,281	2,919	–	–
Trade and other payables	13	140,766	125,663	447	392
Current tax payable		16,605	15,391	–	–
Lease liabilities	12	26,743	–	–	–
Current liabilities		184,114	141,054	447	392
Total liabilities		217,395	143,973	447	392
Total equity and liabilities		532,755	436,339	263,914	263,341

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 2019

	Note	2019	2018
		$'000	$'000
Revenue	14	991,284	890,934
Cost of sales		(724,426)	(652,554)
Gross profit		266,858	238,380
Other income		8,933	7,607
Selling and distribution expenses		(7,669)	(5,824)
Administrative expenses		(172,787)	(154,044)
Other expenses		(2,752)	(2,333)
Results from operating activities		92,583	83,786
Finance expenses	15	(2,014)	–
Finance income	15	1,338	888
Profit before tax		91,907	84,674
Tax expense	17	(16,152)	(14,149)
Profit for the year	16	75,755	70,525
Profit attributable to:			
Owners of the Company		75,732	70,797
Non-controlling interest		23	(272)
Profit for the year		75,755	70,525
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign entity		(137)	(204)
Total comprehensive income for the year		75,618	70,321
Total comprehensive income attributable to:			
Owners of the Company		75,650	70,675
Non-controlling interest		(32)	(354)
Total comprehensive income for the year		75,618	70,321
Earnings per share			
- Basic and diluted (cents)	18	5.04	4.71

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to owners of the Company						
	Share capital	Merger reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
At 1 January 2019	235,373	(68,234)	(91)	123,177	290,225	2,141	292,366
Total comprehensive income for the year							
Profit for the year	–	–	–	75,732	75,732	23	75,755
Other comprehensive income							
Foreign currency translation differences for foreign entity	–	–	(82)	–	(82)	(55)	(137)
Total comprehensive income for the year	–	–	(82)	75,732	75,650	(32)	75,618
Transactions with owners, recognised directly in equity							
Contribution by and distribution to owners of the Company							
Dividends paid (Note 9)	–	–	–	(52,624)	(52,624)	–	(52,624)
Total transactions with owners	–	–	–	(52,624)	(52,624)	–	(52,624)
At 31 December 2019	235,373	(68,234)	(173)	146,285	313,251	2,109	315,360

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Operating activities			
Profit for the year		75,755	70,525
Adjustments for:			
Depreciation of property, plant and equipment	4	41,757	16,461
Loss/(gain) on disposal of property, plant and equipment	16	43	(118)
Unrealised exchange loss/(gain)		(88)	122
Interest income		(1,338)	(888)
Interest expense		2,014	–
Tax expense		16,152	14,149
		134,295	100,251
Changes in inventories		(12,269)	(9,131)
Changes in trade and other receivables		(4,992)	1,668
Changes in trade and other payables		15,103	14,341
Cash generated from operations		132,137	107,129
Taxes paid		(14,815)	(14,904)
Cash flows from operating activities		117,322	92,225
Investing activities			
Proceeds from disposal of property, plant and equipment		91	296
Purchase of property, plant and equipment		(53,611)	(28,167)
Interest received		1,338	888
Cash flows used in investing activities		(52,182)	(26,983)
Financing activities			
Dividends paid		(52,624)	(51,120)
Interest paid		(2,014)	–
Payment of lease liabilities		(21,268)	–
Cash flows used in financing activities		(75,906)	(51,120)
Net (decrease)/increase in cash and cash equivalents		(10,766)	14,122
Cash and cash equivalents at beginning of the year		87,234	73,438
Effect of exchange rate changes on balances held in foreign currencies		(49)	(326)
Cash and cash equivalents at end of the year	8	76,419	87,234

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2020.

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 2019 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 Going concern

The financial statements of the Group have been prepared on a going concern basis, notwithstanding the net current liabilities position of $7,548,000 as at 31 December 2019 which was mainly due to the reduction in cash and cash equivalents used in the acquisition of a new property. Management believes that the Group's operating cash flows will be sufficient to meet the repayment requirements of its debt obligations as and when they fall due. The Group also has access to available credit facilities if required, considering that its assets are unencumbered.

2.2 Statement of compliance

The financial statements for the year ended 31 December 2019 have been prepared in accordance with Singapore Financial Reporting Standards (International) "(SFRS(I))".

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.6.

2.3 Basis of measurement

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

2.4 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.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.5 Use of estimates and judgements (cont'd)

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

Inventories

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described below:

Lease term

Critical judgement is required in determining whether the Group is reasonably certain to exercise extension options.

2.6 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I), amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.6 Changes in accounting policies (cont'd)

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases property and land. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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 price. However, for leases of property, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term; and
- used a single discount rate for a portfolio of leases with similar characteristics.

Leases classified as finance leases under SFRS(I)1-17

For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.6 Changes in accounting policies (cont'd)

As a lessor

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under SFRS(I) 1-17, the head lease and sub-lease contracts were classified as operating leases. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under SFRS(I) 16.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets in property, plant and equipment and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019 $'000
Right-of-use assets – property, plant and equipment	49,576
Lease liabilities - current	(19,959)
Lease liabilities - long term	(29,617)

* For the impact of SFRS(I) 16 on profit or loss for the period, see Note 23. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see Note 3.5.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 3.72%.

	Group 1 January 2019 $'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's financial statements	54,240
Discounted using the incremental borrowing rate at 1 January 2019	49,734
- Recognition exemption for leases with less than 12 months of lease term at transition	(5,175)
- Conditional extension granted by lessor	5,017
Lease liabilities recognised at 1 January 2019	49,576

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 2.6, which addresses changes in accounting policies.

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

3.1 Basis of consolidation

Acquisitions of entities under common control

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

Subsidiaries

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

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

Non-controlling interest (NCI)

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

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

Loss of control

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

Transactions eliminated on consolidation

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

Subsidiaries in the separate financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency

Foreign currency transactions

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

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

Foreign operation

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

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

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

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

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

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

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

Subsequent costs

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

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of other asset.

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

(i) Recognition and initial measurement (cont'd)

Non-derivative financial assets and financial liabilities (cont'd)

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

Financial assets: Business model assessment

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.

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

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

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

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

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

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

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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(vi) Share capital

Ordinary shares

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

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(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 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 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; and
- amounts expected to be payable under a residual value guarantee.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

(i) As a lessee (cont'd)

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.

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 in 'property, plant and equipment' 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".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Leases (cont'd)

Leases - Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

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 ("ECL") 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.

Measurement of ECLs

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Non-derivative financial assets (cont'd)

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.8 Employee benefits

Defined contribution plans

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

Short-term benefits

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

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

3.9 Revenue

Supermarket operations

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.

Rental income

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

Government grants

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

3.10 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.10 Finance income and finance costs (cont'd)

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.

3.11 Tax expense

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

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.

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.12 Earnings per share

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

3.13 Segment reporting

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

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

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

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

3.14 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 24.

4 Property, plant and equipment

Group	Leasehold properties	Renovations	Plant and machinery	Office equipment, furniture and fittings	Motor vehicles	Computers	Construction in-progress*	Solar panels	Cold room	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost										
At 1 January 2018	234,540	14,065	50,799	5,076	11,065	9,480	6,030	3,766	6,378	341,199
Additions	–	2,780	11,056	52	65	3,508	10,706	–	–	28,167
Disposals	–	–	(266)	–	(670)	(142)	–	–	–	(1,078)
Transfer	–	2,110	–	–	–	–	(2,110)	–	–	–
At 31 December 2018	234,540	18,955	61,589	5,128	10,460	12,846	14,626	3,766	6,378	368,288
At 1 January 2019	234,540	18,955	61,589	5,128	10,460	12,846	14,626	3,766	6,378	368,288
Recognition of right-of-use asset on initial application of SFRS(I) 16	49,576	–	–	–	–	–	–	–	–	49,576
Adjusted balance at 1 January 2019	284,116	18,955	61,589	5,128	10,460	12,846	14,626	3,766	6,378	417,864
Additions	59,071	2,301	9,507	520	1,920	3,862	5,093	–	11	82,285
Disposals	–	(27)	(782)	(29)	(630)	–	–	–	–	(1,468)
At 31 December 2019	343,187	21,229	70,314	5,619	11,750	16,708	19,719	3,766	6,389	498,681
Accumulated depreciation										
At 1 January 2018	16,234	9,898	34,356	4,139	8,301	6,081	–	1,130	6,369	86,508
Depreciation charge for the year	3,422	1,961	6,666	424	978	2,631	–	376	3	16,461
Disposals	–	–	(259)	–	(501)	(140)	–	–	–	(900)
At 31 December 2018	19,656	11,859	40,763	4,563	8,778	8,572	–	1,506	6,372	102,069
Depreciation charge for the year	26,818	2,375	7,867	251	922	3,143	–	377	4	41,757
Disposals	–	(27)	(767)	(28)	(512)	–	–	–	–	(1,334)
At 31 December 2019	46,474	14,207	47,863	4,786	9,188	11,715	–	1,883	6,376	142,492
Carrying amounts										
At 1 January 2018	218,306	4,167	16,443	937	2,764	3,399	6,030	2,636	9	254,691
At 31 December 2018	214,884	7,096	20,826	565	1,682	4,274	14,626	2,260	6	266,219
At 31 December 2019	296,713	7,022	22,451	833	2,562	4,993	19,719	1,883	13	356,189

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

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (cont'd)

Refer to Note 23 for more details on leasehold properties classified as right-of-use assets.

The Group's major leasehold properties as at 31 December 2019 were 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 1st and 2nd floor	60 years commencing 26 December 2019	2,717
6 Mandai Link, Singapore 728652	4 storey warehouse with ancillary offices	60 years commencing in 2009	50,455
Woodlands Road [1]	Leasehold land	22 years commencing in 2016 [2]	1,795

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

1 This land is adjacent to 6 Mandai Link.

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

5 Subsidiaries

	Company	
	2019	2018
	$'000	$'000
Equity investments, at cost	82,261	82,261

NOTES TO THE FINANCIAL STATEMENTS

5 Subsidiaries (cont'd)

The subsidiaries of the Company are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2019	2018
			%	%
Sheng Siong Supermarket Pte. Ltd.[1]	Supermarket operations	Singapore	100	100
CMM Marketing Management Pte. Ltd.[1]	Trading of general and wholesale importers and exports	Singapore	100	100
Sheng Siong (M) Sdn. Bhd. [2]	Dormant	Malaysia	100	100
Sheng Siong (China) Supermarket Co, Ltd [2]	Supermarket operations	China	60	60

1 Audited by KPMG LLP, Singapore

2 Audited by other firms of certified public accountants

6 Inventories

	Group	
	2019	2018
	$'000	$'000
Goods for resale	82,166	69,897

In 2019, changes in goods for resale recognised in cost of sales amounted to $681,813,000 (2018: $617,913,000).

7 Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade receivables	5,789	5,627	64	1
Amounts due from affiliated companies (trade)	15	15	–	–
Amounts due from subsidiaries:				
- non-trade	–	–	151,284	144,747
- dividend income	–	–	30,000	36,000
Other receivables	1,788	1,442	–	–
Deposits	8,078	3,447	–	–
	15,670	10,531	181,348	180,748
Prepayments	2,311	2,458	6	7
	17,981	12,989	181,354	180,755

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

NOTES TO THE FINANCIAL STATEMENTS

8 Cash and cash equivalents

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash in hand	13,242	6,605	*	*
Cash at banks	14,191	18,315	299	325
Fixed deposits	48,986	62,314	–	–
	76,419	87,234	299	325

* Amount is less than $1,000.

Fixed deposits are placed with banks in Singapore and China with tenors of up to 2 months with interest rates of 0.72% to 1.80% (2018: 1.38% to 2.17%).

9 Share capital

	2019		2018	
	Number of shares '000	Amount $'000	Number of shares '000	Amount $'000
Company				
In issue at 1 January and 31 December	1,503,537	235,373	1,503,537	235,373

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

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

Dividends

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

	2019 $'000	2018 $'000
Ordinary dividends paid in respect of the financial year ended 2017		
Final cash dividend of 1.75 cents per ordinary share	–	26,312
Ordinary dividends paid in respect of the financial year ended 2018		
Interim cash dividend of 1.65 cents per ordinary share	–	24,808
Final cash dividend of 1.75 cents per ordinary share	26,312	–
Ordinary dividends paid in respect of the financial year ended 2019		
Interim cash dividend of 1.75 cents per ordinary share	26,312	–
	52,624	51,120

Subject to the approval by the shareholders at the forthcoming Annual General Meeting, the directors have proposed an exempt (one-tier) final dividend of 1.80 cents per share (2018: exempt (one-tier) final dividend of 1.75 cents per share) amounting to an estimated net dividend of $27.1 million (2018: $26.3 million) in respect of the year ended 31 December 2019. 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 2019 approximates 70.5% (2018: 72.5%) of the Group's net profit after tax.

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

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

10 Merger reserve

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

11 Deferred tax liabilities

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

	At 1 January 2018 $'000	Recognised in profit or loss (Note 17) $'000	At 31 December 2018 $'000	Recognised in profit or loss (Note 17) $'000	At 31 December 2019 $'000
Group					
Property, plant and equipment	2,558	361	2,919	123	3,042

12 Lease liabilities

Lease liabilities are payable as follows:

Year of maturity	Future lease payments $'000	Interest $'000	Lease liabilities $'000
Group			
Within one year	27,589	(846)	26,743
Between one and 5 years	24,819	(1,809)	23,010
More than 5 years	13,010	(5,781)	7,229
	65,418	(8,436)	56,982

NOTES TO THE FINANCIAL STATEMENTS

13 Trade and other payables

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade payables	95,097	82,394	–	–
Amounts due to affiliated companies (trade)	86	19	–	–
Amounts due to directors (trade)	520	1,038	300	300
Other payables	6,440	5,152	51	4
Deposits received	1,293	944	–	–
Accrued expenses	34,741	34,928	96	88
	138,177	124,475	447	392
Advance received from suppliers	2,589	1,188	–	–
	140,766	125,663	447	392

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

Contractual undiscounted cash flow

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

		Cash flows			
	Carrying amount $'000	Expected contractual cash flows $'000	Within 1 year $'000	Between 1 to 5 years $'000	More than 5 years $'000
Group					
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables*	138,177	(138,177)	(138,177)	–	–
Lease liabilities	56,982	(65,418)	(27,589)	(24,819)	(13,010)
	195,159	(203,595)	(165,766)	(24,819)	(13,010)
31 December 2018					
Non-derivative financial liabilities					
Trade and other payables*	124,475	(124,475)	(124,475)	–	
Company					
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables*	447	(447)	(447)	–	
31 December 2018					
Non-derivative financial liabilities					
Trade and other payables*	392	(392)	(392)	–	

* exclude advance received from suppliers

NOTES TO THE FINANCIAL STATEMENTS

13 Trade and other payables (cont'd)

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

Group	Liabilities Lease liabilities $'000
Restated balance at 1 January 2019*	49,576
Changes from financing cash flows	
Dividends paid	–
Payment of lease liability	(21,268)
Interest paid	(2,014)
Total changes from financing cash flows	(23,282)
Other changes	
Liability-related	
New leases	28,674
Interest expense	2,014
Total liability-related other changes	30,688
Total equity-related other changes	–
Balance at 31 December 2019	56,982

* See Note 2.6 for impact of transition to SFRS(I) 16.

14 Revenue

	Group	
	2019 $'000	2018 $'000
Supermarket operations	991,284	890,934

15 Finance income and finance expense

	Group	
	2019 $'000	2018 $'000
Interest income received/receivable from:		
- financial institutions	1,338	888
Lease liabilities:		
- interest expense	(2,014)	–

NOTES TO THE FINANCIAL STATEMENTS

16 Profit for the year

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

	Group	
	2019	2018
	$'000	$'000
Audit fees paid/payable to auditors of the Company	(290)	(290)
Non-audit fees paid/payable to auditors of the Company	(19)	(40)
Operating lease expense	(7,525)	(24,398)
Operating lease income	3,313	2,827
Depreciation of property, plant and equipment	(41,757)	(16,461)
(Loss)/gain on disposal of plant and equipment	(43)	118
Sales of recyclable items	1,249	1,462
Exchange gain, net	520	282
Government grants	2,109	1,618
Staff costs	(128,668)	(117,681)
Contributions to defined contribution plans, included in staff costs	(5,175)	(4,835)

17 Tax expense

		Group	
	Note	2019	2018
		$'000	$'000
Current tax expense			
Current year		16,133	14,629
Over provided in prior years		(104)	(841)
		16,029	13,788
Deferred tax expense			
Origination and reversal of temporary differences	11	123	361
Total tax expense		16,152	14,149

NOTES TO THE FINANCIAL STATEMENTS

17 Tax expense (cont'd)

	Group	
	2019	2018
	$'000	$'000
Reconciliation of effective tax rate		
Profit before tax	91,907	84,674
Tax expense using Singapore tax rate of 17% (2018: 17%)	15,624	14,395
Tax exempt income	(225)	(71)
Expenses not deductible for tax purposes	877	686
Over provision in respect of prior years	(104)	(841)
Tax rebate	(20)	(20)
	16,152	14,149

18 Earnings per share

	Group	
	2019	2018
	$'000	$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	75,732	70,797

	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 2019 and 2018.

19 Segment reporting

The Group operates in one segment which relates to the provision of supermarket supplies and supermarket operations. The Group's operations are mainly located in Singapore. The overseas subsidiaries' operations are not significant for the financial years ended 31 December 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

20 Commitments

(a) ***Capital commitments***

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

	Group	
	2019	**2018**
	$'000	**$'000**
Approved capital expenditure commitment	4,085	13,693

(b) ***Investment***

As at 31 December 2019, the Company has an outstanding commitment of uncalled capital contribution of $4 million (US$3 million) (2018: $4 million (US$3 million)) in respect of investment in the China's subsidiary (see Note 5).

21 Related parties

Identity of related parties

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

Affiliated company

An affiliated company is defined as one:

a) In which a director of the Group has substantial financial interests or is in a position to exercise significant influence; and/or

b) Which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

Key management personnel

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

Key management personnel compensation included in staff costs, comprises:

	Group	
	2019	**2018**
	$'000	**$'000**
Short-term employee benefits (including defined contribution plans)	16,123	14,786
Directors' fees	520	520
	16,643	15,306

NOTES TO THE FINANCIAL STATEMENTS

21 Related parties (cont'd)

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions carried out with related parties in the normal course of business on terms agreed between the parties are as follows:

	2019 $'000	2018 $'000
Corporations in which directors of the Company have substantial financial interests		
- Sales	42	130
- Rental expenses	(2,011)	(1,974)
- Rental income	488	478
Directors		
- Purchase of subsidiary's vehicle	–	286
Subsidiaries		
Management fee	480,000	480,000
Sales	11	11

22 Financial risk management

Overview

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

The 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 2019 and 2018 is insignificant.

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

NOTES TO THE FINANCIAL STATEMENTS

22 Financial risk management (cont'd)

Credit risk (cont'd)

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.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2019:

	Group Carrying amount $'000	Company Carrying amount $'000	Credit impaired
2019			
Neither past due nor impaired	5,447	64	No
Past due 0 – 30 days	267	–	No
Past due 31 – 60 days	47	–	No
Past due more than 60 days	3	–	No
Past due more than 90 days	39	–	No
Past due more than 180 days	1	–	Yes
	5,804	64	
2018			
Neither past due nor impaired	4,819	1	No
Past due 0 – 30 days	439	–	No
Past due 31 – 60 days	70	–	No
Past due more than 60 days	40	–	No
Past due more than 90 days	57	–	No
Past due more than 180 days	217	–	Yes
	5,642	1	

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 $181,284,000 (2018: $180,747,000). 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

22 Financial risk management (cont'd)

Credit risk (cont'd)

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

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

Liquidity risk

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

Market risk

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

(i) Foreign currency risk

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

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

	NZD $'000	USD $'000	EUR $'000	AUD $'000
Group				
31 December 2019				
Cash and cash equivalents	273	5,617	67	1,594
Trade payables	(5)	(3,461)	(42)	(632)
Net exposure	268	2,156	25	962
31 December 2018				
Cash and cash equivalents	54	2,235	15	4,197
Trade payables	–	(3,667)	–	(1,019)
Net exposure	54	(1,432)	15	3,178

At reporting date, the Company is not exposed to significant foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

22 Financial risk management (cont'd)

Market risk (cont'd)

(i) Foreign currency risk (cont'd)

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 2018.

	Profit before tax	
	2019	**2018**
	$'000	**$'000**
Group		
NZD	27	5
USD	216	(143)
EUR	2	1
AUD	96	318

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

(ii) ***Interest rate risk***

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

NOTES TO THE FINANCIAL STATEMENTS

22 Financial risk management (cont'd)

Market risk (cont'd)

(iii) Accounting classifications and fair values

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

	Amortised cost	Other financial liabilities	Total carrying amount
	$'000	$'000	$'000
Group			
31 December 2019			
Trade and other receivables*	15,670	–	15,670
Cash and cash equivalents	76,419	–	76,419
	92,089	–	92,089
Lease liabilities	–	(56,982)	(56,982)
Trade and other payables**	–	(138,177)	(138,177)
	–	(195,159)	(195,159)
31 December 2018			
Trade and other receivables*	10,531	–	10,531
Cash and cash equivalents	87,234	–	87,234
	97,765	–	97,765
Trade and other payables**	–	(124,475)	(124,475)
Company			
31 December 2019			
Trade and other receivables*	181,348	–	181,348
Cash and cash equivalents	299	–	299
	181,647	–	181,647
Trade and other payables**	–	(447)	(447)
	–	(447)	(447)
31 December 2018			
Trade and other receivables*	180,748	–	180,748
Cash and cash equivalents	325	–	325
	181,073	–	181,073
Trade and other payables**	–	(392)	(392)

* exclude prepayments

** exclude advance received from suppliers

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 Leases

Leases as lessee (SFRS(I) 16)

The Group leases land and properties which includes shop outlets. The leases typically run for a period of 3 to 96 years, with an option to renew certain leases after that date.

For certain shop outlets leases, the Group leases with contract terms of 1 year or less. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use assets

Right-of-use assets related to leased land and properties are presented as property, plant and equipment, including those previously identified as finance leases under SFRS(I) 1-17 (see Note 4).

Group	Leasehold land and properties Cost $' 000
Cost	
At 1 January 2019	240,745
Additions	59,071
At 31 December 2019	299,816
Accumulated depreciation	
At 1 January 2019	10,438
Depreciation for the year	26,136
At 31 December 2019	36,574
Carrying amounts	
At 1 January 2019	230,307
At 31 December 2019	263,242

ii. Amounts recognised in profit or loss

	Group $'000
2019 – Leases under SFRS(I) 16	
Interest on lease liabilities	(2,014)
Income from sub-leasing right-of-use assets presented in 'other income'	3,313
Expenses relating to short-term leases	(7,525)
2018 – Leases under SFRS(I) 1-17	
Lease expense	(24,398)
Sub-lease income presented in 'other income'	2,827

NOTES TO THE FINANCIAL STATEMENTS

23 Leases (cont'd)

Leases as lessee (SFRS(I) 16) (cont'd)

iii. Amounts recognised in consolidated statement of cash flows

	2019 Group $'000
Total cash outflow for leases	23,282

iv. Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. For certain leases, the extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has considered the conditional extension on its leased land at 6 Mandai Link to be granted by the lessor, resulting in an increase in lease liability of $5,017,000 as at 1 January 2019.

The Group has estimated that the potential future lease payments, arising from the extension option for the other leases, would result in an increase in lease liability of approximately $56,904,000.

Leases as lessor

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

All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group subleases a number of excess outlet space to third parties under operating leases. 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 sublease recognised by the Group during 2019 was $3,313,000 (2018: $2,827,000).

NOTES TO THE FINANCIAL STATEMENTS

23 Leases (cont'd)

Leases as lessor (SFRS(I) 16) (cont'd)

Operating lease (cont'd)

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

	Group $'000
2019 – Operating leases under SFRS(I) 16	
Less than one year	1,918
One to two years	765
Two to three years	131
Total	2,814
2018 – Operating leases under SFRS(I) 1-17	
Less than one year	2,588
Between one and five years	2,056
Total	4,644

24 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I), interpretations and amendments to SFRS(I) are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 103)
- *Definition of Material* (Amendments to SFRS(I) 1 and FRS 8)
- SFRS(I) 117 *Insurance Contracts*

25 Subsequent event

The COVID-19 outbreak since early 2020, which has been declared a pandemic by the World Health Organisation, has brought about uncertainties to some businesses. As the situation is rapidly evolving, the Group is closely monitoring the impact on its businesses and operations, including constant review of its sources of supply and inventory. The potential effects, if any, are subject to changes.

财务报表
财务状况表
截至2019年12月31日

	备注	集团 2019 $'000	集团 2018 $'000	公司 2019 $'000	公司 2018 $'000
资产					
房地产、厂房与器材	4	356,189	266,219	–	–
子公司	5	–	–	82,261	82,261
非流动资产		356,189	266,219	82,261	82,261
库存	6	82,166	69,897	–	–
贸易和其他应收账款	7	17,981	12,989	181,354	180,755
银行结余及现金	8	76,419	87,234	299	325
流动资产		176,566	170,120	181,653	181,080
总资产		532,755	436,339	263,914	263,341
权益					
股本	9	235,373	235,373	235,373	235,373
储备	10	(68,234)	(68,234)	–	–
外汇兑换储备		(173)	(91)	–	–
累计盈利		146,285	123,177	28,094	27,576
可归属股东的权益		313,251	290,225	263,467	262,949
非控股权益		2,109	2,141	–	–
总权益		315,360	292,366	263,467	262,949
负债					
递延税款负债	11	3,042	2,919	–	–
租赁负债	12	30,239	–	–	–
非流动负债		33,281	2,919	–	–
贸易和其他应付账款	13	140,766	125,663	447	392
当前应缴税务		16,605	15,391	–	–
租赁负债	12	26,743	–	–	–
流动负债		184,114	141,054	447	392
总负债		217,395	143,973	447	392
总权益与负债		532,755	436,339	263,914	263,341

综合损益表和其他综合收益表

截至2019年12月31日

	备注	2019 $'000	2018 $'000
营业额	14	991,284	890,934
销售成本		(724,426)	(652,554)
毛利		266,858	238,380
其他收益		8,933	7,607
销售与分销开支		(7,669)	(5,824)
行政开支		(172,787)	(154,044)
其他开支		(2,752)	(2,333)
营运活动的业绩		92,583	83,786
财务开支	15	(2,014)	–
财务收益	15	1,338	888
税前盈利		91,907	84,674
税务开支	17	(16,152)	(14,149)
全年盈利	16	75,755	70,525
盈利:			
可归属股东的盈利		75,732	70,797
非控制股权益的盈利		23	(272)
全年盈利		75,755	70,525
其他综合收益			
可重新分类为损益的项目:			
外企的外币换算差额		(137)	(204)
全年综合收益总额		75,618	70,321
综合收益:			
可归属公司股东的综合收益		75,650	70,675
非控股权益的综合收益		(32)	(354)
全年综合收益总额		75,618	70,321
每股盈利			
- 基本和摊薄（分）	18	5.04	4.71

STATISTICS OF SHAREHOLDINGS

As at 16 March 2020

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

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	16	0.16	183	0.00
100 - 1,000	1,580	16.05	1,310,794	0.09
1,001 - 10,000	5,617	57.05	34,266,246	2.28
10,001 - 1,000,000	2,606	26.47	138,176,513	9.19
1,000,001 AND ABOVE	27	0.27	1,329,783,264	88.44
TOTAL	**9,846**	**100.00**	**1,503,537,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SHENG SIONG HOLDINGS PTE LTD	448,800,000	29.85
2	DBS NOMINEES (PRIVATE) LIMITED	183,653,722	12.21
3	LIM HOCK CHEE	137,400,000	9.14
4	LIM HOCK ENG	137,400,000	9.14
5	LIM HOCK LENG	137,400,000	9.14
6	CITIBANK NOMINEES SINGAPORE PTE LTD	121,744,319	8.10
7	HSBC (SINGAPORE) NOMINEES PTE LTD	32,452,984	2.16
8	DBSN SERVICES PTE. LTD.	32,451,171	2.16
9	RAFFLES NOMINEES (PTE.) LIMITED	31,881,444	2.12
10	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	12,528,677	0.83
11	LIM KIM HOCK	8,400,000	0.56
12	PHILLIP SECURITIES PTE LTD	7,322,979	0.49
13	BPSS NOMINEES SINGAPORE (PTE.) LTD.	6,121,100	0.41
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,664,800	0.38
15	CHUA KOK SOON	4,500,000	0.30
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,314,720	0.29
17	OCBC SECURITIES PRIVATE LIMITED	3,391,300	0.23
18	LEE MOI HONG	2,107,100	0.14
19	YEOH SIEW SIAN	2,000,000	0.13
20	IFAST FINANCIAL PTE. LTD.	1,760,400	0.12
	TOTAL	**1,321,294,716**	**87.90**

STATISTICS OF SHAREHOLDINGS

As at 16 March 2020

SUBSTANTIAL SHAREHOLDERS

(As shown in the register of substantial shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
NAME	**No. of Shares**	**%**	**No. of Shares**	**%**
Lim Hock Eng	137,400,000	9.14	724,100,000[(1)]	48.16
Lim Hock Chee	137,900,000	9.17	725,707,100[(1) (2)]	48.27
Lim Hock Leng	137,400,000	9.14	724,100,000[(1)]	48.16
Sheng Siong Holdings Pte Ltd	448,800,000	29.85	n.a.	n.a.
Mondrian Investment Partners Limited	–	–	91,921,600	6.1

Notes:

(1) Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng (each a "Lim Director") are siblings and each of them is a director and shareholder (each holding an equity interest of approximately 33.3%) of Sheng Siong Holdings Pte. Ltd. ("SS Holdings"). Pursuant to Section 7 of the Companies Act (Cap. 50):

(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 (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 (275,300,000 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 (275,300,000 shares); and (ii) SS Holdings (448,800,000 shares).

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

FREE FLOAT

Based on information available to the Company, approximately 36.07% of the shareholding in the Company was held in the hands of the public.

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of SHENG SIONG GROUP LTD. (the "**Company**") will be held at 6 Mandai Link, Singapore 728652 on 28 April 2020 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 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final (one-tier tax exempt) dividend of 1.80 cents per ordinary share for the financial year ended 31 December 2019. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company's Constitution (the "**Constitution**"):

   Mr. Lim Hock Eng **(Resolution 3)**

   Mr. Tan Ling San **(Resolution 4)**

   Mr. Goh Yeow Tin *[See Explanatory Note (i)]* **(Resolution 5)**

   Mr. Jong Voon Hoo *[See Explanatory Note (ii)]* **(Resolution 6)**

4. To approve the payment of Directors' fees of S$300,000 for the year ended 31 December 2019 (2018: S$300,000). **(Resolution 7)**

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

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

AS SPECIAL BUSINESS

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

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

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided that:

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

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

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

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST ("**Listing Manual**"); and

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

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Constitution; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier."

[See Explanatory Note (iii)] **(Resolution 9)**

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

By Order of the Board

Mr. Lim Hock Chee
Chief Executive Officer

Singapore, 9 April 2020

Explanatory Notes:

(i) Mr. Goh Yeow Tin is a Lead Independent Director and will, upon re-election as a Director of the Company, continue to serve as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

(ii) Mr. Jong Voon Hoo is an Independent Director and will, upon re-election as a Director of the Company, continue to serve the Chairman of the Audit Committee and as a member of the Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

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

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

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

(v) The Ordinary Resolution 11 proposed in item 9 above, if passed, will empower the Directors of the Company, to allot and issue such number of fully paid Shares from time to time pursuant to the vesting of Awards under the Scheme.

Notes:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote instead of him.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

3. If the member is a corporation, the instrument appointing the proxy must be under its common seal or the hand of its attorney or a duly authorised officer.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 6 Mandai Link, Singapore 728652 not less than 48 hours before the time appointed for holding the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

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

SHENG SIONG GROUP LTD.

(Company Registration No.: 201023989Z)
(Incorporated in Singapore with limited liabilities)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Meeting and vote (please see Note 3 for the definition of ("relevant intermediary").
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (name)

of _____ (address)

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

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %

and/or (delete as appropriate)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting ("**Meeting**") of the Company to be held at 6 Mandai Link, Singapore 728652 on Tuesday, 28 April 2020 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions relating to:	No. of votes For *	No. of votes Against *
1.	Directors' Statement and Audited Financial Statements for the year ended 31 December 2019		
2.	Approval of payment of the final dividend		
3.	Re-election of Mr. Lim Hock Eng as a Director		
4.	Re-election of Mr. Tan Ling San as a Director		
5.	Re-election of Mr. Goh Yeow Tin as a Director		
6.	Re-election of Mr. Jong Voon Hoo as a Director		
7.	Approval of Directors' fees amounting to S$300,000 for the financial year ended 31 December 2019		
8.	Re-appointment of KPMG LLP as Auditors		
9.	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate		
10.	Authority to grant options and issue shares under the Sheng Siong ESOS		
11.	Authority to grant awards and issue shares under the Sheng Siong Share Award Scheme		

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

Dated this _____ day of _____

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

_____

Signatures of Shareholder(s)
or, Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

3. A member who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote at the Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore, and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy from will be deemed to relate to all the shares held by you.

6. This proxy form must be deposited at the Company's registered office at 6 Mandai Link, Singapore 728652 not less than **48 hours** before the time set for the Meeting.

7. This proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

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

CORPORATE INFORMATION

BOARD OF DIRECTORS:

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

AUDIT COMMITTEE:

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

NOMINATING COMMITTEE:

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

REMUNERATION COMMITTEE:

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

COMPANY SECRETARY:

Mr Tan Wei Shyan

INDEPENDENT AUDITOR:

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

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

SHARE REGISTRAR:

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

REGISTERED OFFICE:

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

SHENG SIONG GROUP LTD.

6 Mandai Link Singapore 728652
Tel: +65 6895 1888
Fax: +65 6269 8265
www.shengsiong.com.sg