## FINANCIAL HIGHLIGHTS

### REVENUE ($M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>628.4</td>
</tr>
<tr>
<td>2011</td>
<td>578.4</td>
</tr>
<tr>
<td>2012</td>
<td>637.3</td>
</tr>
<tr>
<td>2013</td>
<td>687.4</td>
</tr>
<tr>
<td>2014</td>
<td>706.0</td>
</tr>
</tbody>
</table>

### GROSS PROFIT ($M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>137.8</td>
</tr>
<tr>
<td>2011</td>
<td>127.9</td>
</tr>
<tr>
<td>2012</td>
<td>140.9</td>
</tr>
<tr>
<td>2013</td>
<td>158.2</td>
</tr>
<tr>
<td>2014</td>
<td>175.7</td>
</tr>
</tbody>
</table>

### GROSS PROFIT MARGIN

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Profit Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>21.8%</td>
</tr>
<tr>
<td>2011</td>
<td>22.1%</td>
</tr>
<tr>
<td>2012</td>
<td>22.1%</td>
</tr>
<tr>
<td>2013</td>
<td>23.0%</td>
</tr>
<tr>
<td>2014</td>
<td>24.2%</td>
</tr>
</tbody>
</table>

### NET PROFIT ($M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>42.6</td>
</tr>
<tr>
<td>2011</td>
<td>27.3</td>
</tr>
<tr>
<td>2012</td>
<td>41.7</td>
</tr>
<tr>
<td>2013</td>
<td>38.9</td>
</tr>
<tr>
<td>2014</td>
<td>47.6</td>
</tr>
</tbody>
</table>

### EARNINGS PER SHARE (CENTS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3.74</td>
</tr>
<tr>
<td>2011</td>
<td>2.21</td>
</tr>
<tr>
<td>2012</td>
<td>3.01</td>
</tr>
<tr>
<td>2013</td>
<td>2.81</td>
</tr>
<tr>
<td>2014</td>
<td>3.34</td>
</tr>
</tbody>
</table>
Sheng Siong Group Ltd is one of Singapore’s largest retailers with 37 supermarkets/grocery stores located all across the island. Our chain stores are designed to provide customers with both “wet and dry” shopping options ranging from a wide assortment of live, fresh and chilled produce, such as seafood, meat and vegetables to packaged, processed, frozen and/or preserved food products as well as general merchandise, including toiletries and essential household products. Over the last 7 years, we have begun developing a selection of housebrands to offer our customers quality alternatives to national brands at substantial savings. To-date, we have over 400 products under our 10 housebrands.

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

To support our retail operations, we moved into our new corporate headquarters and purpose-built warehousing and distribution centre at Mandai Link in July 2011. In March 2013, we received HACCP certification for our processing of fish, seafood, meat and vegetables from the receiving of raw materials, storage, processing, packing to transportation of finished products. Our repackaging of dried food, frozen food and fruits are also HACCP-certified.

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

On behalf of our Board of Directors, it is my pleasure to present our annual report for the financial year ended December 31, 2014 (“FY2014”).

FINANCIAL PERFORMANCE

In 2014, the Group reached another significant milestone when its market capitalization exceeded S$1 billion following the placement of 120 million new shares at 67 cents per share in September and since then, has been hovering around S$1.1 billion. This, I believe, is the result of the Group’s medium term strategy to grow organically and at the same time improve operating margin. Perhaps, you could recall that, at the time of our IPO in August 2011, our market capitalization was only S$0.46 billion.

THE SUPERMARKET INDUSTRY

2014 was a rather quiet year for new store openings in the mass market segment, but what was interesting was the launch of warehouse retail, a new grocery retail format by NTUC FairPrice in Joo Koon, followed by Big Box in Jurong East. Meanwhile, besides all the three major supermarket chains offering grocery retailing online, new players dedicated just to retailing grocery or fresh food online became more active. We will be watching these developments closely.

The supermarket industry continues with their effort to offer more and varied fresh items, and we see this as a potential source of growth in revenue.

According to the Ministry of Trade and Industry, the Singapore economy grew by 2.9%¹ in 2014, compared with the 4.4% growth achieved in 2013. Not surprisingly, retail sales at supermarkets grew at a tepid 0.5%, but nonetheless, we outperformed the national growth rate as our revenue grew by 5.6% and net profit by 22.3%. The growth in net profit was achieved despite tremendous pressure on manpower cost, arising mainly from the Government’s policy to improve productivity by clamping down on the hiring of foreign workers. I am proud to say that we have been growing revenue and core net profit steadily at a CAGR rate of 7.8% and 20.4% respectively since FY2011, the year of our IPO, and, through strict cost control, maintained our administrative expenses at about 16% of revenue. Mr Lim Hock Chee, our CEO, will be discussing these in greater detail in the CEO review.
DIVIDEND
The Board has recommended a final cash dividend of 1.5 cents per share to reward shareholders for their continued support, taking our total dividend for FY2014 to 3.0 cents per share. The total payout amounted to about 91% of our net profit after tax.

Going forward, we remain committed to distributing up to 90% of our net profit for FY2015 and FY2016. This is a reflection of the cash generating nature of the business and validates our belief that the fruits of our success should be shared with our shareholders.

DELIHTING OUR CUSTOMERS
In FY2014, we continue to focus on improving our customers’ shopping experiences and the quality of our product offerings.

We closed, revamped and re-opened our existing store at Chin Swee in FY2014, following similar renovation done at our Teban Gardens and Ang Mo Kio stores in FY2013. The Bedok Central 209, Jurong Superbowl and Serangoon North stores were partially upgraded in FY2014, and this was in line with our motto “Sheng Siong... all for you”, where we aim to ensure that our customers can do their grocery shopping in a comfortable environment, while at the same time enjoy a wider array of products which could be made available with the upgraded facilities.

We also take pride in the quality and sustainability of our food offerings. The Norwegian salmon available for sale in our stores has been certified as sustainable seafood. As a member of the seafood supply chain, we have a responsibility towards harvesting, sourcing and promoting responsibly-harvested seafood to safeguard the future of our supply. We are pleased that our efforts to promote sustainable seafood will contribute towards the global vision of ensuring that global resources are used sustainably.

CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY
Here at Sheng Siong, we firmly believe that we should return to society the benefits that we have derived from it. In 2014, we engaged ourselves in several Corporate Social Responsibility initiatives. The following are some examples:–

We joined hands with Jurong Police Division to launch “The Community Safety and Security Programme” in July 2014. This unique crime deterrent programme, also known as Anti-Shop Theft Vest, involves the use of security vests to curb shop theft. Sheng Siong’s staff helped launch the initiative within the Woodlands estate by donning security vests with the words “SECURITY. May I help you?” printed at the back. Our employees were also trained to spot potential thieves, making them security officers in combating shop theft at the supermarkets.

As a leading supermarket operator, we not only want our customers to eat well, but also maintain healthy lifestyles. We participated in Health Promotion Board’s “One Million KG Challenge Season 2”. The “One Million KG Challenge” is Singapore’s first national incentive-based weight management movement with the aim of motivating Singapore residents to achieve and manage healthy body weight. The first season of the One Million KG Challenge was launched on 15 March 2014 and over 80,000 people have signed up for the programme since registration opened in January 2014. The achievements of winners of Season 1 were recognised on 25 October 2014. The event concluding Season 1 also marked the beginning of the next phase of the Challenge. “One Million KG Challenge Season 2” was officially launched by Prime Minister Lee Hsien Loong at the same event, to encourage more Singaporeans to be actively involved in the national goal of losing weight and staying healthy.

We also supported “One Community Fiesta 2014”, an annual flagship programme of People’s Association (PA). 2014 was the 4th year PA is organising the event. About 5,000 local and new immigrant residents attended the fun and interactive half-day carnival held in November 2014, which provided a platform for interaction and appreciation of Singapore’s diverse cultures and heritage.
CHAIRMAN’S MESSAGE

ENVIRONMENT
To reduce carbon footprint, solar panels were installed on the roof-top of our Mandai Link Distribution Centre, occupying an area of about 11,000 square metres, exploiting our available roof area to the fullest extent. To-date, we believe we have the largest private sector solar panel system installed in Singapore. Depending on sunlight exposure, the system generates approximately 14% to 20% of our energy needs, or equivalent to roughly 730 metric tonnes of CO₂ reduction per year.

STAFF
We value our workforce as much as our customers. We believe that by taking good care of our staff, they will be even more committed and productive at work. We show our care by offering complimentary meal, Good Attendance Incentive and long service award. To celebrate, staff are awarded Sheng Siong vouchers in their birthday month and ang pows on their wedding. In addition, my brothers, Mr Lim Hock Chee, Mr Lim Hock Leng and I have, out of our own pockets, given Education Grants in recent years, to our low-income workers with school-going children. Such Education Grants can help ease the family burden and defray the cost as the children learn and progress.

As a unionised company, we always follow the five guiding principles of fair employment practices as stated in the Tripartite Guiding Principles for Fair Employment Practices, namely, to:

1. recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, family status or disability.

2. treat employees fairly and with respect and implement progressive human resource management systems.

3. provide employees with equal opportunity to be considered for training and development based on their strengths and needs, to help them achieve their full potential.

4. reward employees fairly based on their ability, performance, contribution and experience.

5. abide by labour laws and adopt Tripartite Guidelines which promote fair employment practices.
AWARDS AND ACCOLADES
Sheng Siong is also grateful for all the recognition conferred to us by various reputable associations in 2014.

We were only one of six local enterprises awarded the inaugural Singapore Productivity Awards in October 2014, by the Singapore Business Federation (SBF). The awards recognise locally-based enterprises that have made significant progress in raising their productivity. We were given the recognition by SBF because we had demonstrated leadership and innovative business practices that contributed towards raising labour productivity.

On 31 December 2014, Sheng Siong Group Ltd was recognised for its commendable performance in business excellence, having been awarded the “Singapore Quality Class” (SQC) certification by SPRING Singapore, which is valid for three years from January 2015 to December 2017. SQC is the certification for organisations who have achieved the Business Excellence Standard, which recognizes organisations with management systems and processes in place to achieve all-round business excellence. With the award, Sheng Siong is able to use the SQC logo on all our collaterals, giving our customers and partners a strong vote of confidence in us.

We are also privileged, for being recognised as Bronze Winner for the Retail Asia Top 500 Awards and Superbrand Status by Superbrands Singapore. We are glad that our brand building efforts to connect with our customers have been acknowledged.

ACKNOWLEDGMENTS
I would like to express my gratitude to the management team and staff for their commitment and hard work in 2014. I would also like to thank our customers, suppliers and business partners for their support over the years. My appreciation also goes out to my fellow Board members for their invaluable insights and guidance. I will also like to extend my appreciation to shareholders for their unwavering support of the Company. We look forward to working together to be the supermarket of choice for our customers.

LIM HOCK ENG
Executive Chairman

亲爱的股东们：

我谨代表昇菘董事会，发表我们截至2014年12月31日财政年（“2014财政年”）的年报。

财务表现

继集团在2014年9月份以每股67分配售1亿2000万股新股之后，集团达到又一个显著的里程碑——市值超越了10亿新元。自2014年9月以来，其市值一直在11亿新元左右徘徊。我相信这是集团在中期争取自然增长、同时改善营运盈利率的策略奏效的结果。回想一下，我们2011年8月首次公开售股时，市值只有4亿6000万新元。

2014年，大众化市场没有多少新店开业，但有趣的是，职总平价在裕群推出新的杂货零售形式——货仓零售，裕廊东接着也出现了Big Box货仓大卖场。与此同时，除了三大连锁超市在网上售卖杂货之外，专门在网上进行杂货或新鲜食品零售的新业者也变得更加活跃。我们将密切留意这些发展。

超市行业继续推出更多及种类多样化的新鲜食品，这可能会带动生意增长。

根据贸工部，我国经济在2014年增长2.9%1，相比之下，2013年的经济增长率为4.4%。超市的零售销售额仅增长0.5%。尽管如此，我们的营业额增长5.6%，净利增长22.3%，表现比全国同行增长率优越。

政府为了提高生产力收紧雇主聘用外籍员工的政策，导致人力成本面对庞大压力。然而，我们还是取得了净利增长。令我引以为傲的是，自2011年上市以来，我们的营业额和核心净利分别以7.8%和20.4%的复合年增长率，

稳健攀高。此外，我们严加控制成本，促使行政开支占营业额的比率维持在16%左右。总裁林福星先生将在总裁回顾一栏，进一步讨论这方面。

股息
董事会建议派发每股1.5分的年终现金股息，以回馈股东们的支持。因此，2014财政年的总股息将是每股3.0分。股息总派发额将是我们税后净利润的大约91%。

展望未来，我们会按所承诺的，把2015财政年和2016财政年净利润的达90%派为股息。这反映了我们业务产生现金的性质及验证了我们的信念——成功的果实应该与股东们分享。

让顾客欣喜
2014年，我们继续把焦点投注在改善顾客的购物体验和产品的品质。

我们在2014年关闭、重新整顿并重开位于振瑞地区现有的分店，作法类似2013年为德曼花园和宏茂桥进行的装修。为了符合我们本身对于“昇菘……全是为了你”座右铭的要求，我们也在2014年为勿洛中心大牌209、远景路和实龙岗北的超市进行部分装修，确保顾客能在舒适的环境中购物，同时可因设备的翻新而选购更多样化的产品。

我们也为所销售的食品品质与可持续性，引以为豪。我们在超市内售卖的挪威三文鱼，获得可持续海产的认证。身为海产供应链的成员，我们有责任采购和推广负责任养殖的海产，保障供应的源源不绝。我们对于推广可持续海产的努力，将为全球确保资源可持续使用的愿景尽一份力，感到欣慰。

企业社会责任
社区
在昇菘，我们坚信取诸社会、用诸社会。2014年，我们参与了多个社会企业责任计划，以下是其中一些例子：

我们也支持人民协会一年一度的重头节目——“社区嘉年华”。2014年是人协第四度举办此活动。大约5000名居民和新移民参加了这个在2014年11月份举行的半天嘉年华。现场有各种活动、游戏，以及各民族特色小吃，促进人们对我国多元文化与遗产的交流及加深他们的了解。

作为一家领先的超市业者，我们不仅要顾客吃得好，也要他们保持健康的生活。我们参加了保健促进局第二季的“百万公斤挑战”。 “百万公斤挑战”是新加坡第一个奖励民众瘦身或管理本身体重的全国性运动。第二季的“百万公斤挑战”于2014年7月15日推出，而在开始接受报名的两个多月里，超过8万人报名参加。第一季得奖者的成就，在2014年10月25日受到承认。那个场合既是“百万公斤挑战”第一季的结束，又是下一季挑战的开始，鼓励更多国人积极参与减重，达到保持体魄健康的全国目标。
主席献词

环境
为了利用太阳能发电从而减少碳排放量，我们充分地使用万礼连分销中心的屋顶空间，装置总面积约为1万1000平方米的太阳能板。到目前为止，我们相信我们是装有单一最大太阳能系统的机构。视阳光照射情况而定，该系统的发电量可供应我们能源所需的大约14%至20%，或相等于每年减少大约730公吨的二氧化碳。

员工
就如我们真诚地对待顾客，我们也珍惜我们的工作团队。我们相信，如果能照顾好我们的员工，他们在工作时会更加投入、更有生产力。我们在每个工作日为员工提供一餐免费膳食，以此关心他们。此外，我们也通过勤工奖励金和长期服务奖，给予员工肯定和鼓励。员工生日和结婚，公司也会赠出昇菘礼券和红包，祝福他们。此外，我和我的弟弟——福星和佑龙，也在近几年投入一笔金额办助学金，减轻低薪职员养儿育女的家庭负担。在职的低薪同事们只要有孩子在小学、中学、大学或其他高等学府受教育，每年都可以申请有关的助学金。

我们公司成立了工会，所以一直以公平雇佣作业方式的劳资政指导原则为依据，即：

1. 选贤与能（如技能、经验或称职），无论年龄、种族、性别、宗教、家庭背景或是否有体障。

2. 公平地对待雇员，尊重雇员，推行持续进步的人力资源管理系统。

3. 根据雇员的强项和需要，为雇员提供同等机会接受训练和发展，协助他们把潜能完全发挥出来。

4. 根据雇员的能力、表现、贡献和经验，给予公平的奖赏。

5. 遵循劳工法，采纳推广公平雇佣作业方式的劳资政指导原则。
主席献词

奖状
各个信誉良好的团体或机构在2014年颁给昇菘的奖项奖状，令我们不胜感激。

我们和另外5家本地企业，是新加坡工商联合总会2014年10月主办的第一届新加坡生产力奖的得主。这个奖旨在表彰积极提高生产力并取得成效的本地企业。第一届的得主有6家本地企业。我们在生产力方面的努力，包括领导精神和创新的商业作业方式，获得新加坡工商联合总会的肯定。

2014年12月31日，昇菘集团有限公司因为商业表现卓越，而获得新加坡标准、生产力与创新局颁发“新加坡素质等级”认证，证书有效期三年（2015年1月至2017年12月）。获得新加坡素质等级认证，意味着一家机构达到商业卓越标准，即机构的管理系统和流程能助它在商业上取得全方位的卓著表现。有了这方面的鉴定，昇菘能在所有行销资料使用“新加坡素质等级”标志，增强顾客和伙伴对我们的信心。

我们也在亚太零售业500强常年奖项中获得新加坡零售市场的铜奖，并获新加坡超级品牌颁予超级品牌的地位。我们很高兴我们在建立品牌、拉近与顾客的关系上，受到市场的肯定。

致谢
我要感谢我们的管理团队和员工，在2014年于各自的岗位卖力、勤奋地工作。我也要感谢我们的顾客、供应商和商业伙伴多年来的支持。谢谢我们董事会成员宝贵的意见与指导，也谢谢股东们对昇菘的鼎力支持。期待和大家一起努力，让昇菘超市成为顾客心目中的首选。

执行主席
林福荣
The economic environment was tough both internationally and domestically. In 2014, supermarket sales in Singapore grew by 0.5%, compared with a 4.3% increase in 2013. Despite the fact that the pace of supermarket sales growth slowed in 2014, we managed to expand our top line by a year-on-year growth rate of 5.6% in 2014.

**REVENUE**
Revenue increased by 5.6% in FY2014 of which 2.3% was contributed by the new stores which were opened in FY2012, and 3.3% from comparable same store sales for the old stores. The increase in revenue was driven mainly by growth in the new stores, longer operating hours, marketing initiatives and renovation of some of the old stores. Most of the new stores, which are now in their third year of operation, continue to grow within expectations. Revenue contraction in the Bedok and Tekka stores appeared to have bottomed out in 4Q2014, despite growth remaining negative for the full year, though of a lesser magnitude compared with FY2013.

**GROSS PROFIT MARGIN**
Gross margin increased to 24.2% in FY2014 compared with 23.0% in FY2013, driven mainly by lower input costs derived from the distribution centre, better sales mix, and stable selling prices. We will continue with our efforts to improve gross margin by improving sales mix in favour of fresh produce and lower input cost through increased direct sourcing and bulk handling. All these were facilitated by our central distribution centre in Mandai.

**OPERATING EXPENSES**
Administrative expenses increased by S$6.4 million in FY2014 compared with FY2013, mainly because of the increase in staff costs. The increase in staff costs came from salary adjustments as well as a higher provision for bonus arising from the improved financial performance of the Group in FY2014. The increase in bonus was in line with the increase in net profit. Rental expenses remained at about 2.7% of revenue, despite an overall increase of 3.2% in rent compared with FY2013. Operating costs were tightly controlled and administrative expenses as a percentage of revenue remained stable at 16.2% in FY2014. This was achieved despite pressure on manpower cost arising mainly from the reduced quota for hiring of foreign workers, by improving productivity through the revamping of processes, automation and rewarding employees for productivity gains.

**TAXES**
The effective tax rate for FY2014 of 17.6% was close to the statutory tax rate of 17%.

**NET PROFIT**
As a result, we reported a 22.3% increase in net profit to $47.6 million for FY2014, mainly because of a higher turnover, and consequently a higher gross profit which was augmented by improved gross margin.
CASH
We continued to generate healthy cash flow from operating activities in FY2014, with cash flow from operating activities of S$71.7 million being higher than 2013’s operating cash flow of S$45.1 million. This was mainly due to the higher level of operating profit and cash generated from working capital changes. Total cash outflow in 2014 for property plant and equipment of S$80.9 million comprised of the purchase of Block 506 Tampines, progress payments for Yishun Junction 9 which is still under construction and maintenance capital expenditures. On 9 September 2014, the Company issued, by way of a private placement 120 million new shares raising a net amount of S$79.0 million, which was and will be utilized to purchase retail space to expand the grocery retailing business in Singapore.

Our balance sheet remained strong with cash of S$130.5 million as at 31 December 2014.

FY2015 STRATEGY AND OUTLOOK
The Monetary Authority of Singapore said in their policy statement dated 28 January 2015 that the mixed outlook for the global economy will weigh on the external-oriented sectors (of Singapore’s economy) while the domestic sectors should stay broadly resilient. They added that the outlook for inflation had shifted significantly largely due to the decline in global oil prices, with imported inflationary pressures receding as global oil prices are likely to remain subdued in FY2015.

Against this backdrop, the supermarket industry is expected to remain competitive. In December 2014, the Group opened a new store in Penjuru and another in January 2015, following the completion of the purchase of Block 506 Tampines. We have just signed another two leases with the HDB for two new stores at Bukit Panjang and Punggol, with retail areas of approximately 5,200 and 3,300 square feet respectively. Although finding retail space to open outlets in areas where we do not have a presence remains challenging, we will continue to work hard to overcome this constrain. All the eight new stores which were opened in different months in 2012 would be entering into their third year of operation, and growth is expected to normalize.

We will continue to improve our gross margin by improving sales mix and lowering input cost. However, besides competitive pressures, gross margin, which had improved steadily throughout 2014, could be affected if input cost is increased due to food inflation resulting from disruption to the supply chain or other factors. The recent sharp appreciation of the US$, particularly against the S$ could have an impact on input prices if this is not offset by suppliers passing on savings arising from lower oil and commodity prices. The Government’s restriction on the supply of foreign labour would continue to put upward pressure on manpower cost and increase operating expenses. However, the Group expects some savings in utility charges arising from a lower oil price. We will remain vigilant and flexible in the midst of such volatile economic conditions.

The Government has also been very supportive financially in our productivity drives and we will continue with our efforts to reduce our dependency on manpower. Some of our valued customers would have noticed that we are testing automated cash handling machines in a few of our stores which we hope will make checking out faster and less labour-intensive. These machines will also simplify the handling of cash at the backend at the conclusion of each shift.

We are also looking into new technology which will extend the shelf life of our fresh produce by packaging and handling. Besides our valued customers enjoying fresher offerings, the longer shelf life will lengthen the time between replenishment, thereby reducing trips and improving productivity.

We will start to derive property income from the units in Block 506 Tampines which are rented out to non-related parties. The net income arising from this activity is not expected to be significant in FY2015. The Group will look into re-configuring the building to expand and/or re-position the store when most of these tenancies expire in FY2016.

We have entered into a conditional Joint Venture Agreement with LuChen Group Co. Ltd to set up a joint venture to operate supermarkets in Kunming, People’s Republic of China. Applications for licenses and registration of the joint venture with the relevant authorities in China are being made and it is envisaged that, in view of the pending approvals and grant of the licenses, operation will not commence till the second half of FY2015. The Group will hold a 60% stake, amounting to US$6 million in the joint venture. The joint venture is not expected to be profitable in FY2015, but the financial impact on the Group is not expected to be significant either.

CONCLUSION
We are pleased to be back on track for our store expansion plans. Looking ahead, we will leverage on our strong brand equity to continue to expand our retail network in Singapore, particularly in areas where we do not have a presence. In the light of the uncertain economic environment, we will remain prudent and firmly focused on improving our operating margins by leveraging on our Mandai Distribution Centre to lower input costs, optimising our sales mix and improving productivity to deal with the tight labour situation. The Ministry of Trade and Industry’s GDP growth forecast for 2015 is between 2.0% and 4.0%. The uncertainty over the global economy should affect the external-oriented sectors of Singapore’s economy, while the domestic sector such as food retail should remain resilient.

LIM HOCK CHEE BBM
Chief Executive Officer

国内外的经济环境艰难。2014年，新加坡的超市销售额增长0.5%。相比之下，2013年的销售额增长率为4.3%。尽管2014年的超市销售额增长步伐放缓，但我们2014财政年的营业额仍比2013财政年增长5.6%。

营业额
营业额在2014财政年上扬5.6%，其中2.3%来自2012年开业的新店，3.3%来自老店的同店销售额增长。营业额的增长，主要是因为新店生意增加、营业时间较长、行销计划对顾客有吸引力，以及一些老店进行装修。多数新店正进入第三年的营运，并合乎意料地持续增长。勿洛中心和竹脚分店营业额的萎缩似乎在2014年第四季见底。尽管两家店整年的营业额增长依旧呈负数，但与2013年相比，萎缩程度已减少。

毛利率
分销中心的进货成本较低、店内货品种类分配较佳以及售价稳定，促使毛利率从2013财政年的23.0%提高到2014财政年的24.2%。我们将通过改良销售品类的规划（售卖更多的新鲜物产）、透过更多的直接采购与量购降低进货成本，继续致力于改善毛利率。所有这些都由我们万礼的中央分销中心协调。

营运开支
由于员工成本增加，2014财政年的行政开支比2013财政年涨高640万新元。

员工成本的增加，来自薪金调整和更高的花红准备金，因为集团2014财政年的业绩比上年优越。花红因净利增长而增加。尽管2014财政年的整体租金比2013财政年增加3.2%，租金开支依旧占营业额的大约2.7%。2014财政年，营运成本受到严加控制，行政开支占营业额的16.2%，保持稳定。虽然公司雇用外国劳工受到政策收紧的影响，面对人力成本压力，但是我们改良工作流程、转向自动化及以分享制度激发员工提高生产力，有效地控制了营运开支。

税务
2014财政年的有效税率为17.6%，接近17%的法定税率。

净利
我们2014财政年的净利因此增加22.3%，达4,760万元，主要因为营业额有所增长，加上毛利率提高带动毛利攀高。

现金
我们在2014财政年继续从营运活动产生稳健的现金流量，来自营运活动的现金流量报7170万元，比2013年来自营运的4510万元现金流量高。这主要因为营运盈利和营运资本变动产生的现金较多。2014年，房产、厂房和器材的现金外流总额为8900万元，包括买下淡滨尼大牌506、义顺Junction 9（仍在兴建中）的分期付款和维修费开支。2014年9月9日，
公司私下发售1亿2000万股新股，净值筹得7900万元，用来购买店面扩充其新加坡的杂货零售业务。

我们的资产与负债表维持强劲，截至2014年12月31日的现金达1亿3050万元。

2015财政年策略与展望
新加坡金融管理局在其2015年1月28日的政策声明中说，全球经济体的展望好坏参半，将给新加坡以出口为主的行业带来压力，而国内行业则应该会大致上平稳。金管局也说，由于全球油价下跌，通货膨胀的展望已显著转移：全球油价料在2015财政年维持疲软，外来通货膨胀压力因此将减低。

在这样的情况下，超市行业的竞争料维持激烈。2014年12月，集团于Penjuru开设新店，并在完成淡滨尼大牌506的收购之后再开一间。我们刚与建屋发展局签署分别位于武吉班让和榜鹅新店的租约，零售面积约5200平方英尺和3300平方英尺。虽然在我们还没有营业据点的地区物色适合的店面依旧具有挑战性，但是我们将竭尽所能克服这方面的局限。所有在2012年陆续开业的8家新店正进入第三年的营运，它们的增长料将趋向正常。

我们将继续改善品项的销售分配和降低进货成本，来提高我们的毛利率。不过，除了竞争压力，如果进货成本因供应链中断或其他因素导致食品通胀而上涨，在2014年稳步提高的毛利率可能受到影响。美元近期的大幅升值，尤其是兑新元，如果没有被较低油价和商品价相抵消，可能冲击进货价格。政府限制外劳的供应，也许会继续推高人力成本和营运开支。然而，集团料可从较低油价节省一些电费。经济情况动荡，我们将保持警惕和灵活。

政府在经济上非常支持我们为提供生产力而推行的各项计划。我们将继续努力地减少对人力的依赖。我们的一个顾客或许注意到，我们正在部分分店测试自动现金处理的机器，以方便顾客更快地完成付款，而我们也无需太多的员工站岗。这些机器将简化每个值班时间结束后的现金点算与处理事宜。

我们在探讨可通过包装和处理、延长新鲜物产上架时间的新科技。除了能让我们顾客享有更新鲜的货品，上架陈列时间较长将可拉长所需补货的时间，因而减少送货趟次，提高生产力。

淡滨尼大牌506的一些单位目前正出租给不相关的商户，我们将由此获得房地产收入，但在2015财政年所获取的净所得，料不会显著。集团将在多数租约于2016财政年到期时，研究如何重新规划该大厦，扩充超市面积及／或更换超市的位置。

我们与绿辰集团达致附条件联营协议，设立联营企业以在中国昆明开设超市。我们正与中国有关当局申请相关执照及注册该联营公司。由于我们还没有获得所需的批准和执照，这方面的营业预料要等到2015财政年的下半年才会开始。集团在联营公司持有60%股份，投资额600万美元。此联营公司预料不会在2015年赚钱，但对集团的财务冲击也不显著。

总结
我们恢复了店面扩充计划。展望未来，我们将凭借我们的品牌效益，继续在新加坡扩展零售网络，尤其是还没有任何业务的地区。虽然经济环境不明朗，我们将保持审慎，牢牢地把注意力放在改善营运盈利率，借助我们的万礼分销中心来降低进货成本、更好地分配店内新鲜与杂货的品项，提高员工生产力应对劳工紧缩的情况。我国贸工部预测，2015年的经济增长率料介于2.0%至4.0%。全球经济的不明朗应该会影响新加坡经济体以出口为主的行业，而国内行业如零售，应该会保持稳定。

总裁
林福星BBM

BOARD OF DIRECTORS

01: LIM HOCK ENG
04: TAN LING SAN
07: FRANCIS LEE FOOK WAH

02: LIM HOCK CHEE
05: GOH YEOW TIN
08: LEE TECK LENG, ROBSON

03: LIM HOCK LENG
06: JONG VOON HOO
LIM HOCK ENG
Executive Chairman
Date of first appointment: 10 November 2010
Date of last re-appointment: 24 April 2014

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

Mr Lim was one of the founding shareholders of C M M Marketing Management Pte Ltd and Sheng Siong Supermarket Pte Ltd., and has been instrumental in our Group’s growth. Mr Lim has more than 31 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 patron of Yio Chu Kang Citizens’ Consultative Committee for a period of two years from December 2012. He is also appointed as a member of the Community Outreach and Co-ownership Committee of the Chinese Development Assistance Council, for a two-year term, from June 2014.

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 (FY2012-2014): 
NIL

LIM HOCK CHEE BBM
Chief Executive Officer
Date of first appointment: 10 November 2010
Date of last re-appointment: 24 April 2014

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

Mr Lim was one of the founding shareholders of C M M Marketing Management Pte Ltd and Sheng Siong Supermarket Pte Ltd, and has been instrumental in our Group’s growth and the expansion of our business and operations since inception. Mr Lim also manages our day-to-day operations, including overseeing aspects of the meat-related business of our grocery retailing operations, such as selection, supply, processing, storage and quality control. Mr Lim has more than 31 years of experience in grocery retailing. Prior to founding our Group, Mr Lim was employed in his family’s hog rearing business.

Mr Lim was awarded the Pingat Bakti Masyarakat, or the Public Service Medal, by the Singapore Prime Minister’s Office in 2006 and the Long Service Award by the Singapore Prime Minister’s Office in 2007. He was appointed to the Council of the Singapore Chinese Chamber of Commerce and Industry (SCCCI) in 2010 and remains as a Council Member after being re-elected in 2012 and 2014. He is appointed as the Vice-Chairman of Trade Association & Membership Committee in SCCCI, as well as a committee member of Singapore Chinese Chamber Institute of Business.
Mr. Lim also serves on the Marsiling Community Club Management Committee as Chairman, on the Marsiling Citizen’s Consultative Committee as Vice-Chairman, and on the advisory committee of Qihua Primary School in Woodlands, Singapore. In 2011, Mr. Lim was invited to be a member of the Retail Prices Watch Group (RPWG) – spearheaded by the Ministry of Trade and Industry, for a period of two years. He was appointed as a member of IRAS’ Taxpayer Feedback Panel – Mandarin Dialogue for a two-year term from 1 September 2012 to 31 August 2014, on behalf of SCCCI. With effect from 1 October 2014, Mr. Lim continues to be a member of the feedback panel in his own capacity as a corporate taxpayer. Since October 2012, he has been a member of the Tripartite Committee for Low Wage Workers and Inclusive Growth, contributing to the committee from an employer’s perspective. In Singapore’s National Day Awards 2014, Mr. Lim was awarded the Public Service Star Medal or Bintang Bakti Masyarakat.

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

LIM HOCK LENG
Managing Director
Date of first appointment: 10 November 2010
Date of last re-appointment: 25 April 2013

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

Mr. Lim was one of the founding shareholders of C M M Marketing Management Pte Ltd., and has been instrumental in our Group’s growth. Mr. Lim has more than 20 years of experience in grocery retailing. Prior to founding our Group, Mr. Lim was employed in his family’s hog rearing business.

TAN LING SAN
Executive Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 24 April 2014

Mr. Tan Ling San is our Executive Director and is responsible for 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 44 years of experience in grocery retailing.

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies (FY2012-2014):
NIL
GOH YEOW TIN
Lead Independent Director
Chairman of Remuneration Committee
Date of first appointment: 22 June 2011
Date of last re-appointment: 24 April 2012

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

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

Mr Goh was awarded the Public Service Medal in 1998 and the Public Service Star in 2006 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:

- OEL Holdings Ltd (previously known as Oakwell Engineering Ltd)
- Vicom Ltd
- Lereno Bio-Chem Ltd
- AsiaPhos Ltd
- Singapore Post Ltd

Past Directorships in other Listed Companies (FY2012-2014):

- Juken Technology Ltd
JONG VOON HOO
Independent Director
Chairman of Audit Committee
Date of first appointment: 22 June 2011
Date of last re-appointment: 25 April 2013

Mr Jong Voon Hoo is our Independent Director. Mr Jong currently serves 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 since 2004. He is also a director of WYW Capital Pte Ltd, a wholly-owned subsidiary of Green Build Technology Ltd.

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

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

Present Directorships in other Listed Companies:
NIL

Past Directorships in other Listed Companies (FY2012-2014):
NIL

FRANCIS LEE FOOK WAH
Independent Director
Chairman of Nominating Committee
Date of first appointment: 22 June 2011
Date of last re-appointment: 25 April 2013

Mr Francis Lee Fook Wah is our Independent Director. Mr Lee is currently the chief financial officer of OKH Global Ltd, a company listed on the Mainboard of the Singapore Exchange.

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.
Lee Teck Leng, Robson
Non-executive Director
Date of first appointment: 22 June 2011
Date of last re-appointment: 24 April 2014

Mr Lee Teck Leng, Robson is our Non-executive Director. Mr Lee is currently a partner in the Singapore office of Gibson, Dunn & Crutcher LLP, a global law firm with 18 offices across the United States, Europe, the Middle East, Asia and South America. Before joining Gibson, Dunn & Crutcher LLP in 2015, Mr Lee was a partner of Shook Lin & Bok LLP ("SLB")’s corporate finance and international finance practice and had been with SLB since 1994. Mr Lee was also a partner in the SLB’s China practice, focusing on cross-border corporate transactions in the PRC.

Mr Lee is a member of the Board of Governors of Hwa Chong Institution, a director and secretary to 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.

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

Past Directorships in other Listed Companies (FY2012-2014):
- JES International Holdings Ltd

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

Past Directorships in other Listed Companies (FY2012-2014):
- Green Build Technology Limited (formerly known as Youyue International Limited)
- Qian Hu Corporation Ltd
KEY EXECUTIVES

WONG SOONG KIT
Finance Director

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

Prior to joining our Group in 2011, Mr Wong was a financial consultant working on initial public offerings, mergers and acquisitions, and financial reporting. Between 1989 and 2009, Mr Wong served as the group finance director of BRC Asia Ltd, a company listed on the SGX-ST. Between 1978 and 1989, Mr Wong served as chief financial officer of Guthrie GTS Ltd, a company listed on the SGX-ST. Prior to that, Mr Wong worked with Comex Far East Pte Ltd as an accountant and 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 29 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 29 years of relevant experience in grocery retailing and related industries. Mdm Lee is the spouse of our Executive Director, Mr Lim Hock Chee.

**LAW AH YI**  
*Director/Head – Purchasing and Promotions*

Mr Law Ah Yi is in charge of developing and promoting our housebrand products, as well as our nation-wide advertising & promotion campaigns, such as promotional activities on live television. On 1 January 2014, Mr Law was appointed a director of Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd, both wholly-owned subsidiaries of our Group.

Prior to joining us in 2007, Mr Law worked in PSC Corporation (now known as Hanwell Holdings Ltd), a company currently listed on the SGX-ST. Between 1974 and 2007, Mr Law held various positions in PSC Corporation, and served as general sales manager in PSC Corporation for over 10 years, where his responsibilities included the franchising of chain stores and mini-marts, as well as the distribution of housebrand products. Having worked in the industry since 1974, he has over 40 years of relevant experience in grocery retailing.

**LEE LAY CHIN**  
*Director/Head – Business Development and Promotions*

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

Mdm Lee joined us as an assistant general manager of our purchasing and promotions department in 2007 and was promoted to general manager in 2009. In her current role, Mdm Lee oversaw the launch of our Sheng Siong co-branded credit cards in 2009 and our collaboration with VISA in relation to promotional activities for the World Cup and the Singapore Youth Olympic Games in 2010. She also 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 and stalls located in Singapore.

Mr Ho joined us in 1999 and during his career with us, held various positions in our Group, beginning as a cashier and rising through a series of promotions to a senior managerial position. In 2001, Mr Ho served as a supervisor overseeing our grocery department functions, before being promoted to executive within the same department and then to assistant manager of one of our stores in 2003. In 2005, he became manager of a store. In 2007, he rose to become an assistant area manager, and then to area manager’s position a year later, overseeing our stores’ operations. He was promoted to Assistant General Manager in January 2012. In January 2014, he was appointed a director of our subsidiaries, Sheng Siong Supermarket Pte Ltd and C M M Marketing Management Pte Ltd.
Mr Ho graduated from Sekolah Menengah Bakri Muar in Johor, Malaysia in 1999, with a Form 5 certificate. He has also attended various training courses, including courses at the Singapore Institute of Retail Studies, the Singapore National Employers Federation, Arise Services Pte Ltd, SSA Consulting Group Pte Ltd and PS Consulting Group in 2006, 2008, 2009, 2010 and 2011 under the Singapore Workforce Skills Qualification Scheme, which is administered by the Singapore Workforce Development Agency. He also completed industry-specific courses by Singapore Chinese Chamber Institute of Business in 2012 to gain practical management knowledge for retail business. To hone his leadership and organisational skills, he attended workshops that cover themes like “Six-Star Attitude” and “Teaching Organisation” in the same year.

GARY POW HAN CHIN
Chief Information Officer
Information Technology

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

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

WONG HENG SAN
Assistant General Manager
International Business Development

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

Appointed by Agri-Food & Veterinary Authority of Singapore (“AVA”), Mr Wong is a member of the Food Fish Business Cluster for a term of two (2) years from 2013 to 2015. Besides fostering closer industry integration between the private sector and AVA, 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.

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

TAN YONE SHIN
Assistant General Manager
Store Renovation & Maintenance

Mr Tan Yone Shin (also known as Mr Khin Maung Lwin) oversees the renovation and upkeep of our stores located in Singapore.

Mr Tan joined us in 1995 as an accountant, and during his career with us, held various positions in our Group. In 2004, Mr Tan served as an area manager overseeing our stores’ operations, before being promoted to Assistant General Manager, Supermarket Operations in 2007. With effect from 2012, Mr Tan was tasked to take charge of renovation and refurbishment of our new stores as well as the upgrading works of our older stores. He graduated from the Institute of Economics in Yangon, Myanmar in 1983 with a Bachelor of Commerce degree. He has also attended various training courses, including a course at the Singapore Environment Institute in 2004, and courses at the Singapore Institute of Retail Studies and SSA Consulting Group Pte Ltd in 2008 and 2009 under the Singapore Workforce Skills Qualification Scheme, which is administered by the Singapore Workforce Development Agency.
C ORPORATE INFORMATION

Audit Committee:
Mr Jong Voon Hoo  
Mr Goh Yeow Tin  
Mr Francis Lee Fook Wah  
Mr Lee Teck Leng, Robson  

Committee Chairman

Nominating Committee:
Mr Francis Lee Fook Wah  
Mr Goh Yeow Tin  
Mr Lee Teck Leng, Robson  

Committee Chairman

Remuneration Committee:
Mr Goh Yeow Tin  
Mr Jong Voon Hoo  
Mr Lee Teck Leng, Robson  

Committee Chairman

Company Secretary:
Ms Yee Chinn Ling, Adeline

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

Partner-in-charge of the audit: Ms Karen Lee Shu Pei  
Year appointed: 2012

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

Board of Directors:
Mr Lim Hock Eng  
Mr Lim Hock Chee  
Mr Lim Hock Leng  
Mr Tan Ling San  
Mr Goh Yeow Tin  
Mr Jong Voon Hoo  
Mr Francis Lee Fook Wah  
Mr Lee Teck Leng, Robson  

Executive Chairman  
Chief Executive Officer  
Managing Director  
Executive Director  
Lead Independent Director  
Independent Director  
Independent Director  
Non-executive Director
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. Throughout the financial year ended 31 December 2014 (“FY2014”), the Group has complied with the principles and guidelines of the Code of Corporate Governance (the “Code”).

This report describes the Group’s corporate governance practices with specific references to the principles of the Code.

BOARD MATTERS

Board’s Conduct of its Affairs

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

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

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

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

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

Our Board meets regularly and as warranted by particular circumstances, as deemed appropriate by the Board members. Fixed meetings are scheduled on a quarterly basis and additional meetings are convened as and when there are matters requiring the Board’s consideration and decision at any particular point in time. Our Articles of Association allow each Director to participate in a Board Meeting by means of teleconference, video conference, audio visual or other similar communications equipment.
The number of Board and committee meetings held in FY2014 and the attendance of our Directors at these meetings are as follows:

<table>
<thead>
<tr>
<th>Number of meetings held</th>
<th>Board</th>
<th>NC</th>
<th>RC</th>
<th>AC</th>
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<tr>
<td></td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>4</td>
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<tr>
<td>Executive Directors</td>
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<tr>
<td>Mr Lim Hock Chee</td>
<td>M 4</td>
<td>–</td>
<td>1*</td>
<td>–</td>
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<tr>
<td>Mr Lim Hock Eng</td>
<td>C 4</td>
<td>–</td>
<td>1*</td>
<td>–</td>
</tr>
<tr>
<td>Mr Lim Hock Leng</td>
<td>M 4</td>
<td>–</td>
<td>1*</td>
<td>–</td>
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<tr>
<td>Mr Tan Ling San</td>
<td>M 4</td>
<td>–</td>
<td>1*</td>
<td>–</td>
</tr>
<tr>
<td>Non-executive Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Goh Yeow Tin</td>
<td>M 4</td>
<td>M 1</td>
<td>C 1</td>
<td>M 4</td>
</tr>
<tr>
<td>Mr Jong Voon Hoo</td>
<td>M 4</td>
<td>–</td>
<td>1*</td>
<td>M 1</td>
</tr>
<tr>
<td>Mr Francis Lee Fook Wah</td>
<td>M 4</td>
<td>C 1</td>
<td>–</td>
<td>1*</td>
</tr>
<tr>
<td>Mr Lee Teck Leng, Robson</td>
<td>M 4</td>
<td>M 1</td>
<td>M 1</td>
<td>M 4</td>
</tr>
</tbody>
</table>

* 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. The Directors will also receive updates and the necessary training on new laws, regulations and corporate governance matters which have an important bearing on the Company and the Directors’ obligations to the Company, from time to time.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board’s decision making.

Our Board comprises eight (8) Directors, four (4) of whom are non-executive and three (3) of whom are independent. The Board of Directors is constituted as follows:

Mr Lim Hock Chee, Chief Executive Officer  
Mr Lim Hock Eng, Executive Chairman  
Mr Lim Hock Leng, Managing Director  
Mr Tan Ling San, Executive Director  
Mr Goh Yeow Tin, Lead Independent Director  
Mr Jong Voon Hoo, Independent Director  
Mr Francis Lee Fook Wah, Independent Director  
Mr Lee Teck Leng, Robson, Non-executive Director
As a group, the Directors bring with them a broad range of relevant industry knowledge, expertise and experience in areas such as accounting, finance, business, legal and management. The size and composition of the Board are reviewed by the NC on an annual basis to ensure that the Board has the appropriate mix of expertise and experience and collectively possesses the necessary skill sets and core competencies for effective decision-making.

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

Each Director has an equal responsibility towards the Group’s operations. Our independent and/or non-executive Directors play an important role in ensuring that the strategies and/or plans proposed by Management are constructively challenged, fully discussed and examined, and take into account the long-term interests of not only the shareholders, but also that of other stakeholders such as the employees, customers and suppliers of the Group. They will also participate actively in discussions, reviewing and assessing Management’s performance. The non-executive Directors, Executive Directors and Management regularly engage in open and constructive discussions regarding strategic objectives for the Group.

Based on the Board evaluation and review conducted by the NC, the Board is of the view that Mr Goh Yeow Tin, Mr Jong Voon Hoo and Mr Francis Lee Fook Wah are independent. Mr Lee Teck Leng, Robson was a partner at Shook Lin & Bok LLP (“SLB”) before joining another law firm in 2015. SLB provides legal advisory and corporate secretarial services to the Group. However, Mr Robson Lee has not been professionally involved in the provision of such legal and corporate secretarial services.

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

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

Mr Lim Hock Eng, our Executive Chairman, is primarily responsible for leading the Board, and together with the other Executive Directors, provide overall leadership and strategic vision for the Group. The Executive Chairman works together with the Finance Director and the Company Secretary to set the agenda for board meetings, overseeing the quality of the board papers and promoting open discussions between the Board members and Management prior to and during the board meeting.

Mr Lim Hock Eng, Mr Lim Hock Chee, our CEO, and Mr Lim Hock Leng, our Managing Director, are siblings and their roles in managing the day to day operations of the Group are clearly defined. The overall oversight responsibility rests with our CEO, who works closely with Mr Tan Ling San, an unrelated Executive Director. 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 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. In addition, our independent and/or non-executive Directors regularly meet to discuss the affairs of the Group, without the presence of the Executive Directors/Management.
Nominating Committee

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

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

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

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

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

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

The NC has discussed and noted that although there is no succession plan at the present moment for the Executive Chairman or CEO, as Mr Lim Hock Eng, Mr Lim Hock Chee and Mr Lim Hock Leng were the founders of the Group and were responsible for building up its business, each of them is capable of succeeding either as the Chairman or the CEO should 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 and/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.
When appointing new Directors, the NC will generally identify suitable candidates skilled in core competencies such as accounting or finance, business or management expertise, or industry knowledge. If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate dialogue and open discussion. Upon appointment, arrangements will be made for the new Director to attend various briefings with the Management.

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

The Board has not defined the maximum number of listed company directorships which any director may hold, but has tasked the NC to review if a director with multiple board representations is devoting sufficient time and attention to the affairs of the Group. The NC is satisfied that sufficient time and attention is being given by each of the Directors to the affairs of the Group, 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 Leng, Mr Goh Yeow Tin and Mr Jong Voon Hoo, for re-election at the forthcoming Annual General Meeting (“AGM”). The Board has accepted the NC’s recommendation and being eligible, Mr Lim Hock Leng, Mr Goh Yeow Tin and Mr Jong Voon Hoo will be standing for re-election at the AGM. The Board has also accepted the NC’s recommendation for Mr Tan Ling San to seek re-election at the forthcoming AGM, pursuant to Section 153 of the Companies Act of Singapore (Cap. 50).

Key information on the Directors are disclosed in the “Board of Directors” section of this Annual Report. In addition, information on each director’s shareholding in the Company, if any, is set out in the section entitled “Report of the Directors” of this Annual Report.

**Board Performance**

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

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

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

The assessment of individual Directors is done through self-assessment, in each case through a confidential questionnaire completed by Directors individually. The assessment parameters for such individual evaluation include both qualitative and quantitative factors such as attendance records, contributions during Board meetings, as well as individual performance of principal functions and fiduciary duties.

The completed questionnaires are collated for the NC’s deliberation. The NC then presents the results, conclusions and its recommendations to the Board. Mr Lim Hock Eng, our Executive Chairman, acts on the results of the performance evaluation, and in consultation with the NC, proposes new members to be appointed to the Board or seek the resignation of Directors.

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

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

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

As part of good corporate governance, key matters requiring decision are reserved for resolution at Board meetings, to facilitate discussion rather than by circulation. Key analysts’ reports on the Company are forwarded to the Directors on an on-going basis. Financial information, reports and assessments are provided to the Directors on a monthly basis or upon request in order to facilitate the Board’s decision-making. The quarterly financial results of the Group are presented to the Board for approval.

The Directors have separate and independent access to Management, including our CEO, Mr Lim Hock Chee, our Finance Director, Mr Wong Soong Kit, and other Executive Officers, as well as the Company’s Internal and External Auditors. Queries by individual Directors on circulated reports are directed to Management, who will respond accordingly. Where relevant, Directors’ queries and Management’s responses are circulated to all Board members for their information.

The Board also has separate and independent access to the advice and services of the Company Secretary. The Company Secretary or his/her representative(s) attends all meetings of the Board and, together with Management, ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends all meetings of the AC, RC and NC. Under the direction of our Executive Chairman, the Company Secretary is responsible for ensuring good information flows within the Board and its committees and between Management and non-executive Directors, as well as facilitating orientation and assisting with professional development as required. Under the Articles of Association of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

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

REMUNERATION MATTERS

Procedures for developing remuneration policies

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

Remuneration Committee

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

- Mr Goh Yeow Tin (Chairman)
- Mr Jong Voon Hoo
- Mr Lee Teck Leng, Robson
The RC has a charter, which is endorsed by the Board, which sets out its duties and responsibilities. The principal functions of the RC include:

- recommending to the Board for endorsement, a framework of remuneration for our Directors and Key Management in respect of all aspects of remuneration, including but not limited to Directors’ fees, salaries, allowances, bonuses, options and benefits in kind;
- recommending specific remuneration packages for each of our Executive Directors; and
- administering the Sheng Siong Employee Share Option Scheme (“Sheng Siong ESOS”) and the Sheng Siong Share Award Scheme.

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

The RC also reviews the obligations of the Group, if any, arising in the event of termination of the Executive Directors and/or Key Management’s contracts of service to ensure that the termination clauses are fair and reasonable. The RC noted that apart from the payment in lieu of notice, there are no other obligations from the Group to the Executive Directors’ and/or Key Management’s in the event of termination of their contracts of service.

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

Level and Mix of Remuneration

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

Remuneration of Executive Directors and Key Management Personnel

The remuneration packages of our Executive Directors and Key Management personnel comprise the following components:

(a) Fixed Component

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

(b) Variable Component

This component comprises a variable bonus based on the performance of the Group and the business units. To link rewards to performance, staff are assessed based on a matrix of indicators which is not limited just to financial performance. Non-quantitative criteria include contribution to the team, attitude and special qualities displayed in discharging their duties. The variable component for the Executive Directors and Key Management personnel form a significant portion of their total remuneration.
CORPORATE GOVERNANCE

(c) Benefits

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

Remuneration of Non-executive Directors

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

Employee Share Schemes

The Sheng Siong ESOS and 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 a employee share scheme, the scheme committee will take into consideration, inter alia, the employee’s rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target(s) within the performance period.

Sheng Siong ESOS

The Sheng Siong ESOS was established with the aim to motivate employees to achieve and maintain a high level of performance and contribution, and foster an ownership culture within the Company. The Sheng Siong ESOS was approved by the shareholders of the Company at an extraordinary general meeting held on 1 July 2011, and is administered by the RC.

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

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

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

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

1. The market price is calculated by the average of the closing prices of the Company’s share for the past five (5) market days immediately preceding the date of grant of the option.
No options were granted during FY2014 and as at the date of this Annual Report, no options are outstanding, under the Sheng Siong ESOS.

**Sheng Siong Share Award Scheme**

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

The Sheng Siong Share Award Scheme was approved by the shareholders of the Company at an extraordinary general meeting held on 25 April 2013, and is administered by the scheme committee, comprising the RC, the Finance Director and two (2) Executive Directors 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 achieving prescribed performance targets and expiry of the prescribed vesting period.

No awards were granted during FY2014 and as at the date of this Annual Report, no awards are outstanding, under the Sheng Siong Share Award Scheme.

**Disclosure on Remuneration**

*Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company’s Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*
## Annual Remuneration Report

<table>
<thead>
<tr>
<th>Name</th>
<th>Salary (S$'000)</th>
<th>Variable Bonus</th>
<th>Director’s Fees (S$’000)</th>
<th>Benefits in Kind</th>
<th>Total (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Directors</strong></td>
<td></td>
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<tr>
<td>Mr Lim Hock Eng</td>
<td>292</td>
<td>1,857</td>
<td>20.0*</td>
<td>37</td>
<td>2,206</td>
</tr>
<tr>
<td>Mr Lim Hock Chee</td>
<td>362</td>
<td>1,857</td>
<td>20.0*</td>
<td>39</td>
<td>2,278</td>
</tr>
<tr>
<td>Mr Lim Hock Leng</td>
<td>295</td>
<td>1,857</td>
<td>20.0*</td>
<td>44</td>
<td>2,216</td>
</tr>
<tr>
<td>Mr Tan Ling San</td>
<td>284</td>
<td>1,857</td>
<td>20.0*</td>
<td>16</td>
<td>2,177</td>
</tr>
<tr>
<td><strong>Non-executive Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Goh Yeow Tin</td>
<td>–</td>
<td>–</td>
<td>60**</td>
<td>–</td>
<td>60</td>
</tr>
<tr>
<td>Mr Jong Voon Hoo</td>
<td>–</td>
<td>–</td>
<td>60**</td>
<td>–</td>
<td>60</td>
</tr>
<tr>
<td>Mr Francis Lee Fook Wah</td>
<td>–</td>
<td>–</td>
<td>60**</td>
<td>–</td>
<td>60</td>
</tr>
<tr>
<td>Mr Lee Teck Leng, Robson</td>
<td>–</td>
<td>–</td>
<td>60**</td>
<td>–</td>
<td>60</td>
</tr>
</tbody>
</table>

* Directors’ fees paid by subsidiaries of the Company.
** Directors’ fees payable to independent and/or non-executive Directors are subject to the approval of shareholders at the forthcoming AGM.

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

The remuneration of the top five key Management personnel for FY2014 is set out below. The total remuneration paid to these personnel (who are not directors or the CEO) of the Company is $1.74m.

<table>
<thead>
<tr>
<th>Key personnel</th>
<th>Salary (S$’000)</th>
<th>Variable Bonus</th>
<th>Director’s Fees (%)</th>
<th>Benefits in Kind</th>
<th>Total (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$250,001 to S$500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Wong Soong Kit</td>
<td>47.7</td>
<td>45.6</td>
<td>4.4*</td>
<td>2.3</td>
<td>100</td>
</tr>
<tr>
<td>Mdm Lee Lay Chin</td>
<td>32.9</td>
<td>61.0</td>
<td>5.9*</td>
<td>0.2</td>
<td>100</td>
</tr>
<tr>
<td>Mr Law Ah Yi</td>
<td>31.7</td>
<td>59.8</td>
<td>5.8*</td>
<td>2.7</td>
<td>100</td>
</tr>
<tr>
<td>Mr Ho Chee Haw</td>
<td>33.1</td>
<td>58.2</td>
<td>5.6*</td>
<td>3.1</td>
<td>100</td>
</tr>
<tr>
<td>Below S$250,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mdm Lee Moi Hong(2)</td>
<td>90.5</td>
<td>–</td>
<td>8.0*</td>
<td>1.5</td>
<td>100</td>
</tr>
</tbody>
</table>

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

No termination, retirement or post-employment benefits have been granted to the Company’s Directors and Key Management personnel.
The remuneration of employees who are immediate family members of a director or the CEO and whose salary exceeds S$50,000 for FY2014 is set out below.

$200,001 to $250,000
Mdm Lee Moi Hong
Head of Dry Goods
Wife of Mr Lim Hock Chee, CEO
Mdm Tan Bee Loo
Head of Vegetables & Fruits
Wife of Mr Lim Hock Eng, Executive Chairman

$100,001 to $150,000
Mr Tan Yong Ghee
Manager
Brother of Mdm Tan Bee Loo
Ms Lin Ruiwen
Manager
Daughter of Mr Lim Hock Eng

$50,001 to $100,000
Mdm Lim Guek Li
Manager
Sister of Mr Lim Hock Chee, Mr Lim Hock Eng and Mr Lim Hock Leng
Mdm Lim Guek Kee
Assistant Executive
Sister of Mr Lim Hock Chee, Mr Lim Hock Eng and Mr Lim Hock Leng
Mdm Lim Huek Hun
Manager
Sister of Mr Lim Hock Chee, Mr Lim Hock Eng and Mr Lim Hock Leng

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

Management accounts are prepared on a monthly basis and the Board is updated regularly with the financial and operational performance of the Group.

Risk Management and Internal Controls

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

The Group’s level of risk tolerance and risk management policies are determined by the Board. The Board and Management are responsible for overseeing the Group’s risk management framework and policies, including reviewing the Group’s business and operational activities to identify areas of significant risk. The Board will also look into the system of internal controls and measures taken to mitigate such risks. The results of these reviews are documented in a risk matrix which was jointly developed with the assistance of an international accounting firm in FY2012 and has been used on an ongoing basis to monitor and manage risks, including the design or strengthening of internal control systems to mitigate risks.
The Board has received assurance from the CEO and the Finance Director (i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances; and (ii) regarding the effectiveness of the Group’s risk management system and internal control systems.

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

The Board and the AC have undertaken an assessment of the adequacy and effectiveness of the Group’s risk management and internal control system. Based on the internal controls (including financial, operational, compliance and information technology controls) 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 AC and the Board, 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 controls risks, are adequate as at 31 December 2014.

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

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

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

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

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 risks management and internal controls, including financial, operational, information technology and compliance controls;
ANNUAL REPORT 2014
SHENG SIONG GROUP LTD.
CORPORATE GOVERNANCE

- reviewing the independence and objectivity of the external auditors; and
- making recommendations to the Board on the appointment, re-appointment and removal of external auditors and approving the remuneration and terms of engagement of the external auditors.

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

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

The AC also reviewed the independence of the external auditors and noted that the fees payable by the Group to our external auditors for FY2014 are as follows:

<table>
<thead>
<tr>
<th>Fees paid to external auditor for FY2014</th>
<th>S$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>258</td>
</tr>
<tr>
<td>Non-audit</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>282</td>
</tr>
</tbody>
</table>

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 Sdn Bhd, the Company’s wholly-owned subsidiary, is dormant and audited by another firm 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 with channels through which they may report any concern, irregularity or improper act committed by another employee of the Group. The AC may commission independent investigations of any suspected fraud or irregularity, which has or is likely to have a material impact on the Company’s operating results or financial position, and to review the findings of such investigations.

**Internal Audit**

*Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

The Group has engaged PricewaterhouseCoopers LLP (“PwC”) as its internal auditors. PwC reports primarily to the AC Chairman and submits its audit plan to the AC for approval prior to commencement of the internal audit. The internal audit is carried out in accordance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC reviews the adequacy and effectiveness of the internal audits performed by PwC to ensure that the recommendations of the internal auditors are properly implemented.
COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders’ rights, and continually review and update such governance arrangements.

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

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

The Company endeavours to maintain regular, timely and effective communication with its shareholders. The Company disseminates all price-sensitive information to its shareholders on a non-selective basis. Quarterly and annual financial results are published through the SGXNET, together with press releases and presentation material for analysts and investors’ briefings, which are held quarterly, immediately after the release of our quarterly results.

All shareholders receive the Company’s annual report and notice of AGM. The notice of AGM is also advertised in the newspaper. Separate resolutions are proposed for substantially separate issues at shareholders’ meetings.

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 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.

Dealing in securities

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

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

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

Interested Person Transactions

The Company has established procedures to ensure that all interested persons transactions are carried out on normal commercial terms and do not prejudice the interests of the Company and its minority shareholders. Details of the interested person transactions entered into by the Group during FY2014 are set out below:
### INTERESTED PERSON TRANSACTIONS

From 1 January 2014 to 31 December 2014

<table>
<thead>
<tr>
<th>Name of Interested Person(s) and Nature of Transactions</th>
<th>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000) (S$’000)</th>
<th>Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S$100,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>F M Food Court Pte Ltd(1) Provision of goods/lease of operations space</td>
<td>930</td>
<td>–</td>
</tr>
<tr>
<td>E Land Properties Pte Ltd(2) Lease and license of operations space</td>
<td>1,656</td>
<td>–</td>
</tr>
<tr>
<td>Mr Lim Hock Chee Temporary use of the services of a staff</td>
<td>54</td>
<td>–</td>
</tr>
</tbody>
</table>

**Notes:**

(1) Our CEO, Mr Lim Hock Chee, our Executive Chairman, Mr Lim Hock Eng, and our Managing Director, Mr Lim Hock Leng, (each a “Lim Director”), each holds approximately 33.3% of the equity interest in F M Food Court Pte Ltd. Accordingly, F M Food Court Pte Ltd is an associate of each of the Lim Directors, and an interested person vis-a-vis the Group.

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

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

### Material Contracts

Save as disclosed above, no other material contracts, which involve the interests of any Director and/or controlling shareholder, were entered into by the Group during FY2014.
Utilisation of proceeds from IPO

Unless otherwise defined, all capitalised terms used in this section shall have the meanings ascribed to them in the prospectus of the Company registered by the Monetary Authority of Singapore on 4 August 2011 (“Prospectus”).

As at the date of this Annual Report, the Group has utilised the net proceeds from the issue of New Shares (“IPO Proceeds”) of the Company as follows, in accordance with the stated use and percentage allocated in the Prospectus:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Estimated amount ($S million)</th>
<th>Estimated percentage of gross IPO Proceeds</th>
<th>Amount utilised ($S million)</th>
<th>Percentage of gross IPO Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of the Term Loan</td>
<td>30.0</td>
<td>39.3%</td>
<td>26.3</td>
<td>34.4%</td>
</tr>
<tr>
<td>Development and expansion of grocery retailing business and operations in Singapore and overseas</td>
<td>42.2(3)</td>
<td>55.2%</td>
<td>21.9(1)</td>
<td>28.7%</td>
</tr>
<tr>
<td>Expenses incurred in connection with the issue of New Shares</td>
<td>4.2</td>
<td>5.5%</td>
<td>4.0</td>
<td>5.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>76.4(2)</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>52.2</strong></td>
<td><strong>68.3%</strong></td>
</tr>
</tbody>
</table>

**Notes:**

(1) Relates to the opening of new stores and purchase of retail space for our supermarket operations in Singapore.

(2) Includes net proceeds from the exercise of the Over-allotment Option of S$13.5 million.

(3) Includes an amount of $22.2m originally designated for working capital, now re-allocated.
Utilisation of proceeds from placement of 120 million new shares on 9 September 2014.

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Estimated amount ($ million)</th>
<th>Estimated percentage of gross proceeds raised from the issue of New Shares</th>
<th>Amount utilised ($ million)</th>
<th>Percentage of gross proceeds raised from the issue of New Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>To finance the future expansion plans of the Group in Singapore,</td>
<td>78.8</td>
<td>98.0%</td>
<td>67.0&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>83.3%</td>
</tr>
<tr>
<td>including the purchase of retail space to expand the Group’s grocery</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>retailing business in Singapore</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To pay the fees and expenses,</td>
<td>1.6</td>
<td>2.0%</td>
<td>1.4</td>
<td>1.7%</td>
</tr>
<tr>
<td>including professional fees and expenses, incurred or to be incurred</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>by the Group in connection with the Placement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>80.4</td>
<td>100.0%</td>
<td>68.4</td>
<td>85.0%</td>
</tr>
</tbody>
</table>

Note:

<sup>(1)</sup> The aggregate amount paid for Block 506 Tampines including stamp duty of $1.9m.
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 2014.

Directors

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

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

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the 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 (other than wholly-owned subsidiaries) are as follows:

<table>
<thead>
<tr>
<th>Name of director and corporation in which interests are held</th>
<th>Holdings in the name of the director or nominee</th>
<th>Other holdings in which the director is deemed to have an interest</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>At beginning of financial year</td>
<td>At end of financial year</td>
</tr>
<tr>
<td>The Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lim Hock Chee</td>
<td>170,400,000</td>
<td>170,400,000</td>
</tr>
<tr>
<td>Lim Hock Eng</td>
<td>170,400,000</td>
<td>170,400,000</td>
</tr>
<tr>
<td>Lim Hock Leng</td>
<td>170,400,000</td>
<td>170,400,000</td>
</tr>
<tr>
<td>Tan Ling San</td>
<td>30,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Lee Teck Leng, Robson</td>
<td>50,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>
Directors' interests (Continued)

Note:

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

(2) Mr. Lim Hock Chee is also deemed to be interested in the 1,650,000 shares held by his spouse, Mdm. Lee Moi Hong.

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2015.

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 report 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 Scheme

Sheng Siong Group Ltd. Employees Share Option Scheme ("ESOS") and Share Award Scheme ("Scheme") were approved by members at Extraordinary Meetings ("EGM") held on 1 July 2011 and 25 April 2013 respectively. The Company believes that by adopting both the ESOS and the Scheme, the Company will have greater flexibility in tailoring reward and incentive packages for the employees and directors at the same time, aligning their interest with those of the Shareholders. The ESOS is administered by the Remuneration Committee and the Scheme is administered by the Scheme Committee comprising members of the Remuneration Committee, two executive directors 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 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.
Long Term Incentive Scheme (Continued)

- 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 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; 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 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 for such Incentive Options.

Other information regarding the Scheme is set out below:

A Scheme participant will receive awards, representing the right to receive fully paid shares (new shares or treasury shares) free of charge upon achieving prescribed performance targets and upon the expiry of the prescribed vesting periods. The Scheme Committee shall have the absolute discretion to decide on:

- The date of Award
- The number of shares to be awarded
- The prescribed performance target
- The vesting period
- 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 Share Scheme shall not exceed 15% of the issued capital of the Company (excluding treasury shares). The duration of the ESOS and the 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 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 report are as follows:

- Jong Voon Hoo (Chairman), Independent Director
- Goh Yeow Tin, Lead Independent Director
- Francis Lee Fook Wah, Independent Director
- Lee Teck Leng, Robson, Non-executive Director

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

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

The Audit Committee also reviewed the following:

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

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

30 March 2015
In our opinion:

(a) the financial statements set out on pages 50 to 80 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Lim Hock Chee
Director

Lim Hock Eng
Director

30 March 2015
INDEPENDENT AUDITORS’ REPORT

Members of the Company
Sheng Siong Group Ltd

Report on the financial statements

We have audited the accompanying financial statements of Sheng Siong Group Ltd (the “Company”) and its subsidiaries (the “Group”), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 80.

Management’s responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors’ responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.
INDEPENDENT AUDITORS’ REPORT

Report on other legal and regulatory requirements

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

KPMG LLP

Public Accountants and Chartered Accountants

Singapore

30 March 2015
# Statements of Financial Position

## As at 31 December 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>4</td>
<td>160,662</td>
</tr>
<tr>
<td>Investments in subsidiaries</td>
<td>5</td>
<td>–</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>160,662</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>6</td>
<td>43,142</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>7</td>
<td>10,748</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td>130,470</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>184,360</td>
</tr>
<tr>
<td><strong>Equity attributable to equity holders of the Company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>9</td>
<td>235,373</td>
</tr>
<tr>
<td>Merger reserve</td>
<td>10</td>
<td>(68,234)</td>
</tr>
<tr>
<td><strong>Accumulated profits</strong></td>
<td></td>
<td>69,136</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td></td>
<td>*</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>236,275</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>11</td>
<td>2,204</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>2,204</td>
</tr>
<tr>
<td><strong>Trade and other payables</strong></td>
<td></td>
<td>95,845</td>
</tr>
<tr>
<td>Current tax payable</td>
<td>12</td>
<td>10,698</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td>106,543</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>108,747</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>345,022</td>
</tr>
</tbody>
</table>

* Amount is less than $1,000.

---

The accompanying notes form an integral part of these financial statements.
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**YEAR ENDED 31 DECEMBER 2014**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>13</td>
<td>725,987</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(550,301)</td>
<td>(529,177)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td></td>
<td>175,686</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>4,677</td>
<td>4,885</td>
</tr>
<tr>
<td><strong>Distribution expenses</strong></td>
<td>(4,259)</td>
<td>(4,188)</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td>(117,417)</td>
<td>(111,046)</td>
</tr>
<tr>
<td><strong>Other expenses</strong></td>
<td>(1,855)</td>
<td>(1,358)</td>
</tr>
<tr>
<td><strong>Results from operating activities</strong></td>
<td></td>
<td>56,832</td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td>14</td>
<td>916</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td></td>
<td>57,748</td>
</tr>
<tr>
<td><strong>Tax expense</strong></td>
<td>16</td>
<td>(10,146)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>15</td>
<td>47,602</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td>–</td>
</tr>
<tr>
<td><strong>Profit attributable to owners of the Company</strong></td>
<td></td>
<td>47,602</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to owners of the Company</strong></td>
<td></td>
<td>47,602</td>
</tr>
</tbody>
</table>

### Earnings per share

- Basic and diluted (cents)

| 18 | 3.34 | 2.81 |

The accompanying notes form an integral part of these financial statements.
# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**YEAR ENDED 31 DECEMBER 2014**

<table>
<thead>
<tr>
<th>Share capital $'000</th>
<th>Merger reserve $'000</th>
<th>Accumulated profits $'000</th>
<th>Foreign currency translation reserve $'000</th>
<th>Total equity $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 January 2013</td>
<td>156,349</td>
<td>(68,234)</td>
<td>63,563</td>
<td>*  151,678</td>
</tr>
</tbody>
</table>

**Total comprehensive income for the year**

Profit for the year

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income for the year</td>
<td>–</td>
<td>–</td>
<td>38,907</td>
<td>–  38,907</td>
</tr>
</tbody>
</table>

**Transactions with owners recorded directly in equity:**

**Distribution to owners**

| Dividends declared (note 9) | –                     | –                         | (40,814)                                  | –  (40,814)        |
| Total transactions with owners | –                     | –                         | (40,814)                                  | –  (40,814)        |

At 31 December 2013

| 156,349              | (68,234)              | 61,656                    | *  149,771                                |

As at 1 January 2014

| 156,349              | (68,234)              | 61,656                    | *  149,771                                |

**Total comprehensive income for the year**

Profit for the year

|                         |                      |                           |                                           |                    |
| Total comprehensive income for the year                  | –                     | –                         | 47,602                                    | –  47,602          |

**Transactions with owners recorded directly in equity:**

**Contribution from/(distribution to) owners**

| Issuance of new shares (note 9) | 79,024              | –                         | –                                         | –  79,024          |
| Dividends declared (note 9)     | –                     | –                         | (40,122)                                  | –  (40,122)        |
| Total transactions with owners  | 79,024              | –                         | (40,122)                                  | –  38,902          |

At 31 December 2014

| 235,373              | (68,234)              | 69,136                    | *  236,275                                |

* Amount is less than $1,000.

The accompanying notes form an integral part of these financial statements.
## CONSOLIDATED STATEMENT OF CASH FLOWS
### YEAR ENDED 31 DECEMBER 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>47,602</td>
<td>38,907</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>10,935</td>
<td>10,074</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>(58)</td>
<td>(151)</td>
</tr>
<tr>
<td>Unrealised exchange loss</td>
<td>(35)</td>
<td>14</td>
</tr>
<tr>
<td>Interest income</td>
<td>(916)</td>
<td>(1,052)</td>
</tr>
<tr>
<td>Tax expense</td>
<td>10,146</td>
<td>8,651</td>
</tr>
<tr>
<td></td>
<td>67,674</td>
<td>56,443</td>
</tr>
<tr>
<td>Changes in inventories</td>
<td>2,424</td>
<td>(5,579)</td>
</tr>
<tr>
<td>Changes in trade and other receivables</td>
<td>1,499</td>
<td>(5,563)</td>
</tr>
<tr>
<td>Changes in trade and other payables</td>
<td>7,602</td>
<td>8,536</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>79,199</td>
<td>53,837</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(7,477)</td>
<td>(8,727)</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td>71,722</td>
<td>45,110</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>159</td>
<td>241</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(80,942)</td>
<td>(26,296)</td>
</tr>
<tr>
<td>Interest received</td>
<td>916</td>
<td>1,052</td>
</tr>
<tr>
<td><strong>Cash flows used in investing activities</strong></td>
<td>(79,867)</td>
<td>(25,003)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend paid</td>
<td>(40,122)</td>
<td>(40,814)</td>
</tr>
<tr>
<td>Issuance of new shares</td>
<td>79,024</td>
<td>–</td>
</tr>
<tr>
<td><strong>Cash flows from/(used in) financing activities</strong></td>
<td>38,902</td>
<td>(40,814)</td>
</tr>
</tbody>
</table>

**Net increase/(decrease) in cash and cash equivalents**
- 30,757  (20,707)
- Cash and cash equivalents at beginning of the year  99,678  120,399
- Effect of exchange rate changes on balances held in foreign currencies  35  (14)
- **Cash and cash equivalents at end of the year**  8  130,470  99,678

*The accompanying notes form an integral part of these 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 30 March 2015.

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

The financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.
2 Basis of preparation (Continued)

2.5 Changes in accounting policies

With effect from 1 January 2014, the Group adopted the new or revised FRS that are mandatory for applications from that date. The adoption of these new or revised FRS does not have any significant impact on the financial statements.

(i) Subsidiaries

From 1 January 2014, as a result of FRS 110 Consolidated Financial Statements, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. The adoption of FRS 110 has no impact on the recognised assets, liabilities and comprehensive income of the Company.

3 Significant accounting policies

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

3.1 Basis of consolidation

Acquisitions of entities under common control

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

Subsidiaries

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

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.
3 Significant accounting policies (Continued)

3.1 Basis of consolidation (Continued)

Loss of control

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

Subsidiaries in the separate financial statements

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

Transactions eliminated on consolidation

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

3.2 Foreign currency

Foreign currency transactions

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

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

3.2 Foreign currency (Continued)

Foreign operation

The assets and liabilities of a foreign operation are translated to Singapore dollars at exchange rates prevailing 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. When a foreign operation is disposed off, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining controls, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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

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

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

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

3.3 Property, plant and equipment (Continued)

Subsequent costs

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

Depreciation

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

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

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

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

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold properties</td>
<td>Remaining lease period of 30 to 75 years</td>
</tr>
<tr>
<td>Renovations</td>
<td>5 years</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>5 years</td>
</tr>
<tr>
<td>Office equipment, furniture and fittings</td>
<td>5 years</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5 years</td>
</tr>
<tr>
<td>Computers</td>
<td>3 years</td>
</tr>
<tr>
<td>Cold room</td>
<td>5 years</td>
</tr>
</tbody>
</table>

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted as appropriate.
3 Significant accounting policies (Continued)

3.4 Financial instruments

Non-derivative financial assets

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

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

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

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

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

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

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

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

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

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

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

Other financial liabilities comprise trade and other payables.
3 Significant accounting policies (Continued)

3.4 Financial instruments (Continued)

Share capital

Ordinary shares

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

3.5 Leases

When the Group is a lessee of a finance lease

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

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

When the Group is a lessee of an operating lease

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

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. In addition, the Group receives payments from suppliers for various programs, primarily display charges, volume rebates and reimbursements for costs to promote the suppliers’ products (cooperative advertising arrangements). Substantially all payments from suppliers are accounted for as a reduction in cost of purchased inventories and recognised in cost of sales when the related inventories are sold. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
3 Significant accounting policies (Continued)

3.7 Impairment

Non-derivative financial assets

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

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

Loans and receivables

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.
3 Significant accounting policies (Continued)

3.7 Impairment (Continued)

Non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

3.8 Employee benefits

Defined contribution plans

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

Short-term benefits

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

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

3.9 Revenue recognition

Supermarket operations

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

Rental income

Rental income receivable under operating leases is recognised in profit or loss 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 – Special Employment Credit and Wage Credit Schemes

Cash grants received from the government in relation to the Special Employment Credit Scheme are recognised as other income upon receipt.

Grants relating to the Wage Credit Scheme are accrued as other income when the Company has met the conditions attaching to this Scheme and there is reasonable certainty that the grant will be received.

3.10 Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.
3 Significant accounting policies (Continued)

3.11 Tax expense

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

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 period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

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

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 Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.13 Segment reporting

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

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

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

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

3.14 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.
## Property, Plant and Equipment

<table>
<thead>
<tr>
<th>Group</th>
<th>Leasehold properties</th>
<th>Renovations and fittings</th>
<th>Plant and machinery</th>
<th>Office equipment, furniture and fittings</th>
<th>Motor vehicles</th>
<th>Computers</th>
<th>Construction in-progress*</th>
<th>Cold room</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>A1 January 2013</td>
<td>54,995</td>
<td>11,002</td>
<td>31,364</td>
<td>4,172</td>
<td>7,829</td>
<td>6,365</td>
<td>22,780</td>
<td>6,365</td>
</tr>
<tr>
<td>Additions</td>
<td>3,500</td>
<td>694</td>
<td>2,928</td>
<td>213</td>
<td>179</td>
<td>709</td>
<td>5,618</td>
<td>5,182</td>
</tr>
<tr>
<td>A31 December 2013</td>
<td>61,495</td>
<td>11,696</td>
<td>34,292</td>
<td>4,385</td>
<td>8,448</td>
<td>7,074</td>
<td>28,398</td>
<td>7,547</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>3,328</td>
<td>5,979</td>
<td>16,173</td>
<td>1,140</td>
<td>5,819</td>
<td>2,733</td>
<td>1,273</td>
<td>1,273</td>
</tr>
<tr>
<td>Depreciation charge for the year</td>
<td>1,054</td>
<td>1,413</td>
<td>4,105</td>
<td>522</td>
<td>671</td>
<td>306</td>
<td>306</td>
<td>306</td>
</tr>
<tr>
<td>Disposals</td>
<td>(447)</td>
<td>(1,923)</td>
<td>(653)</td>
<td>(58)</td>
<td>(1,669)</td>
<td>(790)</td>
<td>(790)</td>
<td>(790)</td>
</tr>
<tr>
<td>A31 December 2014</td>
<td>75,908</td>
<td>11,145</td>
<td>33,631</td>
<td>4,352</td>
<td>9,849</td>
<td>2,270</td>
<td>22,780</td>
<td>6,365</td>
</tr>
</tbody>
</table>

* Construction-in-progress consists of retail shop units purchased which are still under construction and solar panels which are being installed.
### 4 Property, plant and equipment (Continued)

The Group’s leasehold properties as at 31 December 2014 were as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Description</th>
<th>Tenure</th>
<th>Floor area (sq m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 Mandai Link, Singapore 728652</td>
<td>4 storey warehouse with ancillary offices</td>
<td>30 years lease commencing in 2009, with an option to renew for another 30 years provided certain investment conditions are met</td>
<td>50,455</td>
</tr>
<tr>
<td>Blk 4, Lorong 7 Toa Payoh, #01-107 Singapore 310004</td>
<td>1 HDB shop unit</td>
<td>74 years lease commencing 1 July 1994</td>
<td>219</td>
</tr>
<tr>
<td>Blk 506 Tampines Central 1 #01-361 Singapore 520506</td>
<td>3 storey shopping mall</td>
<td>99 years lease commencing 1 January 1991</td>
<td>3,876</td>
</tr>
</tbody>
</table>

### 5 Subsidiaries

<table>
<thead>
<tr>
<th>Company</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity investments, at cost</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td></td>
<td>78,234</td>
<td>78,234</td>
</tr>
</tbody>
</table>

The subsidiaries of the Group are as follows:

<table>
<thead>
<tr>
<th>Name of subsidiaries</th>
<th>Principal activities</th>
<th>Country of incorporation</th>
<th>Effective equity interest held by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>2014 %</td>
</tr>
<tr>
<td>Sheng Siong Supermarket Pte Ltd¹</td>
<td>Supermarket operations</td>
<td>Singapore</td>
<td>100</td>
</tr>
<tr>
<td>C M M Marketing Management Pte Ltd¹</td>
<td>Trading of general and wholesale importers and exports</td>
<td>Singapore</td>
<td>100</td>
</tr>
<tr>
<td>Sheng Siong Supermarket Sdn Bhd²</td>
<td>Dormant</td>
<td>Malaysia</td>
<td>100</td>
</tr>
</tbody>
</table>

¹ Audited by KPMG LLP
² Audited by other firm of certified public accountants
6 Inventories

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods for resale</td>
<td>43,142</td>
<td>45,566</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In 2014, changes in goods for resale recognised in cost of sales amounted to $523,980,000 (2013: $504,763,000).

7 Trade and other receivables

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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not past due</td>
<td>8,219</td>
<td>6,769</td>
<td>182,886</td>
<td>67,884</td>
</tr>
<tr>
<td>Past due 1 – 30 days</td>
<td>826</td>
<td>4,383</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Past due 31 – 60 days</td>
<td>68</td>
<td>73</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Past due more than 60 days</td>
<td>101</td>
<td>69</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

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

* exclude prepayments
8 Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>4,155</td>
<td>4,260</td>
</tr>
<tr>
<td>Cash at banks</td>
<td>36,947</td>
<td>34,975</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>89,368</td>
<td>60,443</td>
</tr>
<tr>
<td></td>
<td>130,470</td>
<td>99,678</td>
</tr>
</tbody>
</table>

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

9 Share capital

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of shares (‘000)</td>
<td>Number of shares (‘000)</td>
</tr>
<tr>
<td>Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In issue at 1 January</td>
<td>1,383,537</td>
<td>1,383,537</td>
</tr>
<tr>
<td>New shares issued</td>
<td>120,000</td>
<td>–</td>
</tr>
<tr>
<td>In issue at 31 December</td>
<td>1,503,537</td>
<td>1,383,537</td>
</tr>
</tbody>
</table>

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

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

All issued ordinary shares are fully paid, with no par value.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

9 Share capital (Continued)

Dividends

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

<table>
<thead>
<tr>
<th>Dividends</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Ordinary dividends paid in respect of the financial year ended 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final cash dividend of 1.75 cents per ordinary shares</td>
<td>–</td>
<td>24,212</td>
</tr>
<tr>
<td>Ordinary dividends paid in respect of the financial year ended 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim cash dividend of 1.20 cents per ordinary shares</td>
<td>–</td>
<td>16,602</td>
</tr>
<tr>
<td>Final cash dividend of 1.40 cents per ordinary shares</td>
<td>19,369</td>
<td>–</td>
</tr>
<tr>
<td>Ordinary dividends paid in respect of financial year ended 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim cash dividend of 1.50 cents per ordinary shares</td>
<td>20,753</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>40,122</td>
<td>40,814</td>
</tr>
</tbody>
</table>

For the Group’s financial year ended 31 December 2014, the directors proposed an exempt (one-tier) final dividend of 1.50 cents per share, amounting to approximately $23 million. This exempt (one-tier) dividend has not been provided for. The total dividend paid and payable for the year, comprising the interim dividend and final dividend approximates 91% of the Group’s net profit after tax.

Capital management

The Group defines capital as share capital and accumulated profits.

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

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

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

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

11 **Deferred tax**

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

<table>
<thead>
<tr>
<th></th>
<th>Recognised in profit</th>
<th>Recognised in profit</th>
<th>Recognised in profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>At 1 January</td>
<td>or loss</td>
<td>At 31 December</td>
</tr>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,630</td>
<td>662</td>
<td>2,292</td>
</tr>
</tbody>
</table>

12 **Trade and other payables**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>60,417</td>
<td>63,925</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due to affiliated companies (trade)</td>
<td>19</td>
<td>17</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due to directors (non-trade)</td>
<td>4,894</td>
<td>3,873</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Other payables</td>
<td>5,256</td>
<td>5,829</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>Deposits received</td>
<td>777</td>
<td>210</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>24,482</td>
<td>14,389</td>
<td>132</td>
<td>136</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>95,845</td>
<td>88,243</td>
<td>353</td>
<td>336</td>
</tr>
</tbody>
</table>

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 fee and payable within the next twelve months.
### 12 Trade and other payables (Continued)

**Contractual undiscounted cash flow**

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

<table>
<thead>
<tr>
<th>Cash flows</th>
<th>Carrying amount</th>
<th>Expected contractual cashflows</th>
<th>Within 1 year</th>
<th>Between 1 to 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-derivative financial liabilities</td>
<td>95,845</td>
<td>(95,845)</td>
<td>(95,845)</td>
<td>–</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-derivative financial liabilities</td>
<td>88,243</td>
<td>(88,243)</td>
<td>(88,243)</td>
<td>–</td>
</tr>
<tr>
<td>Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-derivative financial liabilities</td>
<td>353</td>
<td>(353)</td>
<td>(353)</td>
<td>–</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-derivative financial liabilities</td>
<td>336</td>
<td>(336)</td>
<td>(336)</td>
<td>–</td>
</tr>
</tbody>
</table>
## Revenue

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td>$'000</td>
</tr>
<tr>
<td>Supermarket operations</td>
<td>725,987</td>
<td>687,390</td>
<td>$'000</td>
</tr>
</tbody>
</table>

## Finance income

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income received and receivable from:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– financial institutions</td>
<td>916</td>
<td>1,052</td>
<td>$'000</td>
</tr>
</tbody>
</table>

## Profit for the year

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

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td>$'000</td>
</tr>
<tr>
<td>Contributions to defined contribution plans, included in staff costs</td>
<td>(3,996)</td>
<td>(3,716)</td>
<td>$'000</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>(10,935)</td>
<td>(10,074)</td>
<td>$'000</td>
</tr>
<tr>
<td>Exchange loss, net</td>
<td>(48)</td>
<td>(13)</td>
<td>$'000</td>
</tr>
<tr>
<td>Government grants</td>
<td>1,374</td>
<td>1,598</td>
<td>$'000</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>58</td>
<td>151</td>
<td>$'000</td>
</tr>
<tr>
<td>Operating lease expense</td>
<td>(19,842)</td>
<td>(19,381)</td>
<td>$'000</td>
</tr>
<tr>
<td>Operating lease income</td>
<td>1,218</td>
<td>1,249</td>
<td>$'000</td>
</tr>
<tr>
<td>Audit fees paid to auditors of the Company</td>
<td>(258)</td>
<td>(266)</td>
<td>$'000</td>
</tr>
<tr>
<td>Non-audit fees paid to auditors of the Company</td>
<td>(24)</td>
<td>(49)</td>
<td>$'000</td>
</tr>
<tr>
<td>Professional fee paid to a firm in which a director is a member</td>
<td>(166)</td>
<td>(55)</td>
<td>$'000</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(89,876)</td>
<td>(81,903)</td>
<td>$'000</td>
</tr>
<tr>
<td>Sales of recyclable items</td>
<td>1,109</td>
<td>982</td>
<td>$'000</td>
</tr>
</tbody>
</table>
16 Tax expenses

<table>
<thead>
<tr>
<th>Note</th>
<th>Group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td></td>
</tr>
<tr>
<td>Current tax expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year</td>
<td>10,501</td>
<td>7,979</td>
<td></td>
</tr>
<tr>
<td>Adjustments for prior years</td>
<td>(267)</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10,234</td>
<td>7,989</td>
<td></td>
</tr>
<tr>
<td>Deferred tax expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Origination and reversal of temporary differences</td>
<td>11</td>
<td>(88)</td>
<td>662</td>
</tr>
<tr>
<td>Total tax expense</td>
<td></td>
<td></td>
<td>10,146</td>
</tr>
</tbody>
</table>

Reconciliation of effective tax rate

| | | 2014 | 2013 |
| | Profit before tax | 57,748 | 47,558 |
| Tax expense using Singapore tax rate of 17% (2013: 17%) | 9,817 | 8,085 |
| Tax exempt income | (57) | (199) |
| Expenses not deductible for tax purposes | 713 | 755 |
| (Over)/under provision in respect of prior years | (267) | 10 |
| Tax rebate | (60) | – |
| | 10,146 | 8,651 |

17 Long term incentive scheme

Sheng Siong Group Ltd Employees Share Option Scheme ("ESOS") and Share Award Scheme ("Scheme") were approved by members at Extraordinary Meetings held on 1 July 2011 and 25 April 2013 respectively. The Company believes that by adopting both the ESOS and the Scheme, the Company will have greater flexibility in tailoring reward and incentive packages for the employees and directors at the same time, aligning their interest with those of the shareholders. The ESOS is administered by the Remuneration Committee and the Scheme is administered by the Scheme Committee comprising members of the Remuneration Committee, two executive directors 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 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.
17 Long term incentive scheme (Continued)

• 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 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; 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 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 for such Incentive Options.

Other information regarding the Scheme is set out below:

A Scheme participant will receive awards, representing the right to receive fully paid shares (new shares or treasury shares) free of charge upon achieving prescribed performance targets and upon the expiry of the prescribed vesting periods. The Scheme Committee shall have the absolute discretion to decide on:

• The date of Award
• The number of shares to be awarded
• The prescribed performance target
• The vesting period
• 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 Share Scheme shall not exceed 15% of the issued capital of the Company (excluding treasury shares). The duration of the ESOS and the Scheme is ten years from the respective EGM dates.

During the current financial year, no share options and awards were granted.
18  Earnings per share

<table>
<thead>
<tr>
<th>Group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share is based on:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit attributable to ordinary shareholders</td>
<td>47,602</td>
<td>38,907</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group</th>
<th>No. of shares '000</th>
<th>No. of shares '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of shares as at 1 January</td>
<td>1,383,537</td>
<td>1,383,537</td>
</tr>
<tr>
<td>Issuance of new shares during the year</td>
<td>120,000</td>
<td>–</td>
</tr>
<tr>
<td>Total number of shares as at 31 December</td>
<td>1,503,537</td>
<td>1,383,537</td>
</tr>
</tbody>
</table>

Weighted average number of shares during the year

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,423,537</td>
<td>1,383,537</td>
</tr>
</tbody>
</table>

There were no potential dilutive ordinary shares in existence for the financial years ended 31 December 2014 and 2013.

19  Segment reporting

The Group operates in one segment which relates to the provision of supermarket supplies and supermarket operations. The Group’s operations are located in Singapore. The Malaysian subsidiary was inactive for the financial years ended 31 December 2014 and 2013.
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:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property, plant and equipment, approved and contracted for</td>
<td>37,245</td>
<td>46,642</td>
</tr>
</tbody>
</table>

(b) Operating lease commitments

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

The Group has commitments for future minimum lease payments under non-cancellable operating lease as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Within 1 year</td>
<td>16,991</td>
<td>15,780</td>
</tr>
<tr>
<td>– After 1 year but within 5 years</td>
<td>11,289</td>
<td>15,971</td>
</tr>
<tr>
<td></td>
<td>28,280</td>
<td>31,751</td>
</tr>
</tbody>
</table>
21 Related parties

Identity of related parties

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

Affiliated company

An affiliated company is defined as one:

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

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

Key management personnel

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

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits</td>
<td>10,662</td>
<td>8,632</td>
</tr>
<tr>
<td>Directors fees</td>
<td>460</td>
<td>140</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,122</strong></td>
<td><strong>8,772</strong></td>
</tr>
</tbody>
</table>
21 Related parties (Continued)

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:

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporations in which directors of the Company have substantial financial interests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Sales</td>
<td>386</td>
<td>420</td>
</tr>
<tr>
<td>– Purchases</td>
<td>(13)</td>
<td>(75)</td>
</tr>
<tr>
<td>– Rental expenses</td>
<td>(1,743)</td>
<td>(1,693)</td>
</tr>
<tr>
<td>– Rental income</td>
<td>613</td>
<td>420</td>
</tr>
<tr>
<td>Director of the Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Disposal of property, plant and equipment (used car)</td>
<td>–</td>
<td>120</td>
</tr>
<tr>
<td>– Temporary use of the services of a staff</td>
<td>54</td>
<td>–</td>
</tr>
</tbody>
</table>

22 Financial risk management

Overview

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

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

Credit risk

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

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

Cash and cash equivalents consists of cash and fixed deposits which are placed with banks regulated under the Singapore Banking Act.
22 Financial risk management (Continued)

Liquidity risk

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, foreign exchange rates and equity prices will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group minimizes foreign exchange exposure by transacting where possible, in Singapore Dollar, the functional currency, and at the reporting date, the Group is not exposed to any significant foreign currency risk.

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, interest income is insignificant.

Fair value

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year or which reprice frequently (including trade and other receivables, cash and cash equivalents, trade and other payables) approximate their fair values because of the short period to maturity/repricing.
<table>
<thead>
<tr>
<th></th>
<th>集团 2014</th>
<th>2013</th>
<th>公司 2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>资产</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>房地产、厂房与器材</td>
<td>160,662</td>
<td>90,756</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>在子公司的投资</td>
<td>–</td>
<td>–</td>
<td>78,234</td>
<td>78,234</td>
</tr>
<tr>
<td>非流动资产</td>
<td>160,662</td>
<td>90,756</td>
<td>78,234</td>
<td>78,234</td>
</tr>
<tr>
<td>存货</td>
<td>43,142</td>
<td>45,566</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>贸易和其他应收账款</td>
<td>10,748</td>
<td>12,247</td>
<td>182,900</td>
<td>67,888</td>
</tr>
<tr>
<td>现金</td>
<td>130,470</td>
<td>99,678</td>
<td>386</td>
<td>33,973</td>
</tr>
<tr>
<td>流动资产</td>
<td>184,360</td>
<td>157,491</td>
<td>183,286</td>
<td>101,861</td>
</tr>
<tr>
<td>总资产</td>
<td>345,022</td>
<td>248,247</td>
<td>261,520</td>
<td>180,095</td>
</tr>
<tr>
<td>可归属股东的权益</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>股本</td>
<td>235,373</td>
<td>156,349</td>
<td>235,373</td>
<td>156,349</td>
</tr>
<tr>
<td>合并储备</td>
<td>(68,234)</td>
<td>(68,234)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>累计盈利</td>
<td>69,136</td>
<td>61,656</td>
<td>25,794</td>
<td>23,381</td>
</tr>
<tr>
<td>外汇兑换储备</td>
<td>*</td>
<td>*</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>总权益</td>
<td>236,275</td>
<td>149,771</td>
<td>261,167</td>
<td>179,730</td>
</tr>
<tr>
<td>负债</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>进延税款负债</td>
<td>2,204</td>
<td>2,292</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>非流动负债</td>
<td>2,204</td>
<td>2,292</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>贸易和其他应付账款</td>
<td>95,845</td>
<td>88,243</td>
<td>353</td>
<td>336</td>
</tr>
<tr>
<td>当期应缴税务</td>
<td>10,698</td>
<td>7,941</td>
<td>–</td>
<td>29</td>
</tr>
<tr>
<td>流动负债</td>
<td>106,543</td>
<td>96,184</td>
<td>353</td>
<td>365</td>
</tr>
<tr>
<td>总负债</td>
<td>108,747</td>
<td>98,476</td>
<td>353</td>
<td>365</td>
</tr>
<tr>
<td>总权益与负债</td>
<td>345,022</td>
<td>248,247</td>
<td>261,520</td>
<td>180,095</td>
</tr>
</tbody>
</table>

* 数额不到1,000新元，“
### 综合损益表
截至2014年12月31日全年

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>营业额</td>
<td>725,987</td>
<td>687,390</td>
</tr>
<tr>
<td>销售成本</td>
<td>(550,301)</td>
<td>(529,177)</td>
</tr>
<tr>
<td>毛利</td>
<td>175,686</td>
<td>158,213</td>
</tr>
<tr>
<td>其他收益</td>
<td>4,677</td>
<td>4,885</td>
</tr>
<tr>
<td>分销开支</td>
<td>(4,259)</td>
<td>(4,188)</td>
</tr>
<tr>
<td>行政开支</td>
<td>(117,417)</td>
<td>(111,046)</td>
</tr>
<tr>
<td>其他开支</td>
<td>(1,855)</td>
<td>(1,358)</td>
</tr>
<tr>
<td>营运活动的业绩</td>
<td>56,832</td>
<td>46,506</td>
</tr>
<tr>
<td>财务收益</td>
<td>1,052</td>
<td>1,052</td>
</tr>
<tr>
<td>税前盈利</td>
<td>57,748</td>
<td>47,558</td>
</tr>
<tr>
<td>税务开支</td>
<td>(10,146)</td>
<td>(8,651)</td>
</tr>
<tr>
<td>全年盈利</td>
<td>47,602</td>
<td>38,907</td>
</tr>
<tr>
<td>其他综合收益</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>可归属公司股东的盈利</td>
<td>47,602</td>
<td>38,907</td>
</tr>
<tr>
<td>可归属公司股东的综合净利</td>
<td>47,602</td>
<td>38,907</td>
</tr>
<tr>
<td>每股盈利</td>
<td>3.34</td>
<td>2.81</td>
</tr>
</tbody>
</table>

- 基本与摊薄的（分）
Class of shares: Ordinary shares
Voting rights: One vote per share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

<table>
<thead>
<tr>
<th>SIZE OF SHAREHOLDINGS</th>
<th>NO. OF SHAREHOLDERS</th>
<th>%</th>
<th>NO. OF SHARES</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 99</td>
<td>10</td>
<td>0.12</td>
<td>234</td>
<td>0.00</td>
</tr>
<tr>
<td>100 – 1,000</td>
<td>935</td>
<td>10.98</td>
<td>910,790</td>
<td>0.06</td>
</tr>
<tr>
<td>1,001 – 10,000</td>
<td>4,567</td>
<td>53.66</td>
<td>30,811,650</td>
<td>2.05</td>
</tr>
<tr>
<td>10,001 – 1,000,000</td>
<td>2,965</td>
<td>34.84</td>
<td>151,324,523</td>
<td>10.06</td>
</tr>
<tr>
<td>1,000,001 AND ABOVE</td>
<td>34</td>
<td>0.40</td>
<td>1,320,489,803</td>
<td>87.83</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>8,511</strong></td>
<td><strong>100.00</strong></td>
<td><strong>1,503,537,000</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

TWENTY LARGEST SHAREHOLDERS

<table>
<thead>
<tr>
<th>NO.</th>
<th>NAME</th>
<th>NO. OF SHARES</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SHENG SIONG HOLDINGS PTE LTD</td>
<td>448,800,000</td>
<td>29.85</td>
</tr>
<tr>
<td>2</td>
<td>LIM HOCK CHEE</td>
<td>170,400,000</td>
<td>11.33</td>
</tr>
<tr>
<td>3</td>
<td>LIM HOCK ENG</td>
<td>170,400,000</td>
<td>11.33</td>
</tr>
<tr>
<td>4</td>
<td>LIM HOCK LENG</td>
<td>170,400,000</td>
<td>11.33</td>
</tr>
<tr>
<td>5</td>
<td>CITIBANK NOMINEES SINGAPORE PTE LTD</td>
<td>72,677,679</td>
<td>4.83</td>
</tr>
<tr>
<td>6</td>
<td>HSBC (SINGAPORE) NOMINEES PTE LTD</td>
<td>45,814,700</td>
<td>3.05</td>
</tr>
<tr>
<td>7</td>
<td>DBS NOMINEES (PRIVATE) LIMITED</td>
<td>41,483,430</td>
<td>2.76</td>
</tr>
<tr>
<td>8</td>
<td>DB NOMINEES (SINGAPORE) PTE LTD</td>
<td>33,394,936</td>
<td>2.22</td>
</tr>
<tr>
<td>9</td>
<td>TAN LING SAN</td>
<td>30,000,000</td>
<td>2.00</td>
</tr>
<tr>
<td>10</td>
<td>DBSN SERVICES PTE. LTD.</td>
<td>29,728,137</td>
<td>1.98</td>
</tr>
<tr>
<td>11</td>
<td>RAFFLES NOMINEES (PTE) LIMITED</td>
<td>22,715,985</td>
<td>1.51</td>
</tr>
<tr>
<td>12</td>
<td>UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED</td>
<td>21,334,073</td>
<td>1.42</td>
</tr>
<tr>
<td>13</td>
<td>LIM KIM HOOK</td>
<td>8,400,000</td>
<td>0.56</td>
</tr>
<tr>
<td>14</td>
<td>CHEAH SEE HAN</td>
<td>4,897,000</td>
<td>0.33</td>
</tr>
<tr>
<td>15</td>
<td>UOB KAY HIAN PRIVATE LIMITED</td>
<td>4,855,700</td>
<td>0.32</td>
</tr>
<tr>
<td>16</td>
<td>BANK OF SINGAPORE NOMINEES PTE. LTD.</td>
<td>4,573,000</td>
<td>0.30</td>
</tr>
<tr>
<td>17</td>
<td>PHILLIP SECURITIES PTE LTD</td>
<td>4,546,200</td>
<td>0.30</td>
</tr>
<tr>
<td>18</td>
<td>OCBC SECURITIES PRIVATE LIMITED</td>
<td>4,386,000</td>
<td>0.29</td>
</tr>
<tr>
<td>19</td>
<td>LIM GUAN PHENG</td>
<td>3,700,000</td>
<td>0.25</td>
</tr>
<tr>
<td>20</td>
<td>OCBC NOMINEES SINGAPORE PRIVATE LIMITED</td>
<td>3,593,600</td>
<td>0.24</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,296,100,440</strong></td>
<td><strong>86.20</strong></td>
<td></td>
</tr>
</tbody>
</table>

STATISTICS OF SHAREHOLDINGS
AS AT 16 MARCH 2015

ANNUAL REPORT 2014
SHENG SIONG GROUP LTD.
### SUBSTANTIAL SHAREHOLDERS

*(As shown in the register of substantial shareholders)*

<table>
<thead>
<tr>
<th>NAME</th>
<th>DIRECT INTEREST</th>
<th>DEEMED INTEREST</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Shares</td>
<td>%</td>
</tr>
<tr>
<td>Lim Hock Eng(1)</td>
<td>170,400,000</td>
<td>11.33</td>
</tr>
<tr>
<td>Lim Hock Chee(1)</td>
<td>170,400,000</td>
<td>11.33</td>
</tr>
<tr>
<td>Lim Hock Leng(1)</td>
<td>170,400,000</td>
<td>11.33</td>
</tr>
<tr>
<td>Sheng Siong Holdings Pte Ltd</td>
<td>448,800,000</td>
<td>29.85</td>
</tr>
</tbody>
</table>

**Notes:**

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

2. Mr Lim Hock Chee is also deemed to be interested in the 1,650,000 shares held by his spouse, Mdm Lee Moi Hong.

### FREE FLOAT

Based on information available to the Company, approximately 34.04% of the shareholding in the Company was held in the hands of the public.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.
NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of SHENG SIONG GROUP LTD. (the “Company”) will be held at 6 Mandai Link, Singapore 728652 on Thursday, 23 April 2015 at 10.00 a.m. (the “Annual General Meeting”) for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Directors’ Report and Audited Accounts of the Company for the financial year ended 31 December 2014 together with the Auditors’ Report thereon.  
(Resolution 1)

2. To declare a final (one-tier tax exempt) dividend of 1.50 cents per ordinary share for the financial year ended 31 December 2014.  
(Resolution 2)

3. To re-elect the following Directors retiring pursuant to the Company’s Articles of Association (the “Articles”):

   - Mr. Lim Hock Leng  
   (Article 89)  
   (Resolution 3)

   - Mr. Goh Yeow Tin  
   (Article 89)  
   [See Explanatory note (i)]  
   (Resolution 4)

   - Mr. Jong Voon Hoo  
   (Article 89)  
   [See Explanatory note (ii)]  
   (Resolution 5)

   To re-elect Mr. Tan Ling San as a Director of the Company pursuant to Section 153 of the Companies Act of Singapore (Cap. 50) (the “Companies Act”).  
[See Explanatory Note (iii)]  
(Resolution 6)

4. To approve the payment of Directors’ fees of S$240,000 for the year ended 31 December 2014. (2013: S$200,000)  
(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.
NOTICE OF 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 and Rule 806 of the Listing Manual (the “Listing Manual”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

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

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

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

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

provided that:

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

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

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

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

(c) any subsequent bonus issue, consolidation or subdivision of Shares.
NOTICE OF ANNUAL GENERAL MEETING

(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 Articles; and

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

[See Explanatory Note (iv)]

(Resolution 9)

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

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

(Resolution 10)

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

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

[See Explanatory Note (vi)]

(Resolution 11)

10. Proposed renewal of the Share Buyback Mandate

“That:–

(A) for the purposes of the Companies Act (Cap. 50) of Singapore (the “Act”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:–

(i) market purchases (each a “Market Purchase”) on the Singapore Exchange Securities Trading Limited (“SGX-ST”); and/or
NOTICE OF ANNUAL GENERAL MEETING

(ii) off-market purchases (each an “Off-Market Purchase”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, such scheme shall satisfy all the conditions prescribed by the Act, and otherwise in accordance with all other laws, regulations and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Buyback Mandate”);

(B) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which the Share buybacks have been carried out to the full extent of the Share Buyback Mandate; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in a general meeting;

(C) in this Resolution:

“Prescribed Limit” means 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the number of the issued ordinary shares of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

“Relevant Period” means the period commencing from the date on which the last annual general meeting of the Company was held and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, in the case of a Market Purchase, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period, or in the case of an Off-Market Purchase, preceding the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.
NOTICE OF ANNUAL GENERAL MEETING

(D) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution." (See Explanatory Note (vii))

(Resolution 12)

By Order of the Board

Mr. Lim Hock Chee
Chief Executive Officer

Singapore, 8 April 2015

Explanatory Notes:

(i) Mr. Goh Yeow Tin will, upon re-election as Independent Director of the Company remain as Chairman of the Remuneration Committee and a member of the Audit Committee and a member of the Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Mr. Jong Voon Hoo will, upon re-election as Independent Director of the Company remain as 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 effect of the Ordinary Resolution 6 proposed in item 3 above, is to re-appoint a Director who is over 70 years of age. Mr. Tan Ling San will, upon re-election as a Director of the Company, hold office until the next annual general meeting of the Company.

(iv) 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) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

(v) 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.

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

(vii) The Ordinary Resolution 12 proposed in Item 10 above, if passed, will empower the Directors of the Company to purchase or otherwise acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Buyback Mandate does not exceed the Prescribed Limit, and at such price(s) as may be determined by the Directors of the Company from time to time up to but not exceeding the Maximum Price. The information relating to the Ordinary Resolution 12 is set out in the Appendix enclosed together with the Annual Report.

Notes:

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

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

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

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 6 Mandai Link, Singapore 728652 not less than 48 hours before the time appointed for holding the Annual General Meeting.
SHENG SIONG GROUP LTD.
(Company Registration No.: 201023989Z)
(Incorporated in Singapore with limited liabilities)

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ________________________________________ (name)
of __________________________________________ (address) being a member/members of SHENG SIONG GROUP LTD. (the “Company”), hereby appoint:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>NRIC/Passport No.</th>
<th>Proportion of Shareholdings %</th>
</tr>
</thead>
</table>

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 Thursday, 23 April 2015 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:

<table>
<thead>
<tr>
<th>No.</th>
<th>Resolutions relating to:</th>
<th>For</th>
<th>Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Directors’ Report and Audited Accounts for the year ended 31 December 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Approval of payment of the final dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Re-election of Mr. Lim Hock Leng as a Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Re-election of Mr. Goh Yeow Tin as a Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Re-election of Mr. Jong Voon Hoo as a Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Re-election of Mr. Tan Ling San as a Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Approval of Directors’ fees amounting to S$240,000 for the financial year ended 31 December 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Re-appointment of KPMG LLP as Auditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Authority to allot and issue shares in the capital of the Company – Share Issue Mandate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Authority to grant options and issue shares under the Sheng Siong ESOS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Authority to allot and issue shares under the Sheng Siong Share Award Scheme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Proposed renewal of the Share Buyback Mandate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting).

Dated this __________ day of __________ 2015

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 proxy need not be a member of the Company.

4. 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 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

5. 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.

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

7. 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 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.
**FINANCIAL HIGHLIGHTS**

**REVENUE ($M)**
- 2010: 628.4
- 2011: 578.4
- 2012: 637.3
- 2013: 687.4
- 2014: 706.0

**GROSS PROFIT ($M)**
- 2010: 137.8
- 2011: 127.9
- 2012: 140.9
- 2013: 158.2
- 2014: 176.7

**GROSS PROFIT MARGIN**
- 2010: 21.8%
- 2011: 22.1%
- 2012: 22.1%
- 2013: 23.0%
- 2014: 24.2%

**NET PROFIT ($M)**
- 2010: 42.6
- 2011: 27.3
- 2012: 41.7
- 2013: 38.9
- 2014: 47.6

**EARNINGS PER SHARE (CENTS)**
- 2010: 3.74
- 2011: 2.21
- 2012: 3.01
- 2013: 2.81
- 2014: 3.34