**SHENG SIONG GROUP LTD.**
(Company Registration Number: 201023989Z)
(Incorporated in the Republic of Singapore)

---

**RESPONSE TO QUESTIONS RECEIVED FROM SHAREHOLDERS FOR THE ANNUAL GENERAL MEETING**

---

The Board of Directors of Sheng Siong Group Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement dated 4 April 2025 on the alternative arrangements for its Annual General Meeting to be held on Tuesday, 29 April 2025 (the "**AGM**"), in particular, the invitation to shareholders to submit questions in advance of the AGM. The Company would like to thank the shareholders for the questions submitted.

The Appendix sets out the Company's responses to the questions received from shareholders that are relevant to the AGM resolutions and the business of the Company.

**By Order of the Board**

Lim Hock Chee
Chief Executive Officer

23 April 2025

**APPENDIX**

**Q1. How is the Group managing the tariffs imposed by the US? What are the threats and opportunities, and how does the company intend to navigate the challenges and/or opportunities? How would the tariffs affect the Group's supply chain?**

**Can management quantify the estimated cost impact of the new tariffs on the Group's gross margins for FY2024 and FY2025?**

A: We do not foresee the immediate impact of the tariff since the Group does not export goods. The global economy is navigating heightened uncertainty due to tariffs and trade tensions, increasing the risk of slower growth. These events would likely disrupt global supply chains, leading to rising costs and logistical difficulties. Faced with this unpredictability, consumers are anticipated to maintain a cautious approach, further shifting towards value-focused supermarkets and budget-friendly house brand products. The Group will continue monitoring supply chain risks and diversifying its supply sources to navigate the complex supply chain environment. We will monitor the development of the US tariffs closely.

**Q2. How does the Group plan to manage pricing pressure – will increased costs be absorbed, passed on to consumers, or mitigated through internal efficiencies?**

**Also, how has the change in procurement cost structure affected the pricing of the Group's house-brand products?**

A: At the heart of our work, we are committed to delivering value to our customers by providing safe, affordable, quality products at competitive prices and excellent service. The Group relies on strategies such as diversifying our supply sources, strengthening relationships with suppliers, efficient supply chain management, driving operational efficiency to minimise input costs by adopting technology and innovations, and a strong corporate culture to manage our costs.

The value propositions of our house brand products are safety, quality, and price, with savings of 5-20% versus leading brands in Singapore. We remain committed to this strategy and will do so by expanding our supply sources, seeking more reliable sourcing options and reviewing our product lineup to expand our house brand offerings.

**Q3. Given the imposition of tariffs by the US, possible counter-tariffs by affected countries, and the upcoming launch of the Johor Bahru–Singapore Rapid Transit System, is the Group actively considering any acquisitions or expansion plans into the Malaysian market?**

**If not, could the Board share its views on whether the Group sees cross-border expansion as a strategic priority, especially given Sheng Siong's absence in Malaysia and potential opportunities arising from greater connectivity between Singapore and Malaysia?**

A: The Johor Bahru-Singapore Rapid Transit System and the associated Special Economic Zone may impact Singapore's retail sector as more consumers may choose to spend across the border, facilitated by the ease of cross-border movements and lower prices of goods and services. For the supermarket sector, we believe the higher opportunity cost of time versus low absolute savings will continue to drive consumers' preference for convenience when purchasing groceries. Nonetheless, the Group will continue to carefully monitor this development and assess the implications.

While the Group remains open to overseas expansion, we take a cautious approach to evaluating these opportunities. Our strategic priority remains to grow our store networks in Singapore and China, enhance operational efficiencies through innovation and technology adoption, strengthen our supply chain, improve customer service, and explore ways to attract new customers.

**Q4. Thank you to the board, management, and staff for the stewardship of the company, and congratulations to Sheng Siong for attaining its financial results. How does the Board see the company evolving in the next 5 years? Will its China business, by that time, take up a more prominent role, say contributing 10% of the Group's net profit annually by then?**

A: In the next five years, we will continue to seek to grow our store networks in Singapore and China. In Singapore, we target opening three to five new stores each year and continuing to nurture our same-store sales growth. We are evaluating plans to expand our warehousing and distribution capabilities to support our continued growth, which may include acquiring or building a new automated facility. We will also continue to work on refreshing our older stores, enhancing operational efficiencies through innovation and technology adoption, strengthening our supply chain, improving customer service, and exploring ways to attract new customers.

In China, market competition remains keen. The Group's priority is to nurture the growth of supermarket operations and build Sheng Siong's brand. The Group carefully selects new stores and focuses on improving the performance of existing stores.

**Q5. Has the Board considered adopting a share buyback mandate or special dividend to enhance shareholder value, or are there any plans to consider these options in the near future?**

**Given that the Group has a higher amount of cash on its balance sheet. I understand that this is used to pay suppliers, and to ensure there is enough for acquisitions. Could you comment briefly on how you see shareholder returns and how that stacks against your other capital allocation priorities?**

**Related to that question, could you share your upcoming capital allocation priorities?**

A: The Group's focus is on driving sustainable long-term growth. It is reserving cash not only for working capital needs but also as its war chest to remain agile and responsive to various opportunities, such as potential acquisition of new stores and strategic investments in supply chain infrastructure like warehouse and distribution space, automation and technology, to drive efficiency in the long run.

We believe that this forward-looking approach will ensure the business remains resilient and well-positioned for sustainable growth. In line with this, we aim to deliver stable and sustainable returns to our shareholders over time.

**Q6. The Group's annual report discloses a high proportion of variable bonuses paid to Executive Directors. Could the Board and/or the Remuneration Committee clarify the criteria for determining such variable bonuses?**

**Specifically, how do non-financial criteria — such as leadership, customer satisfaction, employee engagement, sustainability efforts, or strategic execution — influence the bonus structure?**

**Additionally, could the Board share any examples or metrics demonstrating how these qualitative factors have been assessed in recent performance (i.e. FY2024)?**

A: The remuneration framework for Executive Directors consists of a fixed component, a variable component, and benefits. The framework is designed to drive performance, efficiency, and productivity through performance-based incentives, with the variable component, a variable bonus ("Incentive Bonus"), making up a significant portion of the total remuneration. The remuneration structure is such that the proportion of the variable component increases for the more senior levels to reflect their greater accountabilities and impact on business performance. The details can be found in the Annual Report FY2024, page 45.

The Remuneration Committee ("RC") reviews this framework annually, considering the respective roles and responsibilities of the Executive Directors and the key management personnel, the Group's financial performance, and the management of our material issues as presented in our Sustainability Report. The Board believes that running a successful business requires balanced capabilities across strategic, operational, and people dimensions. Our strong operating results reflect our leadership team's collective strength and versatility in navigating day-to-day execution and long-term priorities.

Specifically, when one of our key management personnel retired in April FY2024, the remaining Executive Directors and other key management personnel shared his responsibilities. The RC took this into account in their annual review, as well as the factors shared above. In 2024, SIAS conferred Mr. Lim Hock Chee the Outstanding CEO Award. The Group is also consistently recognised as the Most Transparent Company (Consumer Staples Category) by SIAS, and listed as one of the World's Most Trustworthy Companies in 2024, ranking 6$^{th}$ in the Grocery & Convenience Stores Category, by Newsweek and Statista. The Group is also recognised in areas of employment & customer service (details are available in the Chairman's Statement in our FY2024 annual report).

The Group's founders, Mr. Lim Hock Eng, Mr. Lim Hock Chee and Mr. Lim Hock Leng, have been drawing the same basic salary since the effective date of their service agreements in 2011.

**Q7. Is it safe to say that as Singapore develops more housing estates in places such as Tengah, the upcoming Chencharu estate in Yishun, Mount Pleasant and the redevelopment of Paya Lebar airbase, as long as there are HDB housing sites allocated for Supermarkets, Sheng Siong will likely participate in such biddings to try secure a place at the sites to gain access to residents residing in the respective area?**

A: Yes, the Group's expansion strategy is closely connected with the supply of new flats from the Housing Development Board (HDB).

**Q9. Can you comment on your hurdle rates when buying a property? I am curious because it looks like most of your stores are not bought, but leased.**

A: The Group acquires property with the primary goal of operating a supermarket business. Currently, new stores supplied by HDB are primarily on a lease-term basis.

**Q10. With the Jelita Acquisition, you took on the Siglap V properties and did a leaseback to Cold Storage. That seems a little counterintuitive, given that you are not really focused on property management. Could you share more about the thinking behind that deal, or did that come as a package?**

A: The Group acquires property with the primary goal of operating a supermarket business. The leaseback of Siglap V properties is a condition contained in the sale and purchase agreement. For detailed information, please refer to the announcement on 27 September 2024.

**Q11. I understand that Sheng Siong occasionally participates in charitable-related initiatives, which is positive. However, I was wondering if the board could allow us a glimpse behind the thought process of selecting which charities and initiatives Sheng Siong teams up with?**

A: The Group is deeply committed to giving back to the local communities we serve, extending support to our employees and their families, and actively participating in community initiatives organised by non-governmental organisations, educational institutions, and our suppliers. Our community contributions and philanthropic endeavours align with our core mission of creating value for all our stakeholders. We believe that by fostering a strong sense of community, we contribute to a more harmonious and supportive society, embodying our commitment to the ‘gotong-royong’ spirit. For more details, please refer to our Sustainability Report FY2024, pages 86-93.

**Q12. How is the Group using AI to enable the company and its staff to be more nimble and productive?**

A: Sheng Siong is actively integrating AI to improve efficiency. In 2024, we have implemented AI-powered scales for accurate pricing and enhanced the use of AI in security and surveillance. In the pipeline, we are also developing an AI-driven demand forecasting system in collaboration with AI Singapore to enhance inventory management and boost productivity. We plan to explore further AI applications for operational optimisation and enhancing customer experience.