



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

**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 5 April 2022 on the alternative arrangements for its Annual General Meeting to be held on 26 April 2022 (“**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 response to the questions received from the 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

20 April 2022

APPENDIX

Q1. What are the challenges that Sheng Siong Group encounter in 2022 and beyond? How does Sheng Siong intend to move forward? Can management please share growth/expansion plans in Singapore and also internationally? Better if can provide details eg. projected store openings.

With the resumption of nightlife sector on 19 April 2022 and the major step towards Singapore's full reopening and living with endemic COVID-19, will this slow down and impact Sheng Siong's business as more will be eating out and less working from home? If so, how can Sheng Siong's business be made more competitive in future without compromising its net profit margin?

A: We have shared in our announcement of our FY2021 results on 23 February 2022 and our Annual Report that the uncertainty of COVID-19 will continue to affect our business outlook. Now that the domestic COVID-19 situation has subsided, together with the further easing of restrictions, we expect the elevated demand to taper down as consumers increase their spending on other social activities and/or international travels. On the other hand, as the Singapore government has cautioned, the circumstance surrounding COVID-19 is a fluid one, and may have to backtrack to stricter restrictions if the virus evolved to become more aggressive.

There are also risks of supply chain disruptions arising from COVID-19, climate and geopolitical events, resulting in higher input costs. At Sheng Siong, we will strengthen our efforts in diversifying our sources of supply, and work closely with our suppliers to minimize these disruptions. We remain committed to ensure stability in the supply of essential products, and to deliver value to our customers by being competitive and offer more affordable alternatives to our customers depending on demand.

We plan to continue to expand our footprint in both Singapore and Kunming, China. In Singapore, the supply of new HDB shops has been affected in the last two years but is expected to improve gradually. During the year 2021, we were successful in our bid to secure the leases of three stores. The Group will continue to look out for retail spaces in new and existing HDB housing estates, particularly in estates where the Group has no presence, and targets to open 3 to 5 stores per year in the next three to five years. We will also continue to build on our e-commerce capability to extend our reach to customers in areas where we do not have physical presence.

We have also shared that we will be actively seeking new technologies and processes to improve our operational efficiencies and productivity.

Sheng Siong has continued to perform and grow because of our ability to adapt to the rigors of competition in a changing market environment. Our people, leadership, corporate culture and innovativeness will continue to be drivers of our competitiveness, relevance and growth.

Q2. Can management please share how China business is doing including opportunities and challenges? Any plans to expand more shops in Kunming and other parts of China?

A: We have also shared in our announcement of our FY2021 results and Annual Report that we are currently operating 4 supermarkets in Kunming, China, and our business there continued to be profitable. We will continue to work on nurturing the growth of our supermarket operations, and aims to open more stores in Kunming.

Q3. Any competition from e-commerce operators?

A: Competition in the supermarket industry remain keen among the brick-and-mortar stores and on-line market places. At Sheng Siong, we have also seen an increase in demand for our e-commerce delivery service. While the growth of our e-commerce segment has improved, majority of our customers continue to prefer to make purchases from physical supermarkets especially for fresh produce.

Despite the competition, Sheng Siong's market share has continued to grow over the years.

Q4. Does Sheng Siong intend to pay a higher dividend in the future?

A: Since FY2017, we have distributed about 70% of our net profit after tax as dividends. We will continue with the practice unless there is a need for cash for operational reasons or major capital expenditures. The Board also felt that we should build a "war-chest" ready on hand and preferred to conserve cash rather than gear up when the need arises.

Q5. With inflation, higher cost of moving goods, and cost pressures on food supply, do we expect higher revenue and/or net profit for the coming year?

A: This is dependent on the intensity of market competition and whether the increment in input prices may be passed on to the end consumers. It also depends on the rate of which the elevated demand created by COVID-19 restrictions would normalize as these restrictions continue to be lifted.

Q6. What is the impact of the Shanghai lockdown on the business unit in China? How did that affect the Revenue/Expenditure/Net Profit till today. Please provide a deviation on the impact on the Company.

A: No, there is no impact at the moment.

Q7. Relevant to the material issue of Sustainable Supply Chain Management,

(a) When does Sheng Siong plan to establish responsible sourcing standards and targets to address and annually report on risks with deforestation and biodiversity loss, antibiotic use and resistance, and animal welfare across the company's protein supply chains?

A: We have not established a timeline at the moment, but will continue to review and assess the risk that presents to our supermarkets business and balance this with other material sustainability issues.

(b) When will the company stock more plant-based proteins actually designed for meat eaters, to meet increasing consumer demand and match competitors?

A: Sheng Siong is committed to meeting the needs and demands of our customers. The range of products we offer to our customers is highly dependent on their demand. At Sheng Siong, we do offer some plant-based proteins products although the range that we carry may not be as extensive as our competitors at the moment. We will continue to work closely with our suppliers to monitor the sales and growth of this product category.