



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

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors ("**Board**") of Sheng Siong Group Ltd. ("**Company**") refers to its announcement released on 5 April 2022 in relation to the Annual Report for the financial year ended 31 December 2021 ("**FY2021 Annual Report**"). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 25 April 2022 ("**SGX Query**") as follows:

SGX Query 1:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 2.2, 2.3 and 2.4 of the Code as Independent directors do not make up a majority of the Board where your Chairman is not independent, non-executive directors do not make up a majority of your Board and you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations were provided for in your AR2021 on how it is consistent with the intent of Principle 2 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company's Response to SGX Query 1:

Practice Guidance 2 of the Code requires an issuer to state the Company's board diversity policy and progress made towards implementing the board diversity policy, including objectives.

As disclosed on page 31 and 32 of the FY2021 Annual Report, although the Chairman is part of the management team and a sibling of the CEO, their roles in managing the day-to-day operations of the Group are clearly defined. Based on Group's current size and operations, the Board is of the opinion that it is not necessary to have independent and / or Non-Executive Directors make up a majority of the Board. The Board of the Company comprises ten (10) Directors, five (5) of whom are non-executive and independent. As a result, the Board is able to exercise objective judgement through constructive dialogue and no individual or group of individuals dominate the Board's decision-making process.

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

As a group, the Directors bring with them a broad range of relevant industry knowledge, expertise and experience in areas such as accounting, finance, business, legal, food safety, real estate and management. The size and composition of the Board are reviewed by the Nominating Committee (“NC”) on an annual basis to ensure that the Board has the appropriate balance, mix of expertise and experience and collectively possesses the necessary skill sets and core competencies for effective decision-making. The experience and skill of the Directors are further described on page 18 to 22 of the FY2021 Annual Report.

Currently, the Company does not have a Board Diversity Policy. However, it will put in place the Board Diversity Policy by 31 December 2022. The current Board composition represents a well-balanced mix of skills, experience, expertise and knowledge of the Group to facilitate effective decision-making. Three (3) of the 10 Board members are female and although the Board has not set up a policy on gender diversity, the Board recognized the need and will take gender diversity into consideration when assessing any candidates.

SGX Query 2:

Listing Rule 1207(18B) provides that "An explanation of how the issuer has complied with the following:-

- (a) the issuer has designated an independent function to investigate whistleblowing reports made in good faith;
- (b) the issuer ensures that the identity of the whistleblower is kept confidential;
- (c) the issuer discloses its commitment to ensure protection of the whistleblower against detrimental or unfair treatment; and
- (d) the Audit Committee is responsible for oversight and monitoring of whistleblowing."

Please clarify whether and how Listing Rule 1207(18B) has been complied with, in particular (a) and (c).

Company's Response to SGX Query 2:

As disclosed on page 52 of the FY2021 Annual Report, the Group has implemented a whistleblowing policy, which provides employees and any other persons with channels through which they may report any concern, irregularity or improper act committed by another employee of the Group. The policy is endorsed by the AC and report(s) or concern(s) over wrongdoing or malpractice are made directly to the Chairman of the AC. The employee can submit his /or her complaints in a sealed envelope marked "Private and Strictly Confidential" or via a designated email to the Chairman of the AC. 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. It is also disclosed that all reports/complaints including the identity of the complainant will be treated as private and strictly confidential.

By Order of the Board

Lim Hock Chee
Chief Executive Officer

26 April 2022