www.shopper360.com.my

Company Register Number: 201634929Z
Incorporated in the Republic of Singapore on 27 December 2016

SHOPPER360 LIMITED

ANNUAL REPORT 2018

ANNUAL REPORT 2018

shopper360

A one-stop, integrated and holistic, shopper marketing agency

Our Vision

To be the Shopper Marketing Experts in Asia.

Our Mission

To be a leader in the field of shopper marketing. Providing 360 solution such as integrated digital and offline marketing – omnichannel, in-store advertising, e-commerce, data and insight, merchandising, field force activation (sampling), on-ground activation and retail technology products and services.

To attract the best talent that fit our culture of forward thinking, forward doing, collaboration whilst cultivating an environment that promotes passion, develops expertise and celebrates success.

To collaborate and be strategic with our business partners, retailers and customers (brand owners) in providing solutions to grow their businesses via sales and marketing efforts on the shopper marketing front.

To create memorable shopper experiences in the digital and physical retail world.

In summary, shopper360 aims to promote and advance our brand, promise of helping companies (whether retailer or brand) 'sell smarter'.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone: (65) 6636 4201.

shopper360 Limited (the "Company", and together with its subsidiaries, "shopper360" or the "Group") is a well-established shopper marketing services provider in the retail and consumer goods industries of Malaysia, with over 30 years of experience in in-store advertising. The Group offers a comprehensive range of marketing and advertising services that integrate along the entire shopper journey, from the use of online media to influence a consumer's planning and brand consideration, to in-store media and shopper engagement through sampling and events. All these touchpoints will help drive brand awareness, trial and conversion to loyalty, retention and repeat purchase amongst shoppers.

About shopper360

The Group's history can be traced back to 1986 when Pos Ad Sdn. Bhd. ("**Pos Ad**") was founded by the late Raymond Chew. Sound Ads, an in-house supermarket audio advertising programme, was the first medium in Pos Ad's arsenal. It proved to be a successful medium in reaching shoppers. In 2002, Jump Retail Sdn. Bhd. ("**Jump Retail**") was established to address the merchandising needs of the market, with Nestlé Malaysia as its first business partner and client.

With the world moving into the digital age, Pos Ad added ShopperPlus Sdn. Bhd. (formerly known as Shopwave Sdn. Bhd.) ("**ShopperPlus Malaysia**"), a company concentrating on creative and shopper marketing services, to its group of companies in 2014. Pos Ad acquired a 49% stake in Tristar Synergy Sdn. Bhd. ("**Tristar Synergy**") in 2015 to expand its business, bringing a wealth of experience and expertise on promoter services, shopper activation, and market intelligence.

In 2016, Pos Ad, together with Jump Retail, ShopperPlus Malaysia and Tristar Synergy (collectively the "**Pos Ad Group**"), revitalized the brand to become shopper360, along with a corresponding ambition to be Malaysia's shopper marketing expert. In 2017, shopper360 added two new companies to the Group, Gazelle Activation Sdn. Bhd. ("**Gazelle Activation**") and Retail Galaxy Sdn. Bhd. ("**Retail Galaxy**"), the former a specialist in shopper activation, and the latter offering field force management, technical, operations and automation services. In October 2017, the Company (through its wholly-owned subsidiary shopper360 Sdn. Bhd.) acquired 11% shareholding interest in Instanture Holdings Sdn. Bhd., an investment company that owns a cross platform business to business commerce solutions provider, Boostorder. In November 2017, the Company expanded its business into Myanmar through a joint venture, ShopperPlus Myanmar Co., Ltd ("**ShopperPlus Myanmar**"), with Pahtama Group Co., Ltd..

Today, shopper360's business comprises three main segments: in-store advertising and digital marketing, field force management, as well as sampling activities and events management.

shopper360 connects its customers and clients with its retail partners to reach out to more shoppers and increase the visibility of its customers' products, thereby optimising sales for its customers. Its current client base of local and multi-national companies includes Nestlé, Reckitt Benckiser, Dutch Lady, Colgate-Palmolive, F&N Beverage, Fonterra, Samsung, U Mobile and Huawei.

The Group has a strong network of retail partners that provide access to in-store advertising in over 2,840 retail outlets across 184 towns in Malaysia, comprising hypermarkets and supermarkets such as Giant, Cold Storage, Econsave, The Store, Billion, MYDIN and Aeon; convenience stores chains such as 99 Speedmart and myNEWS.com; as well as pharmacy chains and petrol marts such as Shell. In 2018, Pos Ad was appointed as the official media reseller for Spotify Malaysia, a music streaming service.

Milestones

2017

shopper360 lists on the Catalist of the Singapore Exchange Securities Trading Limited.

1986

Armed with a capital of RM25,000, Mr. Raymond Chew begins his media business with its very first media format – Sound Ads.

1998

Raymond Chew wins the Chivas Regal Award and is recognised as one of the nation's next generation of corporate leaders.

2001

Raymond disrupts the industry by offering merchandising services.

2006

Pos Ad wins the Enterprise 50 Award for the second time.

2014

Pos Ad wins Top 10 at the SME Awards.

2015

The first installation of Shopper Marketing Series (SMS).

2016

Pos Ad Group rebrands to shopper360 to reposition itself as a holistic shopper marketing agency.

Corporate Information

BOARD OF DIRECTORS
Chew Sue Ann (Executive Chairman and Group Managing Director)
James Ling (Executive Director and Corporate Finance & Strategy)
Zaffary Bin Ab Rashid (Non-Independent and Non-Executive Director)
Hew Koon Chan (Lead Independent Director)
Margaret Au-Yong @ Moh Chuan (Independent Director)
Wong Chin Chin (Independent Director)

AUDIT COMMITTEE
Hew Koon Chan (Chairman)
Margaret Au-Yong @ Moh Chuan
Wong Chin Chin

NOMINATIONS COMMITTEE
Wong Chin Chin (Chairman)
Hew Koon Chan
Zaffary Bin Ab Rashid

REMUNERATION COMMITTEE
Margaret Au-Yong @ Moh Chuan
(Chairman)
Hew Koon Chan
Zaffary Bin Ab Rashid

COMPANY SECRETARY
Chua Kern

COMPANY REGISTRATION NUMBER
201634929Z

REGISTERED OFFICE
138 Robinson Road
#26-03 Oxley Tower
Singapore 068906
Tel: +65 6236 9350
Fax: +65 6532 9937

PRINCIPAL PLACE OF BUSINESS
505, 5th Floor, Block A
Phileo Damansara 2
15 Jalan 16/11
46350 Petaling Jaya
Selangor Darul Eshan
Malaysia
Tell: +603 7955 1100
Fax: +603 7954 1818
Website: www.shopper360.com.my

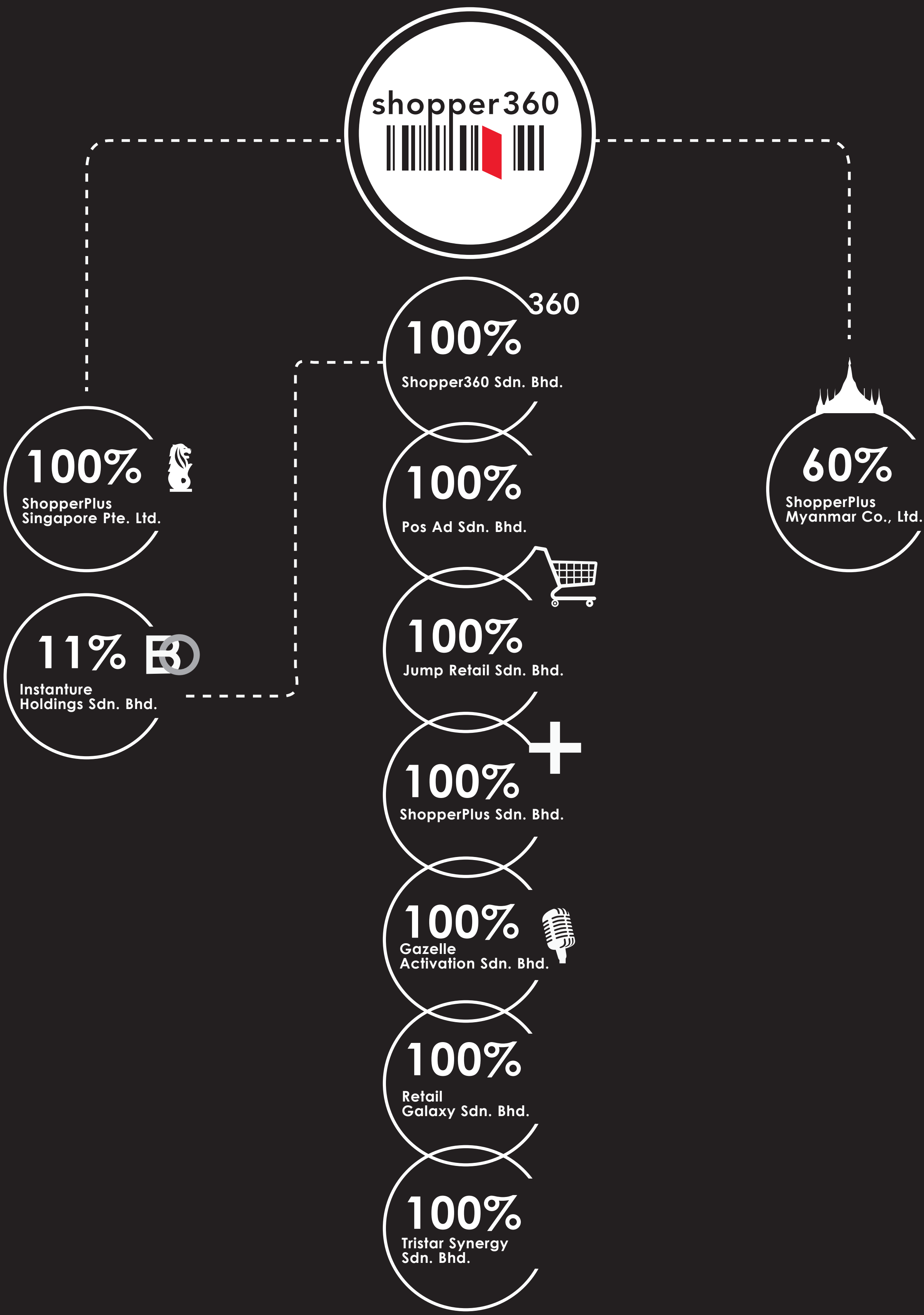
SHARE REGISTRAR
B.A.C.S Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

AUDITORS
Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-charge: Joshua Ong Kian Guan
(a member of the Institute of Singapore
Chartered Accountants)
Date of appointment: 13 March 2017

PRINCIPAL BANKERS
The Hong Kong and Shanghai Banking Corporation Limited, Singapore Branch
21 Collyer Quay
HSBC Building Level 1
Singapore 049320

SPONSOR
ZICO Capital Pte. Ltd.
8 Robinson Road
#09-00 ASO Building
Singapore 048544

Group
Structure



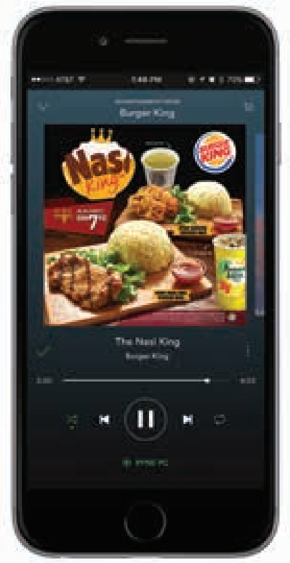
POS AD MEDIA

The leading Retail Media Provider in Malaysia

Retail can be uniquely defined today as where shoppers go to find, research and review products before a purchase, and it can be online as well as offline through brick and mortar stores. Pos Ad continues to seek new and relevant touchpoints in reaching shoppers wherever they are at, thus adding on-the-go channels such as Shell petrol marts and myNEWS.com to its in-store media network. With that, brands are now able to connect with shoppers outside of conventional big format stores.

In order to bridge the gap between online and offline, Pos Ad ventured into digital media with Spotify by acting as their media reseller for Malaysia.

- Founding company of shopper360 since 1986
- Largest network of in-store media advertising in Malaysia (>2,800 stores)
- Reaching Malaysian youth through Spotify (51% of its listeners are aged 18-24 years)
- Aside from printed point-of-sale materials, Pos Ad now offers interactive in-store platforms and screens



Specialist in Retail Field Force Management

FIELD FORCE OPERATIONS MANAGEMENT

- Merchandising itinerary and route scheduling
- In-class training and field coaching
- KPI (Key Performance Indicator) management and reporting
- Incentives and reward system to drive performance
- POSM (Point-Of-Sale Materials) storage and allocation

AD-HOC TASK FORCE

Additional ad-hoc resources to support seasonal requirements or customized objective-driven projects such as

- Seasonal blitz
- Festive display setups
- Re-plan-o-gram
- Audits

PAYROLL & RECRUITMENT MANAGEMENT

- Management of monthly disbursements, incentives, and bonuses
- Administration and documentation handling
- Supply of field operational personnel and talent
- Suitable remuneration according to industry

FIELD FORCE AUTOMATION SYSTEM, SALES ORDERING SYSTEM & BUSINESS INTELLIGENCE

They say that Information is King. We take this to the next level by providing near real-time information and ground reports to drive retail operations and facilitate strategic planning. We also provide sales merchandising solutions by enabling our teams to have the necessary software systems to do their roles effectively.

TRISTAR SYNERGY

The Leading Promoter Activation & Events Provider

Tristar Synergy is focused on delivering innovative and creative ideas, exciting and engaging shopper activations to enhance brand experience and increase sales conversion. Through our expertise and understanding of consumer and shopper behaviour, we are able to develop effective engagements for our clients.

Services we offer:
- Promoters and sampling management
- Creative and effective shopper engagement (from ideation to execution)
- Market intelligence and analysis (pre-event and post-event)
- In-store and out-of-store activations (eg supermarkets, offices, colleges and outdoor events)

shopper+

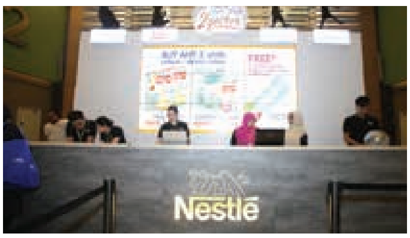
A consultancy providing insight, creativity and tech to create seamless online to offline (O2O) engagement for shoppers

ShopperPlus Malaysia is a shopper marketing creative agency that combines insight, effective creativity, and smart technology to tailor result-driven creative solutions that best meet the communication needs of any marketing product, service or brand. We believe in building brands to fulfill our brand promise of helping companies (whether retailer or brand) sell smarter.

With our star team's creativity and unique approach, we are equipped to help our business partners deliver seamless O2O engagements across South East Asia, and thus future proof their business.

- Shopper insight and research
- Shopper strategy
- 3D / Creative design solutions
- Above the Line and Below the Line advertising
- Digital and mobile advertising
- Content creation
- Media planning and strategy
- Social media management

Gazelle ACTIVATION



Exciting shoppers and consumers with the best of brand experience through activation

Gazelle Activation is a 360° creative activation agency. Our passion is to deliver first-class service to each of our clients. We make it our priority to understand our client's objectives and work alongside them from concept ideation to project completion.

We activate brands by driving experiential marketing, and create a closer bond between consumer and the brand by immersing consumers in a fun and memorable experience. The experience generates sales and conversion, increases awareness of the product, and drives word of mouth.

With a team of experienced, creative and dedicated professionals, we have successfully activated many events with repeated clients.

Our services include organising the following events for our clients:

- Corporate events
- Gala nights
- Tactical and promotional events
- Public events
- Product launches and roadshows
- Pop up stores
- Experiential events such as Corporate Social Responsibility projects
- Team building

Retail GALAXY

Specialist in Retail Field Force

We DRIVE field force and operational excellence through tech automation in sales and merchandising.

OUTSOURCE PAYROLL

- Recruitment and talent management
- Management of monthly disbursements, incentives, and bonuses
- Administration and documentation handling
- Industry benchmarking for hiring and best practices

FIELD FORCE OPERATIONS MANAGEMENT

- Shelf replenishment
- Visual Merchandising
- Compliance review – promotion, planogram and etc

BEST IN-CLASS DEPLOYMENT

- Optimization: mobility study and routing
- Performance driven execution
- Flexible approach
- Training and development
- Increase operational efficiency

FIELD FORCE AUTOMATION SYSTEM

- Staying ahead of the game with an intelligent automated field operations system

AD-HOC TASK FORCE

Additional ad-hoc resources support seasonal requirements or customized objective driven projects:

- Seasonal blitz
- Festive display setups
- Re-plan-o-gram
- Audits

Singapore Market

Singapore is Malaysia's rich neighbouring country, with a GDP per capita that is three times higher than Malaysia, and a currency that is also triple the strength of Malaysia's Ringgit. With its well-known reputation as an Asian financial hub, shopper360 desires to acquire Singapore businesses that deliver regional products and services, and offer 360° services to companies looking to make inroads into Malaysia and other parts of ASEAN.

There is a great number of synergies between Malaysia and Singapore with regard to fast moving consumer goods ("**FMCG**") companies. Many of shopper360's customers have presence not only in Malaysia, but in Singapore, Myanmar and Cambodia. It was by virtue of these existing business partnerships that shopper360 could extend its services beyond Malaysia, particularly in media and creative services.

Aside from that, Singapore shoppers are extremely savvy in terms of buying and purchasing habits via e-commerce. This allows shopper360 to learn and emulate some of these trends by partnering with companies facilitating growth.

The retail scene is Singapore is seen as vibrant and innovative, and sets the standard for creative out-of-home media execution and shopper activation, whether at malls, in-store, bus stops or MRT stations. Singapore has recently invested heavily in experiential retail spaces. For example, the upcoming opening of Jewel Changi Airport in early 2019 will enable visitors to shop, dine and play in one place, all while enjoying Singapore's largest indoor garden, with the world's largest indoor waterfall that will feature nightly light and sound shows.[1]

The new Funan DigitaLife Mall is also set to open by the end of 2019 and will be the first commercial building in Singapore to allow cycling through the building, and have rooftop farms that offer visitors a rest from the urban crowd. Such unique and activity-based retail zones will provide inspiration to malls in Malaysia, and allow shopper360 to leverage on opportunities to steer malls and shops away from traditional retailing, and into more experiential spaces.

shopper360 services in Singapore

shopper360 acquires customers in Singapore mostly to provide creative and media services. By leveraging on our strong legacy in Malaysia, shopper insights and creative communications, international brands such as Spotify, Burger King and Universal Music have entrusted shopper360 to craft out content and manage fully integrated and 360° brand communications, encompassing both above-the-line ("**ATL**") (television, print and digital), and below-the-line ("**BTL**") advertising (in-store point-of-sale material and on-ground events).

The outlook for Singapore business expansion is looking positive as shopper360 continues to tap into synergies provided by Malaysian customers seeking to work with the same agency for their marketing portfolio in Singapore, as well as extend our expertise in shopper marketing and in-store media services.

[1] Singapore needs to reinvent retail scene – Business Times, 28 September 2018

Driving the business through creativity and innovation has pushed ShopperPlus towards a steady growth in Singapore.

Utilising the use of insights and creative implementation, international brands such as Burger King have entrusted and engaged the company to craft out a solid Omnichannel (O2O) communications to support a full 360° brand engagement – total BTL and ATL engagement.

With the team settling in well, many more works are in the pipeline, working beyond F&B brands. The outlook of the business is looking positive, especially when Singapore sits at the creative and cultural crossroads between East and West. ShopperPlus is opening doors to the region's growing consumer base and Singapore is the ideal playground for creativity and innovation to come together. This allows ShopperPlus to experiment in Singapore and WIN in Asia.

Myanmar Market

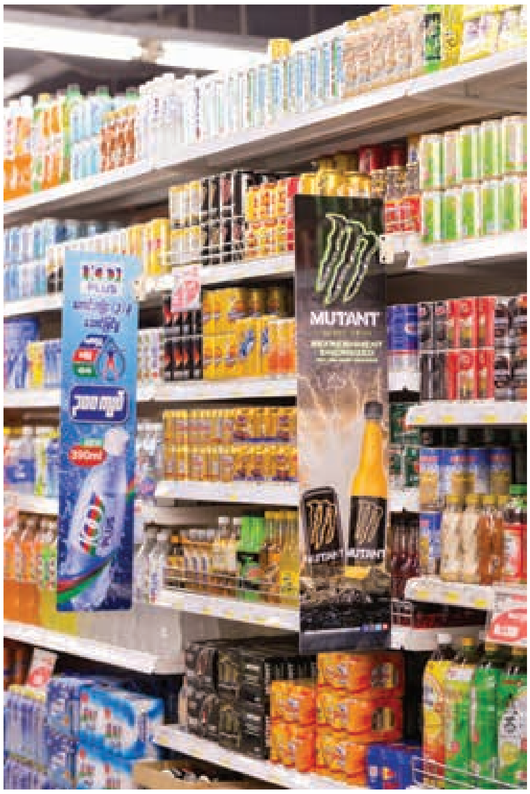
Myanmar is on the cusp of progress and modernization. For most foreign and consumer goods brands, shopper360 offers crucial services needed to sustain sales growth in modern trade/ big format stores. shopper360 has a presence in Myanmar through its joint venture with Pahtama Group Co., Ltd., one of the largest and fastest growing distribution companies in FMCG sector in Myanmar.

In 2017, shopper360 made its first overseas expansion into Myanmar, specifically because there were no other similar agencies providing in-store media in Myanmar. Myanmar is a large country whose population is 1.8 times larger than Malaysia, with a young population (65% who are economically productive) and high literacy rates (95%). The local Burmese continue to experience a rising trend in wages, increased usage of mobile technology, and with that, a higher consumption of products and services.

Boston Consulting Group predicts that the middle and affluent class will comprise of 20% of the population by 2020 (approximately 10 million). This will continue to drive local and multi-national brands to invest in advertising services so as to boost consumption and sustain brand loyalty.

According to Brandz, a study conducted by WPP agency, the modern trade in Myanmar is forecasted to grow from 2% of sales in 2007 to 15% by 2020. The rate of urbanization will continue to spur the growth of modern trade retail stores, which would then positively impact the need for more in-store media advertising services. Being the only provider in Myanmar for in-store media advertising allows shopper360 to benefit from our partnership with City Mart Holdings, Myanmar's largest modern trade retailer.

shopper+ Myanmar



Myanmar is a nation that is steeped in strong traditions, where family and religion play a huge role in the day-to-day lives of the Burmese. ShopperPlus Myanmar managed to find a partner company that shares similar business principles and values to that of the late founder of Pos Ad, Raymond Chew.

Pahtama Group became shopper360's joint-venture partner in November 2017, and provided help in setting up the local office, hiring staff, and providing connections and opportunities for ShopperPlus Myanmar to acquire customers for in-store media advertising, activation and merchandising services. Trust, integrity and sincerity in doing business for the long term, coupled with the value that is placed on people and employees, became the cornerstone for our strong partnership.

From a handful of clients starting with Nestlé, Asahi Loi Hein and F&N Beverage, more FMCG brands began to take an interest in what Shopperplus Myanmar is doing in City Mart and City Express stores. The outlook for Myanmar continues to remain positive.

SAR1804043 • Shopper360 Limited AR • 03/09/2018 18:39 • 11_Shopper360_RS_Shopper+Myanmar.indd

Our Uniqueness and Business Strengths

shopper360 operates in highly competitive industries, with competition from local and global companies. However, the Group believes that the barriers to entry in our industries include the need for a large pool of skilled personnel, operational efficiencies, a proven track record, long standing business relationships, and a solid reputation and credibility.

For our in-store advertising and digital marketing services, and sampling activities and events management services, we compete for customers primarily on the basis of network size and coverage of our retail partners, location, price, quality and the range of advertising mediums or shopper engagement services that we offer. We also compete against different advertising mediums for overall advertising spending by our customers. These mediums include, but are not limited to newspapers, television, radio, digital media, out-of-home and public transport advertising.

For our field force management business, we compete for customers primarily based on the size and quality of field force personnel, price and operational expertise. For all our businesses, we also compete based on value-added services such as creative ideas, holistic solutions, market intelligence, employing technology and identifying key areas that add value in increasing sales for our customers' businesses.

We are able to compete effectively due to the following competitive strengths:

(1) A "one-stop" shopper marketing services group

We are able to provide a full suite of advertising, marketing and shopper engagement services. We complement customers' needs to reach out to shoppers at every touchpoints through our different business segments, namely in-store advertising and digital marketing, field force management, sampling activities and events management. We have the advantage of sharing of expertise, business information and knowledge across our business segments in order to help our customers achieve their objectives. We constantly innovate and develop new advertising mediums or shopper engagement methods in order to keep up with changes in trends and technologies. This is evident in the way we have extended our services to provide retail audit and consultancy, business intelligence and an effective use of first party data for in-store execution and sales effectiveness.

(2) Strong established track record and reputation since the 1980's

We are the pioneer of in-store advertising in Malaysia since 1986 and have expanded into a "one stop" shopper marketing services group offering a full suite of services that is insightful and effective in addressing the needs of our customers and retail partners. We believe that our wealth of experience, professionalism, responsiveness and focus towards delivering consistent quality have been the key to building our customers' loyalty. It is because of our strong track record that we were able to acquire customers in other regions, such as Myanmar, as well as being able to grow our revenue in the field force segment in spite of stiff competition. We were also awarded Spotify's media reseller rights for Malaysia in 2018 due to our strong reputation as an agency that consistently delivers to our customers.

(3) Strong relationships with our customers

We have over the years established strong relationships with our major customers. Our client-centric approach to doing business has allowed us to have continuity in our contracts year-on-year as well as evolve into dealing with customer data. Our high retention rate of customers, which includes Nestlé Malaysia, which has been a customer of Jump Retail since 2002, is one of the reasons why we are able to attract and serve other customers in various industries. Other long-term customers include brand leaders of various categories in the market, such as Reckitt Benckiser, Dutch Lady, Samsung, Southern Lion (Shokubutsu, Fresh and White, and Systema), Cotra Enterprises (Vitagen, Marigold, and HL Milk) and Fonterra (Anlene and Anmum).

(4) Strong and established network of retail partners in Malaysia

We have established a strong network of retail partners in Malaysia comprising hypermarkets and supermarkets such as Giant, Cold Storage, Econsave, The Store, Billion, Mydin, and Aeon; convenience stores chains such as 99 Speedmart and myNEWS.com; chain pharmacies, and petrol marts such as Shell. With our extensive network, we help our customers reach out to approximately 7 out of 10 shoppers in Malaysia. We have worked with Giant and 99 Speedmart for over 5 years, and we believe that our wide network of retail partners continues to help brands maximise their reach to shoppers and increase purchase intention.

(5) Experienced management team

Our management team comprises qualified and dedicated individuals with extensive experience and track record in in-store advertising, field force management, sampling activities and events management. The core members of our management team are:

- Chew Sue Ann (Executive Chairman and Group Managing Director),
- James Ling (Executive Director for Corporate Finance & Strategy),
- Michael Tan Swee Seng (CEO of Pos Ad and ShopperPlus Malaysia),
- Ooi Chee Kee (CEO of Jump Retail),
- Angelina Ooi (CEO of Tristar Synergy),
- Lee Jun Ling (General Manager of Business Development of Retail Galaxy),
- May Kim Hui Yee (General Manager of Gazelle Activation), and
- Chow Siew Bee (Financial Controller).

We believe that our management team has been, and will continue to be, instrumental in formulating our business strategies and spearheading the growth of our business operations.

(6) Poised for the digital economy

Digital and mobile marketing has become increasingly important in the shopper's path to purchase. Deployment of marketing through digital channels such as mobile and personal computers have become imperative to complement every touchpoint of the shopper with brands and retail partners, before, during and after their purchases. We have an experienced and dedicated technology team and digital marketing team to provide solutions on shopper engagement. Aside from that, our investment in Boostorder Sdn Bhd ("**Boostorder**") (through our 11% shareholding interest in Instanture Holdings Sdn Bhd) has allowed for an enhancement in our field force services through deep linking of our proprietary merchandising software with Boostorder's sales ordering system.

Business Strategies and Future Plans

Our business strategies and future plans for growth are driven by innovation and creating relevant solutions for our customers, whilst being adaptable to the evolving shopper landscape. Our strategies can be described in four main thrusts:

(a) Exploring acquisitions, strategic alliances and/or joint ventures

We will continue to explore possible acquisitions, joint ventures and/or strategic partnerships with businesses that have a strong presence in overseas markets, particularly those focused in the area of digital marketing, e-commerce and services related to our current offerings.

(b) Cross-selling our services to existing clients

We continue to ensure that every client is utilizing all the services provided within the Group, such as in-store and digital advertising, sampling and events management, and field force management. Clients such as Nestlé, 99 Speedmart, Burger King, U Mobile and Shell are great examples of successful partnerships that stretch across most of our services, from online, in-store, to on-ground activation.

(c) Driving partnerships and helping brands connect retail stores to e-commerce

Many of our clients struggle to manage their short term vs long term sales priorities from brick and mortar stores and digital commerce platforms such as Lazada and Shopee. shopper360 aims to provide solutions to help brands narrow the gap in order to achieve long-term sustainable growth in retail (both online and offline).

(d) Expansion of non-FMCG customers and retail partners

With the recent addition of Spotify media, shopper360 had the opportunity to work with many brands outside the FMCG industry, such as Coway, Uniqlo, Nippon Paint and Prudential. This will increase the potential for other services in shopper360 as we continue to harness the relationship and introduce other services within the Group to these newly acquired customers. For our field force management segment, opportunities to work with non-

FMCG customers include the banking, telco and toys industry. These clients also expand our reach beyond the traditional grocery and convenience retail stores, to specialty stores such as auto mechanic workshops, food and beverage retail, and toy department stores.

Business Outlook

Consumer and business confidence has improved in the first half of 2018, according to the Malaysian Institute of Economic Research (“**MIER**”), with inflationary fears dissipating, and stronger employment outlook leading to improved household incomes and higher consumer spending. Domestic orders remain strong, with companies forecasting higher investments and export sales.

The general election results on 9 May 2018 provided a new air of optimism for Malaysians across all walks of life. Promises from the new government to reduce cost of living and implement plans to boost employment and household disposable income has also boosted consumer confidence.

With the improved economic outlook, FMCG brand owners will look to maximise growth through category investment and also take in market share from their competitors. The Group is well-placed to support brand owners in capturing and engaging shoppers with our 360° shopper marketing services across various channels and networks.

The Group will continue to focus on acquiring new customers and expand service offerings with existing customers. In addition, the Group is looking at improving operating efficiencies via information technology upgrades, the streamlining of business processes and increasing manpower utilization.

With the Group's establishment of operations in Myanmar, the focus is to scale up and maximise revenue opportunities, embed business processes, and seek further growth opportunities in Myanmar. The Group will also continue to seek business opportunities via strategic partnerships and acquisitions across the current network while reviewing further expansion opportunities in the region.

SAR1804043 • Shopper360 Limited AR • 03/09/2018 19:22 • 13_Shopper360_RS_Future plans_Outlook.indd

Chairman's Statement

CHEW SUE ANN

Dear Shareholders,

I am pleased to present to you the Annual Report of the Company for the financial year ended 31 May 2018 ("**FY2018**").

As I ponder and reflect on FY2018, while there are many things to be thankful for as a business, there are also many areas that require improvement.

First, we celebrated our first anniversary as a listed company since 30 June 2017. Internally, nothing prepared us for the whirlwind of activities and obligations that comes with being a publicly listed company. There were high expectations for us to deliver on what we promised, as well as in new areas investors felt we needed to be involved in. Many of our staff levelled up, stepped up and multiplied their areas of responsibility to help the Group expand its service offerings, acquire new retail channel, and expand geographically. I am truly thankful to my team for driving the business to new customers, new industries, new services and new regions.

To name a few milestones, we acquired the media reseller rights for Spotify in early 2018, opened up a new 'on-the-go' channel (Shell petrol marts) for advertisers, and expanded our convenience stores channel reach to myNEWS.com, thus cementing our position as the largest in-store network in Malaysia. We would not have attained this if not for the prodigious leadership of the team who runs the in-store advertising business. Though we did not see an immediate spike in profitability following these new media channel acquisitions, we believe it will take effect in the coming financial year.

For our field force management segment, we are blessed to have a team of operations and customer-facing experts that fought tirelessly to beat out competition. We defended our portfolio by renewing contracts with existing customers, as well as acquired new customers by enhancing our proprietary merchandising software service called "Clover". We also invested a minority stake in Boostorder (through our 11% shareholding interest in Instanture Holdings) so that we are able to link our software, Clover, with their sales ordering system to enhance our capabilities to offer sales merchandising services.

One of my proudest moments this year was seeing a group of 30 volunteers from shopper360

come together to build a home for an orang asli (aboriginal people) family. Nothing prepared us for the physical rigour required to build the home from scratch. We had to carry wooden planks, saw and cut wood for the flooring, hammer in windows and walls and climb to the top of the home to build the roof. It was a once-in-a-lifetime experience that brought deep satisfaction as it took us away from the routine of work to give back to our community.

With every business, there are highs and there are lows. For the lows, we did not foresee one of our biggest customer contracting their investments in promoter sampling services and events. We also did not anticipate the poor consumer sentiments, and the "wait and see" attitude of advertisers during the months leading up to Malaysia's general election in May 2018. Many brands pulled back their advertising expenditure because of the reluctance to advertise and "compete for attention" with the general election.

After two years of failing to land a grocery retailer to use Shopwave as a mobile loyalty program, we decided to freeze its marketing efforts. Using beacon technology to reward shoppers at the point of entry to various engagements with products within the store is a huge success in USA and Europe. Hence we were surprised to receive lukewarm reception amongst grocery retailers in Malaysia, and encounter the slow adoption of such a solution to drive foot traffic to stores and reward loyal customers. We have decided to keep the Shopwave app as a white label solution for whenever future clients or retailers decide to take this on.

On the talent front, there has been a change of guards in our senior leadership team. As Group Managing Director, it was necessary for me to ensure we always upheld the highest of standards, starting first with the leadership team, and live up to our core values such as "forward thinking, forward doing", "be expert", "collaborative" and "doing what's right". It is my hope that we will continue to be a company that fosters and nurtures talent, and creates opportunities for growth whilst providing a safety net to learn from mistakes.

On the leadership front, I am very pleased to welcome Ooi Chee Kee ("CK") and Michael Tan as our newly appointed chief executive officers to lead Jump Retail, and Pos Ad and ShopperPlus Malaysia respectively. CK has over 18 years of FMCG experience in various capacities including sales and operations, trade marketing, brand marketing, client management, account servicing and customer and distributor management. As one of the pioneering staff during Jump Retail's early years, he is also part of the legacy and success of Jump Retail. As for Michael Tan, he brings with him more than 25 years of experience in shopper marketing, creative design, activation and content creation. He led several global agencies in Malaysia, China and Singapore, winning numerous industry awards. We look forward to hitting a refresh button on our business and seeing what more we can do for our clients and retail partners through CK and Michael's knowledge sharing, leadership and experience.

As I think about what I want to achieve with my team for the following year, I feel a sense of hope, positivity and optimism. Just like our country Malaysia, what we thought was not possible, is in fact possible. We now need to 'put our hands to the plough and work the land', and make the improvements we have always desired. For shopper360, there will be some uphill battles to fight, particularly amongst ourselves, because our greatest enemy can sometimes be from within. We need to fend off thoughts that "we have always done it this way", and start asking "what needs changing" so that we can have a better and improved way of delivering service to our clients. We need to "hit refresh" on our business!

Hitting refresh does not mean changing everything; but like a web browser, it knows what to change and what to keep. It is my hope that my team of 2,000 strong will continue to make the necessary improvements to grow sustainably for the long term.

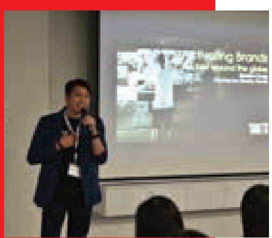
With this, I would like to end by saying a big "thank you" to my entire team for sustaining the business through the good and the bad. Thank you to my board of directors for their oversight and support. Let's keep going in building this business together!

God bless all of you,

CHEW SUE ANN
Executive Chairman and Group Managing Director

SAR1804043 • Shopper360 Limited AR • 03/09/2018 18:39 • 14_Shopper360_RS_GCEO360.indd

Calendar of Events 2017



June

- shopper360 **lists on the Catalist of the Singapore Exchange Securities Trading Limited** ("**SGX-ST**").

July

- Pos Ad was shortlisted in the highly acclaimed **Appies Malaysia** for a business case which it worked on together with GCH Retail (Malaysia) Sdn. Bhd. on the success of Giant's relaunch of its house brand in 2016. The Appies Malaysia showcases the best marketing communications campaigns locally every year.

August

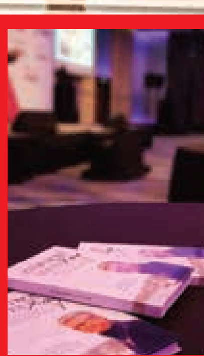
- shopper360 celebrates listing on the Catalist of the SGX-ST at an **annual dinner held at Aloft KL Hotel**, with the theme "Color Me Cheer". The night started with a staff flash mob to 'Uptown Funk' by Bruno Mars followed by an entertaining night with various performances, lucky draws, and selection of the best dressed costumes.
- Gazelle Activation successfully roll out **Vitagen's 40th anniversary** on-ground campaign in three major locations throughout Malaysia, with the theme "A-MAZE-ING Challenge."
- **ShopperPlus Myanmar** rolls out media launch for Blue Mountain Plus to distributors and consumers in Myanmar.

September

- Chew Sue Ann, Executive Chairman and Group Managing Director speaks at SGX-Philip Capital Luncheon Series – 'Highlights on new listings'.
- shopper360 organizes it's fourth instalment of **shopper marketing series** with more than 200 guests (from marketing executives to CEOs of various FMCG companies) in attendance to learn about global retail trends, shopping behaviours of mothers, and experiential marketing.
- shopper360 also took the opportunity to **launch ShopperPlus and Gazelle Activation** services at the shopper marketing series event held on 7 September 2017.
- shopper360 held its first **Annual General Meeting** in Singapore.

October

- shopper360 acquires **11% interest in Instanture Holdings Sdn Bhd**
- shopper360 hosts **EFFIE AWARDS'** final judging day at our office. Effie Awards is a marketing communications awards given yearly by Effie Worldwide to honor the most effective marketing communications ideas. More than a 80 industry professionals from various marketing and advertising companies attended the event.
- Chew Sue Ann speaks on 'the future of Malaysian shoppers' at Advertising & Marketing magazine's **NEXT conference** to help marketers embrace emerging technologies and alternative best practices to future proof their brands in the years ahead.
- shopper360 has been recognized as **HR Asia 'Best Companies to Work for' 2017 in HR Asia Awards** night held at The Majestic Hotel, Kuala Lumpur. Over 320 companies from a wide variety of industries in Malaysia put their entries in for this year's award and only 45 companies were picked to be winners.



November

- shopper360 participates as a sponsor in **World Federation of Advertisers** (WFA): Digital Governance conference.
- Gazelle Activation organizes a 100 tables **GCH Retail's Gala Dinner** in conjunction with 73 years of partnership at One World Hotel, Petaling Jaya.
- shopper360 signs **joint venture agreement** with Pahtama Group Co., Ltd
- shopper360 hosts **'Justice League" dinner and movie screening** with over 300 customers, clients and retailer business partners.
- shopper360 takes a group of 30 volunteers on a 3D2N trip to Gopeng to build a home for an orang asli (aboriginal people) family with the help of '**EPIC Home**' NGO.
- shopper360 announces the **appointment of James Ling Wan Chye as the Executive Director-Corporate Finance and Strategy of the Company**.
- **FYI Series Talk #1** on 'overcoming failure and living life to the fullest' through an up close and personal talk with the president of Domino's Pizza, Ba U Shan Ting.
- Pos Ad participated as a speaker resource at a **#DigitalMum workshop**, organized jointly by Firestar Research and The Asian Shopper, an one-day learning event, designed to help manufacturers, retailers, and anyone involved in selling to the new generation of Mums.

Calendar of Events 2017

December

- **FYI Series Talk #2 on "Personal Finance Management"** conducted by Annie Khor from Harveston Financial Advisory in Bahasa Malaysia for our Malay speaking colleagues.
- **Staff Christmas Party was held at shopper360's office** with a fun gift exchange program.

Calendar of Events 2018

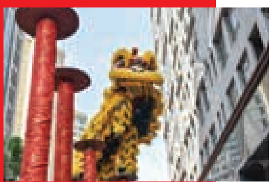
January

- Resignation of Ravichandran Moorthy as a Non-Executive and Non-Independent Director.
- **FYI Series Talk #3: Ee Soon Wei**, owner of a third generation printing business on how he revived a sunset business through revamping the space at APW Bangsar.
- Jump Retail organizes a team building event at District 21, Putrajaya.

February

- For Chinese New Year, shopper360 launched a campaign to raise funds in the 'year of the dog' to help SPCA continue their work to provide shelter and food to unwanted animals. Through this campaign, shopper360 managed to raise a total of RM20,000 to SPCA Malaysia.

Calendar of
Events 2018



March

- shopper360 celebrates Chinese New Year with a big feast and a special lion dance performance on stilts.
- shopper360 soft launches ShopperPlus Myanmar office.
- Chew Sue Ann, speaks at Maybank's ASEAN conference in Singapore on "how supermarket operators are adapting to the disruptive environment and how shopper360 is there to help".
- Chew Sue Ann gives a business overview on shopper360 at Philip Capital to trading representatives.

May

- A company-wide charity sales bazaar was organized by getting staff to contribute their unwanted items at home and bring it to the office for their colleagues to purchase. A total of RM4,000 has been contributed from this effort organized by the Staff Recreation Club.

June

- Gazelle Activation launches Tic Tac's first on-ground event in Malaysia in conjunction with the official launch of Tic Tac's Strawberry and Banana flavoured candies with Simpsons themed packaging.
- shopper360 organizes a staff Durian Party to celebrate Hari Raya.
- shopper360 announces the appointment of Ooi Chee Kee as the CEO of Jump Retail Sdn Bhd.

Media Highlights 2017 to 2018

advertising + marketing

ADVERTISING | AGENCIES | APPOINTMENTS

24/10/2017 Tue 11:17 in Malaysia by Janice Tan

Vitagen creates life-sized maze in shape of a bottle

Vitagen, a brand of Cotra Enterprises, has picked Gazelle Activation, a subsidiary of shopper360, as its activation agency. The appointment kicked off with Gazelle conceptualising and executing an on-ground activation "VITAGEN A-MAZE-ING challenge" in malls for Vitagen's 40 anniversary, bringing to life the company's promise of good gut health.

THE ASIAN shopper

HOME | RETAIL | SUPPLIER | INSIGHT | POINTS OF VIEW

Showcasing The World's Best: Shopper360 hosts its 4th Shopper Marketing Series

INSIGHT , THURSDAY, SEPTEMBER 14, 2017

MARKETING

DAILY FRESH NEWS

Malaysian Shopper360 lists on Singapore stock exchange

By MARKETING

Posted on July 27, 2017

MARKETING

GAZELLE ACTIVATION BRINGS THE SIMPSONS TO LIFE

Homer Simpson would have given two thumbs up to his Tic Tacs. Mr Burns would have gone "eeeeeexcellent".

Gazelle Activation, a subsidiary of shopper360 Sdn Bhd recently launched Tic Tac's first on-ground event in Malaysia in conjunction with the official launch of Tic Tac's Strawberry and Banana flavoured candies with Simpsons themed packaging.

The event ran 19th – 24th June, from 10 am – 10 pm at Mid Valley Megamall.

Attendees of the event were in for a treat as there was a host of fun activities which include balloon giveaways, instaprint activities, as well as a chance to win a variety of irresistible prizes, including mini Tic Tacs and free movie tickets. Visitors also had the opportunity to admire and take photos with several iconic Simpsons photo walls. The event proved extremely popular with over 10,000 people visiting and participating over the course of 6 days.

THE ASIAN shopper

Shopper360 announced as one of the best companies to work for at the HR Asia Awards 2017

SUPPLIER . WEDNESDAY, OCTOBER 25, 2017

shopper360

SHOPPER360 LIMITED

shopper360 group of companies

Shopper360, Malaysia's leading shopper marketing group, has been recognized as one of the best companies to work for by HR Asia. The Group scooped the award at the prestigious HR Asia Best Companies to Work for in HR Asia Awards night held at The Majestic Hotel, Kuala Lumpur.

THE BUSINESS TIMES COMPANIES & MARKETS

ALL NEWS WEEKLY BREAKING TODAY'S PAPER LIFESTYLE OPINION SME WEALTH FOCUS

HOME COMPANIES & MARKETS

shopper360 in deal with Pahtama for JV firm in Myanmar

TAN HWEE HWEE

SHOPPER marketing services provider shopper360 said on Wednesday evening it has entered into a non-binding memorandum of understanding with Pahtama Group Co for the incorporation of a new joint-venture (JV) company in Myanmar.

Shopper360 will hold 60 per cent of the JV company, with Pahtama taking the remaining 40 per cent.

Pahtama is one of the largest and fastest-growing distribution companies in the fast-moving consumer goods sector in Myanmar and is currently the exclusive distributor of the products of many multinational companies.

SAR1804043 • Shopper360 Limited AR • 03/09/2018 18:39 • 16_Shopper360_RS_Media Highlights.indd

Group
Financial Highlights

(A) KEY DATA OF OPERATING RESULTS	FY2014 RM'000	FY2015 RM'000	FY2016 RM'000	FY2017 RM'000	FY2018 RM'000
Revenue	68,399	89,600	113,520	132,452	***142,377***
Profit before taxation from continuing operations	7,166	9,204	17,285	12,591	***9,341***
Profit after taxation from continuing operations	4,789	6,206	13,690	8,371	***5,713***
Net profit attributable to equity holders of the company	5,311	6,736	13,306	5,147	***6,010***
Normalization adjustments[1]	–	–	(4,724)	5,218	**–**
Net profit attributable to equity holders of the company (After Normalization)	5,311	6,736	8,582	10,365	***6,010***

(B) FINANCIAL INDICATORS

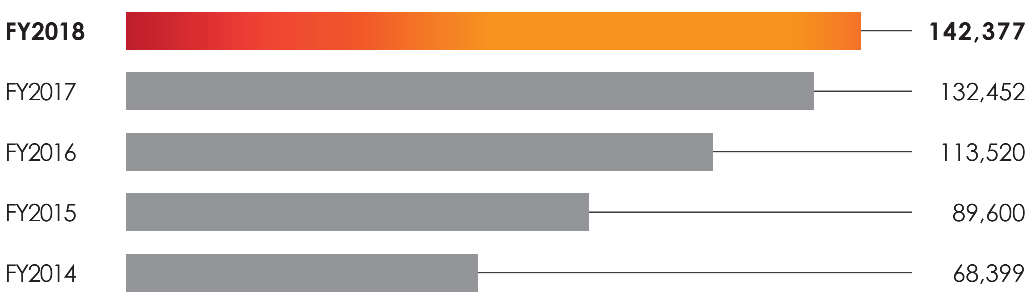
(B) FINANCIAL INDICATORS	FY2014	FY2015	FY2016	FY2017	FY2018
Return on equity	16%	19%	35%	18%	***13%***
Return on equity (After Normalization)	16%	19%	23%	37%	***13%***
Earnings per share[2] (RM cents)	4.64	5.89	11.63	4.50	***5.25***
Earnings per share (RM cents) (After Normalization)	4.64	5.89	7.50	9.06	***5.25***

Notes:

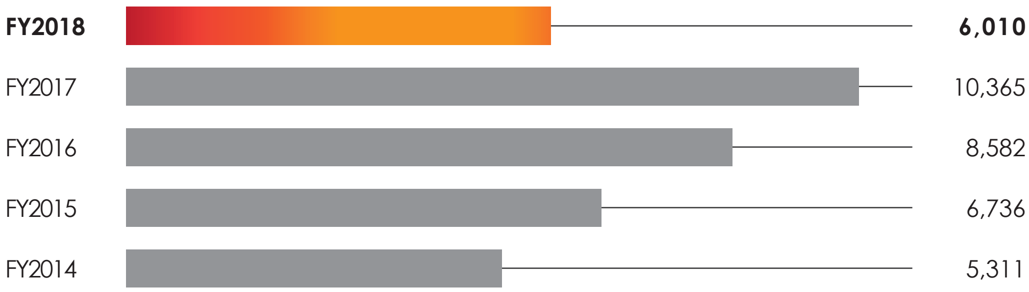
(1) Normalization adjustments refers to adjustments of one-time gains/charges, comprising (i) one-off gain on disposal of properties of RM4.7 million in FY2016; and (ii) one-off expenses incurred in respect of the Company's initial public offering ("**IPO**"), comprising listing expenses of RM3.9 million and fees paid to a professional adviser of RM1.3 million in FY2017.

(2) For comparative purpose, the earnings per share for FY2014 to FY2017 had been computed based on the Company's post-IPO issued and paid-up share capital of 114,400,000 shares.

REVENUE RM'000



NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(AFTER NORMALIZATION) RM'000



REVIEW OF THE GROUP'S PERFORMANCE

REVENUE

Revenue increased by 7% or RM9.9 million, from RM132.5 million in FY2017 to RM142.4 million in FY2018 due mainly to the following:–

- revenue from Field Force Management segment increased by approximately RM11.4 million or 14.3% in FY2018 due to increased support required by current customers as they expanded their business scope and coverage;

- revenue from In-store Advertising & Digital Marketing segment increased by approximately RM0.9 million or 2.7% in FY2018, mainly due to new marketing and creative service offerings in FY2018. The increase was partially offset by lower media and media production revenue as a result of the cautious economic outlook during FY2018, as well as stretched resources during the set up of a new joint venture company in Myanmar, Gazelle Activation and ShopperPlus Malaysia businesses; and

- revenue from Sampling Activities and Events Management segment decreased by approximately RM2.3 million or 12.7% in FY2018. The decrease was attributable to lower sampling activities by customers in response to a cautious economic outlook during the first half of FY2018. The decrease was partially offset by revenue from new events and roadshows.

COST OF SALES

Cost increased by 15% or RM14.0 million, from RM90.4 million in FY2017 to RM104.4 million in FY2018. The increase was mainly attributable to (i) higher people investment and operating cost of RM10.0 million to support the business growth in the Field Force Management segment; (ii) third-party costs associated with new businesses in creative and marketing campaign revenues; and (iii) new events and roadshow in FY2018.

GROSS PROFIT

Gross profit decreased by approximately RM4.1 million or 10%, from RM42.1 million in FY2017 to RM38.0 million in FY2018, with gross profit margin declining from 31.8% in FY2017 to 26.7% in FY2018. This was due to a change in revenue mix in the In-store Advertising & Digital Marketing segment as a result of lower revenue from the higher gross margin media business being replaced by new creative and marketing campaign revenues, which had lower profit margins. Furthermore, the decrease in sampling activities also contributed to the lower gross profit.

SAR1804043 • Shopper360 Limited AR • 03/09/2018 19:07 • 17_Shopper360_RS_Financial Highlights.indd

Group Financial Highlights

OTHER INCOME

Other income decreased by approximately RM0.5 million or 62%, from RM0.8 million in FY2017 to RM0.3 million, due to one-off gain from disposal of available-for-sale financial assets reclassified from fair value reserve of RM0.5 million in FY2017. There was no such gain in FY2018.

ADMINISTRATIVE EXPENSES

Administrative expenses for FY2017 included one-off listing expenses of RM3.9 million and fees paid to professional adviser of RM1.3 million ("IPO expenses"). If the IPO expenses had been excluded, administrative expenses would have increased by RM3.9 million or 15.8%, from RM24.7 million in FY2017 to RM28.6 million in FY2018, mainly due to (i) expenses in relation to maintaining a listing status of RM1.6 million such as continuing sponsor fee, corporate secretary fee, listing fee, and directors fees; (ii) new businesses such as the Myanmar joint venture, Gazelle Activation and Retail Galaxy of approximately RM1.2 million; and (iii) increase in operating costs of the other subsidiaries.

FINANCE COST

Finance costs increased marginally by RM0.03 million or 256%, from RM0.01 million in FY2017 to RM0.04 million in FY2018.

OTHER OPERATING EXPENSE

Other operating expenses increased by approximately RM0.3 million or 766%, from RM0.04 million in FY2017 to RM0.3 million in FY2018, mainly due to unrealized foreign exchange losses and property, plant and equipment written off.

PROFIT BEFORE TAX

As a result of the above, profit before tax decreased by approximately RM3.3 million or 26%, from RM12.6 million in FY2017 to RM9.3 million in FY2018.

NET PROFIT FROM CONTINUING OPERATIONS

On a normalized basis, if excluding the IPO expenses incurred in FY2017, which were not in the Group's ordinary course of business, the Group's profit after tax from continuing operations of RM5.7 million in FY2018 would have been 58% below that of RM13.6 million in FY2017.

It is important to note that this year's focus was to venture into the creation of new services that would help move our agency to become more integrated in our offerings and to expand not just vertically but horizontally. Some investments we have made include ShopperPlus Malaysia as a creative agency. Gazelle Activation as an events and roadshow agency, acquiring new media and channels (Spotify, myNews.com, Shell Petrol Marts) and Myanmar in-store media business is to help fuel profit growth for the years to come.

REVIEW OF THE GROUP'S FINANCIAL POSITION

NON-CURRENT ASSETS

The Group's non-current assets increased by RM0.9 million, from RM8.3 million as at 31 May 2017 to RM9.3 million as at 31 May 2018, mainly due to investment in Instanture Holdings Sdn Bhd of RM1.1 million during FY2018 (classified as available-for-sale financial assets), increase in deferred tax assets of RM0.7 million, and partially offset by depreciation of property, plant & equipment.

CURRENT ASSETS

The Group's current assets increased by RM11.6 million, from RM49.3 million as at 31 May 2017 to RM60.9 million as at 31 May 2018, mainly due to the increase in cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents increased by approximately RM11.5 million in FY2018, mainly due to proceeds from issuance of share capital pursuant to the IPO, partially offset by dividends paid to equity holders of the Company for FY2017, and investment in Instanture Holdings Sdn Bhd.

Trade and other receivables increased by approximately RM0.5 million in FY2018, mainly due to increase in accrued billings of RM2.1 million, partially offset by collections of trade receivables during the year.

NON-CURRENT LIABILITIES

The Group's non-current liabilities decreased marginally by RM0.1 million, from RM0.2 million as at 31 May 2017 to RM0.1 million as at 31 May 2018, due to decrease in deferred tax liabilities and borrowings on finance lease liabilities in relation to motor vehicles.

CURRENT LIABILITIES

The Group's current liabilities decreased by RM7.1 million, from RM29.2 million as at 31 May 2017 to RM22.1 million as at 31 May 2018, mainly due to payment of dividends of RM7.6 million for FY2017 and payment of the remaining listing expenses of RM1.3 million.

EQUITY

The Group's equity attributable to equity holders of the Company increased from RM28.3 million as at 31 May 2017 to RM48.0 million as at 31 May 2018, mainly due to an increase in share capital of RM13.3 million as a result of issuance of new shares pursuant to the IPO and an increase in retained earnings of RM4.9 million.

WORKING CAPITAL

The Group reported a positive working capital of RM38.8 million as at 31 May 2018, as compared to RM20.1 million as at 31 May 2017.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash generated from operating activities in FY2018 was RM7.1 million, due to operating cash flow before changes in working capital of RM11.0 million, changes in working capital of RM0.1 million, and payment of income tax expense of RM3.8 million. Changes in working capital were due to decrease in trade and other receivables of RM0.5 million and increase in trade and other payables of RM0.4 million.

Net cash used in investing activities in FY2018 was RM1.6 million, due to acquisition of available-for-sale investment (being the investment in Instanture Holdings Sdn Bhd) of RM1.1 million, and purchase of property, plant and equipment of RM0.8 million, partially offset by interest received from bank of RM0.2 million.

Net cash generated from financing activities of RM6.3 million was due to proceeds from issuance of share capital pursuant to the IPO of RM15.1 million and advance from a director of a subsidiary of RM2.0 million, partially offset by the payment of dividend to shareholders of the Company for FY2017 of RM7.9 million and repayment of amount due to a director of the subsidiary of RM2.0 million.

As a result of the above, net cash and cash equivalents increased by RM11.7 million in FY2018.

Board of Directors

CHEW SUE ANN EXECUTIVE CHAIRMAN AND GROUP MANAGING DIRECTOR

Chew Sue Ann is our Executive Chairman and Group Managing Director and was appointed on 27 December 2016. She is the daughter of the founder of the Group, the late Mr. Raymond Chew. She is responsible for overseeing the overall business development and general management of the Group, and formulating the Group's strategic directions and expansion plans. Her involvement in the Group started with her appointment as a member of the board of directors of Pos Ad in 2004. She has also worked in Demo Power Sdn Bhd (which was then a subsidiary of Pos Ad) ("Demo Power"). During her time at Demo Power, she held various roles, starting as a field operations executive where she learnt to execute in-store sampling campaigns in international key accounts and high traffic retail outlets through on-field training and supervision. She was also a client services manager at Demo Power, where she shared key industry insights as well as marketing and brand-building strategies with her customers. She became the executive chairman of Pos Ad in December 2011.

In May 2009, Ms Chew was appointed to the board of directors of IACT College, a college in Malaysia that specialises in offering tertiary education in creative communication. She managed and developed business initiatives, helped increase market penetration through new channels of product distribution (such as online educational portals), developed marketing communications plans, as well as reduced tasks duplication and redundancies through business and strategy reviews to ensure alignment across all departments. She was appointed as the executive chairman of IACT College in December 2011 and subsequently relinquished her executive role on 30 November 2016.

Ms Chew's past experience outside the Group includes her tenure with Temporal Brand Consulting Sdn Bhd from July 2004 to November 2005, where she worked as a brand analyst and gained experience in conducting brand audits, leading branding workshops and producing research for various industries, including the fast-moving consumer goods industry. Between April 2011 and November 2011, she was a category assistant manager at Kraft Foods Singapore Pte Ltd (now known as Mondelez Singapore Pte Ltd), responsible for marketing, sales and promotional planning at retail channels for the chocolate and biscuit category.

Ms Chew graduated cum laude from BIOLA University with a Bachelor of Science in Business Administration in 2003.

JAMES LING WAN CHYE EXECUTIVE DIRECTOR – CORPORATE FINANCE AND STRATEGY

James Ling is our Executive Director and was appointed on 8 January 2018. Mr Ling came on board the family-founded business to help bring his regional FMCG corporate experience to the Group as the Group moves towards becoming a regional shopper agency. Prior to joining the Group, Mr Ling spent the last 14 years in Fonterra Brands across New Zealand, Singapore and Malaysia, holding various positions in its finance department at global, regional and local levels. He has also spent time in Anlene regional brands team, piloting its CRM marketing in Indonesia. His last two roles at Fonterra Branch Malaysia were as Finance Director and Medical Sales Director. He brings his cross-functional experience and collaborative approach in driving teams to achieve business strategy and goals to the Group. One of his key achievements was in releasing NZD$200mil worth of working capital over two years across the Fonterra business in the Asia Middle-East region. Mr Ling started his career with PriceWaterhouseCoopers (New Zealand) in the corporate finance field focusing on valuations, mergers and acquisitions.

Mr Ling graduated from University of Auckland, New Zealand in 2000 with a Bachelor of Commerce (1st class honors), majoring in accounting and finance. He is a fellow member of the Chartered Accountants Australia and New Zealand (CAANZ).

HEW KOON CHAN LEAD INDEPENDENT DIRECTOR

Hew Koon Chan is our Lead Independent Non-Executive Director and was appointed on 19 May 2017. Mr Hew began working as a process engineer in 1986 for Texas Instruments Singapore Pte Ltd, a company that specialises in the manufacturing and sale of memory integrated circuits. In 1988, he was employed as an investment analyst and rose through the ranks to become an investment director at Seavi Venture Services Pte Ltd, a venture capital firm established in the South East Asian region, and is affiliated with Advent International, a global private equity firm headquartered in Boston, USA.

Mr Hew established Integer Capital Pte Ltd in 2004 and carried out the role of managing director, providing business consultancy services on corporate mergers and acquisitions. Mr Hew presently sits on the boards of various companies listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), namely Nordic Group Ltd, which is listed on the Main Board of SGX-ST, and Far East Group Limited and DeClout Limited which are listed on SGX-ST Catalist.

Mr Hew graduated from the National University of Singapore in 1986 with a Bachelor of Engineering (Mechanical). In 1987, he graduated from the Singapore Institute of Management with a Graduate Diploma in Financial Management and obtained his Certified Diploma in Accounting and Finance from the Association of Chartered.

ZAFFARY BIN AB RASHID NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Zaffary Bin Ab Rashid is our Non-Independent Non-Executive Director and was appointed on 19 May 2017. He is currently the senior general manager of investments and business at Koperasi Permodalan FELDA Malaysia Berhad ("KPF"). Mr Rashid has 18 years of experience in KPF, an investment co-operative which is entrusted with the responsibility of promoting and consolidating the Federal Land Development Authority of Malaysia's (FELDA) settlers and staff savings. He joined KPF in 1999 as an executive and his responsibilities include identification and evaluation of money market and fixed income investments, and assisting in monitoring investment activities in equity market, venture capital and private equity. He rose through the ranks to become senior general manager of investments and business in 2011. He currently oversees the investment projects of KPF, identifies new business opportunities, leads the structuring and management of transactions, as well as negotiates and finalises business deals.

He is currently a non-executive director of Pos Ad, which is part of Shopper360. He is also a non-executive director of Gold Coin (M) Group Sdn. Bhd., Felda Vegetable Oil Product Sdn Bhd, KPF Palm Oil Mill Sdn Bhd and alternate director of Plastic Centre Sdn Bhd, all incorporated in Malaysia. He graduated from the Southern New Hampshire University, USA (formally known as the New Hampshire College) in 1997 with a Bachelor of Science majoring in Economics and Finance.

Board of Directors

MARGARET AU-YONG @ MOH CHUAN INDEPENDENT DIRECTOR

Margaret Au-Yong @ Moh Chuan is our Independent Non-Executive Director and was appointed on 19 May 2017. Ms Au-Yong has over 30 years of experience in the media and marketing industry. She started her career at Sin Chew Jit Poh in 1975 as an advertising space sales person. In 1983, she left Sin Chew Jit Poh to join Union45 Sdn Bhd, a local advertising agency in Malaysia, as a media planner where she analysed media research data and prepared presentations for customers. From 1991 to 1998, she was with Saatchi & Saatchi, a renowned global communications and advertising agency network, as a media director where she participated and supported heavily in the development of creativity and production, and developed media related policies and procedures.

Ms Au-Yong left Saatchi & Saatchi in 1998 and was appointed as the managing director of CIA Medianetwork Malaysia Sdn Bhd, the Malaysia arm of CIA Group, a company specialising in media planning, buying and marketing. Following the acquisition of CIA's parent company in 2003 by WPP plc (formerly known as Wire and Plastic Products, a British multinational advertising and public relations company), MEC Global ("MEC") was formed following the merger of The Media Edge and CIA. Ms Au-Yong was then employed under MEC as the chief executive officer for 3 years where she spearheaded creative media solutions, organised and coordinated special projects beyond media scope.

In 2006, she was offered the position (which she still holds today) as the head of media, marketing and facilities for Tune Group Sdn Bhd, a Malaysia conglomerate providing various services including aviation, insurance, telecommunications and hospitality industries. Her main responsibilities include the integration of all marketing activities amongst the Tune group of companies. She also represents Tune group of companies in the Malaysia Retail Chain Association.

Ms Au-Yong is a council member of the Malaysia National Publisher Association (MNPA) since 1990 and a council member of the Malaysian Media Specialist Association since 1998. Between 2010 and 2012, she was the audit chairman and vice president of the Audit Bureau of Circulation ("ABC"), an independent and voluntary organisation consisting of publishers, advertisers and advertising agencies that pioneered the development of audit procedures to certify the circulation figures of publications which are members of ABC. She is currently serving her 2 years term, which commenced in 2016, as the president of the Malaysia Advertisers Association, the representative body of the interests of advertisers in all areas of commercial communications in Malaysia.

Ms Au-Yong graduated from the University of Malaya in May 1972 with a Bachelor of Arts (Hons).

WONG CHIN CHIN INDEPENDENT DIRECTOR

Wong Chin Chin is our Independent Non-Executive Director and was appointed on 19 May 2017. She has more than 25 years of experience in legal practice and is currently a partner at Messrs. Adnan Sundra & Low, a law firm in Malaysia. Her practice includes advising financial institutions, insurance companies, manufacturers, wholesalers, retailers and speciality traders, travel and leisure operators and renewable energies companies on their mergers and acquisitions. Ms Wong also has experience advising on privatisation of companies via selective capital reduction, take-over, acquisition of assets and transfer of listing status, as well as restructuring of debt via schemes of arrangements, and has acted for both issuers and underwriters in initial public offerings, and in the rights issue of shares and/or warrants. She previously practised law in other law firms in Malaysia, Chooi & Co and Iza Ng Yeoh & Kit, prior to joining Adnan Sundra & Low in April 1995.

Ms Wong obtained a Bachelor of Laws (Honours) from the University of Sydney, Australia in 1990 and was admitted as a barrister of the Supreme Court of New South Wales, Australia in the same year. She has been an Advocate & Solicitor of the High Court of Malaya since 1991.

Key Management Profile
Malaysia

Chew Sue Ann (Executive Chairman and Group Managing Director) and
James Ling Wan Chye (Executive Director – Corporate Finance and Strategy)

Key Management Profile
Malaysia

MICHAEL TAN SWEE SENG
CEO OF POS AD AND SHOPPERPLUS MALAYSIA

Michael joined our Group as the CEO of POS Ad and ShopperPlus Malaysia in September 2018. He is an award-winning shopper marketer whose integrated communications and brand activation experience spans over 20 years and included clients such as Procter and Gamble ("P&G"), Colgate Palmolive, British American Tobacco, Diageo Brands, Coca Cola, Asia Pacific Breweries, Lenovo, Tan Chong International and retailers such as Walmart, Tesco, Carrefour and the Hualian Group. He previously held a variety of regional leadership positions with Grey Advertising (M) Sdn Bhd and Grey Two (G2) Malaysia Sdn Bhd (now known as Grey Global Group), Ogilvy and Mather Asia Pacific Limited and Saatchi & Saatchi.

During his time at Grey, he received global recognition with an award for "Best Shopper Based Design" and countless innovation awards, including P&G's coveted "President's Award" for the most outstanding integrated campaign globally. He was also instrumental in bringing the Acuvue Total Brand Launch and Lenovo Brand Relaunch in Asia to life through ground breaking in-store work that were recognized regionally. The former won the "Gong 2013 Advertising Industry Silver Award". Michael was most recently Country Head at VHQ Media Holdings Ltd, a visual effects, and content production and post production company, headquartered in Singapore.

Michael graduated from Monash University, Melbourne in 1990 with a Bachelor of Engineering (Applied) (Industrial & Computing).

OOI CHEE KEE
CEO OF JUMP RETAIL

Chee Kee ("CK") joined our Group as the CEO of Jump Retail in July 2018. With over 17 years of experience in the FMCG industry under his belt, his role includes taking the lead in strategy management, operations, administration and business development of Jump Retail.

CK first started out as a sales representative in Diethelm (M) Sdn Bhd (now known as DKSH Malaysia Sdn Bhd) back in 2001. Since then, he has held various as roles such as sale and operations, trade marketing, brand marketing, client management, key accounts, customer and distributor management in various companies including NESTLE and DKSH Malaysia Sdn Bhd. CK was the operation manager of Jump Retail from 2008 to 2012 and subsequently promoted to operation director before leaving Jump Retail in 2012. He was also previously the customer business manager with Nestlé from 2012 to 2016, regional distributor manager of Nestlé from 2016 to 2017, and general manager of DKSH Malaysia Sdn Bhd from 2017 before joining our Group in July 2018.

Some notable highlights throughout CK's career include winning the "Nestle Malaysia Power Star Award Winner – Best Growth in 2013" for driving sustainable double-digit growth every year and growing NESTLE's business under his portfolio by 50% from 2012 to 2014. During his early years with Jump Retail in 2010, he also won new businesses worth up to RM5 million within his first 6 months which included Reckitt Benckiser, Permanis (ETIKA – Pepsi and Tropicana) and GSK Planogram Project. As the general manager of customer account management ("CAM") of DKSH Malaysia Sdn Bhd from 2017 to 2018, he worked on improving its CAM capability, category projects, demand forecast improvement (automation) and organised customer and client business improvement workshops.

CK graduated with an Advanced Certificate in Marketing from AMSET Business School in 1996.

ANGELINA OOI GAIK CHENG
CEO OF TRISTAR SYNERGY

Angelina has been the CEO of Tristar Synergy since September 2007. As the CEO of Tristar Synergy, her responsibilities include general management and administration, business development, client servicing, and overseeing the implementation of marketing services (such as in-store sampling and roadshows) of Tristar Synergy and market analysis. Angelina has accumulated 25 years of experience in sales, marketing and business development. She started her career as a sales and marketing executive of ACA Pacific Technology (M) Sdn Bhd, a company specialising in the distribution of technology products and solutions in Malaysia, in March 1991. Her core responsibilities and achievements include the expansion and development of the dealer network in North Malaysia and management of all sales and administration related issues for the Penang branch.

In April 1996, Angelina began her engagement with the then EPSON Trading (M) Sdn Bhd ("EPSON") where her career path evolved from being a senior marketing executive to heading the marketing and customer service division. Throughout her career with EPSON, she gained vast experience in executing brand strategies, product management, channel expansion to improve distribution network and overseeing implementation of all products and corporate related marketing activities. She left EPSON in August 2007 and incorporated Tristar Synergy, and subsequently sold a minority interest in Tristar Synergy to shopper360 Malaysia in August 2015. Tristar Synergy was subsequently acquired by shopper360 Malaysia pursuant to a restructuring exercise in connection with the Company's listing on the Catalist. She is currently a non-executive director of Tristar Marketing Sdn Bhd and Global Color Services Sdn Bhd.

Angelina graduated with a diploma in business administration from The Association of Business Executives in 1992.

CHOW SIEW BEE
FINANCIAL CONTROLLER

Chow Siew Bee, the Financial Controller of our Group, has been with our Group for more than 14 years. She is responsible for overseeing the financial and accounting functions of our Group, including financial reporting, internal controls and taxation. She joined Pos Ad in July 2002 and was its finance director from June 2009 to September 2014. Subsequently, she was appointed as the general manager of human resource, administration and finance in Pos Ad in October 2014. She took on the appointment of general manager of human resource, administration and finance in shopper360 Malaysia in June 2016. Since January 2017, Siew Bee has been promoted to the role of the Financial Controller of our Group. Prior to her employment with Pos Ad, she was with H.K. Phuah & Co., a mid-size audit firm in Malaysia from July 1995 to February 2002.

She holds the London Chamber of Commerce and Industry ("LCCI") certification for book-keeping and accounts as well as the LCCI Diplomas certification for accounting, business statistics and cost accounting as well as for advanced business calculations and management accounting. She is a member of the Association of Chartered Certified Accountants and a member of the Malaysia Institute of Accountants.

LEE JUN LING
GENERAL MANAGER OF BUSINESS DEVELOPMENT

Jun Ling joined our Group as General Manager of Business Development and Operations in May 2017. Jun Ling is responsible for the business development and operations of our Group. She is an accomplished executive with experience in operations, finance, business expansion, vendor relations, human resources and cross functional partnerships. She is a persuasive and agile leader with a proven track record in achieving results by developing strategic business alliances, identifying new business opportunities and developing business processes.

From September 2013 to November 2015, Jun Ling was the chief financial officer and head of business delivery unit of Geometry Global Sdn. Bhd. ("Geometry Global"). She was responsible for implementing cost control measures and operational procedures for Geometry Global in Malaysia. Working as a commercial partner to the chief executive officer of Geometry Global, they successfully launched the combined offerings of OgilvyAction and G2 Direct Interactive as Geometry Global in 2014. She steered greater efficiency to Geometry Global through implementation of improvements in its operational procedures, re-negotiation of existing supplies contract and restructuring of legacy businesses.

Prior to her stint in Geometry Global, Jun Ling was the commercial controller for Grey Worldwide Sdn Bhd and its group of companies in Malaysia ("Grey Group") from February 2005 to August 2013. She successfully consolidated the Grey Group's print management spend and introduced G-Works to the Grey Group that saw the Grey Group partnering with its preferred vendor to manage client color separation and digital retouching works, bringing at least 25% savings on cost to client while improving the Grey Group's bottom-line by another 5%. She was also instrumental in piloting British American Tobacco fees model for G2 network.

Jun Ling graduated with a Bachelor of Commerce from University of Melbourne and is a fellow of CPA Australia.

MAY KIM HUI YEE
GENERAL MANAGER OF GAZELLE ACTIVATION

May Kim has been a part of Pos Ad for over 12 years. For the last three years, she has worked as the Client Service and Marketing Director, responsible for the sales, marketing and client servicing side of the business of Pos Ad and Gazelle Activation. As shopper360 looks to expand, May Kim has progressed to General Manager of Gazelle Activation, the latest company under the shopper360 umbrella. May Kim also has vast experience in the field of manpower outsourcing management and she had managed over 550 staff for Samsung across four categories including mobile phones, consumer electronics, information technology and digital imaging. She has great experience in running events, and had organised events for Heineken Malaysia and Goodyear.

May Kim graduated from Anglia Ruskin University, UK in 1999 with a Bachelor of Business Administration (Corporate Administration) degree (Honours).

Team Singapore

Team Myanmar

SAR1804043 • Shopper360 Limited AR • 03/09/2018 18:39 • 20_Shopper360_RS_Team Singapore_Myanmar.indd

Corporate Social Responsibility

LEARNINGS FOR LIFE

shopper360 aims to develop a competitive, innovative, and productive workforce, which brings with it a spillover effect into their social circles, be it family or the society at large. We have 2 major thrusts in this, professional development and life enrichment programs.

shopper360 believes in making a positive impact to our staff, suppliers and business partners. We believe it is imperative to contribute our time and resources to those who are less fortunate and to causes that bring social impact.

Professional development

shopper360 allocates 2% of its total salary costs in upskilling and development of its people. For FY2018, shopper360 has achieved an average training hours of 9 hours per staff. Courses such as digital transformation, strategic thinking for planners, communication with NLP techniques and digital marketing 101 are just some of them. shopper360 has also opened its doors to university students for internships by providing them a platform to get hands-on experience prior to full-time career building. It is also a dual learning process for the mentors as they are refreshed and exposed to developing others through teaching and coaching.

Enrichment Programs Through F.Y.I

Complementing the professional development programs in shopper360 are our special programs for personal enrichment entitled "Chairman Series: For your inspiration" (F.Y.I series). Thought leaders and other experts are invited to the shopper360 office to share their knowledge and experience to shopper360 staffs. For FY2018, we have organized 3 sessions with more than 120 participants, with topics ranging from personal wealth management to overcoming failures and revitalization of a sunset business by acclaimed experts and industry captains.

GIVING AND SERVING

shopper360 has mobilized its workforce as well as business connections to participate in impactful programs which help bring a positive impact to different communities.

EPIC Homes

Understanding the plight for quality housing required for the native people of Malaysia, shopper360 raised RM78,000 to build a home for an orang asli (aboriginal people) family of 7 in Gopeng. We also pulled together a team of 30 volunteers from the Group and they travelled to Gopeng together over 3 days and 2 nights to build the home from scratch. Different teams were put together to complete the flooring, walls, windows and roof inclusive of painting the entire home. It was not only rewarding for the family who received the home, but also a huge satisfaction and gratification for our staffs to complete the home without much experience except for the one day training they received prior to the home building experience.

Year of the Dog

For Chinese New Year in 2018, shopper360 collaborated with SPCA Malaysia and launched a campaign to raise funds for their continuous mission in providing shelter and food to unwanted animals. The campaign started with shopper360 distributing our very own new year calendar and a group of 8 bespoke red packets or ‘ang pows’ with modern graphic designs of each dog with their names on the red packet who are currently living at SPCA shelter. Each red packet also contained a QR code in which the giver or the recipient could scan the code to prompt shopper360 to donate RM5 for every scan. Through this campaign, shopper360 managed to raise a total of RM20,000 for SPCA Malaysia.

SAR1804043 • Shopper360 Limited AR • 03/09/2018 18:39 • 22_Shopper360_RS_Social Responsibility.indd

Awards / Achievements

HR Asia Best Workplace in Asia 2017

Our workplace is built as a community of experts, where skilled and knowledgeable professionals work together in an environment engineered for success. Our efforts in engaging our staff through well managed program has earned us the prestigious HR Asia Best Workplace in Asia 2017.

The award is presented by HR Asia, Asia's leading publication for senior HR professionals, whereby only 45 companies out of 320 entries were awarded.

The awards is an acknowledgement of the 6 major thrusts in our work culture management. shopper360's Star Search and FYI programs paves a talent development journey that grows our staff's career and personal life development. shopper360 has proper rewards and recognition in place to recognize the performance, contributions, and growth of the talents in shopper360.

To keep the staff engaged, the independent the Staff Recreation Club (S.R.C.) has the flexibility to organize activities by the staff, for the staff. And S.Fit are our health management programs that organizes exercise classes and other healthy living programs in the organization. GIVE is our charitable efforts condensed into one simple idea, where we find joy in giving back to the society together as an organization.

shopper 360 strives to provide a workplace where its staffs can work and grow with each other in a well-managed and conducive environment. As "Asia Best Workplace in Asia 2017", continuous improvements will be made to keep our work culture one the best in the field.

shopper360

Financial Contents

CORPORATE **GOVERNANCE REPORT**

The board of directors (the "**Board**" or "**Directors**") of shopper360 Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to the highest standard of corporate governance and has always recognised the importance of good governance to enhance corporate performance, accountability, shareholders' value and protection of stakeholders' interests, as well as financial performance of the Group.

This report sets out the Group's corporate governance structures and practices in place during the financial year ended 31 May 2018 ("**FY2018**") with specific references made to the principles and guidelines of the then Code of Corporate Governance 2012 (the "**Code**"). The Board confirms that the Group has complied substantially with the principles and guidelines of the Code for FY2018. Where there are deviations from the Code, appropriate explanations have been provided.

The new Code of Corporate Governance 2018 was issued on 6 August 2018 (the "**Revised Code**"), and will only take effect for annual reports covering financial years commencing from 1 January 2019. As such, the Revised Code will not affect the Company's latest financial year ended 31 May 2018, and accordingly, the Group will only make reference to the Code in reviewing and implementing its corporate governance structures and practices.

(A) 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 oversees the overall business strategies and corporate affairs of the Group. The principle functions of the Board are as follows:

- establishing, reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;
- providing leadership and guidance on corporate strategy, business directions, risk management policy and implementation of corporate objectives, as well as taking into consideration sustainability issues;
- ensuring the effectiveness of the management team of the Group ("**Management**");
- conducting periodic reviews of the Group's financial performance, internal controls and reporting compliance;
- approving nominations to the Board and appointment of key executives; and
- overseeing the Group's compliance with all relevant and applicable laws, regulations, policies, directives and guidelines and assuming responsibility for the corporate governance of the Group.

The Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

CORPORATE **GOVERNANCE REPORT**

To assist the Board in the execution of its responsibilities, the Board has delegated specific responsibilities to three (3) committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively the "**Board Committees**"). Further information and details on each of the Board Committees are set out below. While the Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters still lies with the entire Board. The Board Committees operate within clearly defined terms of reference or scope and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance and effectiveness.

Formal Board meetings are held at least two (2) times a year to approve the half-year and full year results announcement and to oversee the business affairs of the Group. Board meetings are planned in advance on a yearly basis. This enables the Board to meet on a regular basis without interfering with the Company's operations. The Board may request for further clarification and information from Management on all matters within its purview. Ad-hoc meetings will be convened as and when circumstances require. The Company's Constitution provides for meetings of the Board to be conducted by way of telephone conference or other methods of simultaneous communications by electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

The table below sets out the number of Board and Board Committee meetings held during FY2018 and the attendance of each Director at these meetings:

	Board		**AC**		**NC**		**RC**	
	No. of meeting		**No. of meeting**		**No. of meeting**		**No. of meeting**	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Ms Chew Sue Ann	2	2	2	2*	1	1*	1	1*
Mr Ravichandran K Moorthy(1)	1	1	1	1	1	1*	1	1
Mr James Ling Wan Chye(2)	1	1	1	1*	–	–	–	–
Mr Zaffary Bin Ab Rashid	2	2	2	2*	1	1*	1	1*
Mr Hew Koon Chan	2	2	2	2	1	1	1	1
Ms Margaret Au Yong @ Moh Chuan	2	2	2	2**	1	1*	1	1
Ms Wong Chin Chin	2	2	2	2	1	1	1	1*

* *By invitation*
** *Ms Margaret Au-Yong @ Moh Chuan was appointed as a member of the AC with effect from 8 January 2018.*

Notes:–

(1) Mr Ravichandran K Moorthy resigned as a Non-Executive and Non-Independent Director of the Company with effect from 8 January 2018.

(2) Mr James Ling Wan Chye was appointed as an Executive Director of the Company with effect from 8 January 2018.

The Board had adopted a set of internal guidelines setting forth matters that require the Board's approval. Matters which are specifically reserved to the Board for decision and approval, include, amongst others, matters that involve a conflict of interest of a controlling shareholder or a Director or persons connected to such shareholder or Director, material acquisitions, disposal of assets, operating budgets and capital expenditure, corporate or financial restructuring, share issuances, declaration of dividends and other returns to shareholders.

The Directors are also updated regularly on changes to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), risk management, corporate governance, insider trading and key changes in the relevant regulatory requirements, financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or members of the Board Committees.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority which are relevant to the Directors are regularly circulated to the Board by the Company Secretary. The latter also regularly informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

Newly-appointed Directors will receive appropriate training in areas such as accounting, legal and industry-specific training, if required. Appropriate briefings and orientations will be arranged for newly appointed Directors to acquaint them with background information on the Group's history, mission and values, its business operations, strategic directions, corporate governance practices, as well as their duties and responsibilities as a Director. They will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's business. A formal letter of appointment will also be sent to newly appointed Directors explaining their duties and obligations upon their appointment. During FY2018, Mr James Ling was appointed as a Director and attended the Listed Company Director ("**LCD**") Essentials course conducted by the Singapore Institute of Directors ("**SID**") to familiarize himself with the roles and responsibilities of a director of the listed company in Singapore.

The Directors attend seminars and receive training to improve themselves in the discharge of the Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company will continue to provide opportunities for ongoing education and training on Board processes and best practices, as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Catalist Rules that affect the Company and/or the Directors in the discharge of their duties. During FY2018, the Directors have attended the following courses:

- LCD Module on Nominating Committee Essentials and LCD Module on Remuneration Committee Essentials organised by the SID; and
- Course on "The Companies Act 2016: Key Changes and Practical Issues" organised by the Star Media Group.

The Management will also regularly update the Directors on the business activities of the Company and the Group during Board meetings.

CORPORATE
GOVERNANCE REPORT

Board Composition and Guidance

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.

The Board comprises six (6) members, three (3) of whom are Independent Directors (including the Chairman of the various Board Committees). As at the date of this report, the composition of the Board and Board Committees are as follows:

Name of Directors	Designation of Board Members	Board Committee Membership		
		Audit Committee	Nominating Committee	Remuneration Committee
Ms Chew Sue Ann	Executive Chairman and Group Managing Director ("**MD**")	–	–	–
Mr James Ling Wan Chye	Executive Director	–	–	–
Mr Hew Koon Chan	Lead Independent Director	Chairman	Member	Member
Ms Margaret Au-Yong @ Moh Chuan	Independent Director	Member	–	Chairman
Ms Wong Chin Chin	Independent Director	Member	Chairman	–
Mr Zaffary Bin Ab Rashid	Non-Independent and Non-Executive Director	–	Member	Member

The NC considers an "independent" Director as one who has no relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgment in carrying out the functions as an independent director with a view to the best interests of the Company. The criterion of independence is based on the definition set out in the Code.

The independence of each director will be reviewed at the time of his/her appointment. Each Independent Director will also be required to complete a Confirmation of Independence annually to confirm his/her independence based on the guidelines set out in the Code. The Independent Directors do not have any relationships including immediate family relationships between the Directors, the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgement in the best interest of the Company. The NC determines annually, and as and when circumstances require, if a director is independent, having regard for on the definition in the Code and is satisfied that the Independent Directors are independent and are able to exercise objective judgment on corporate affairs independently from the Management, and that there is presently a strong and independent element on the Board. The Board currently comprises three (3) Independent Directors, accordingly, the Board has satisfied the requirement for independent directors to make up at least half of the Board where the chairman of the board and the chief executive officer (or equivalent) is the same person (Guideline 2.2 of the Code). As such, together with the one (1) Non-Executive and Non-Independent Directors, the Board is able to provide the Management with a diverse and objective perspective on the issues at hand and there is no individual or small group of individuals who dominates the Board's decision making.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The NC is of the view that the current Board size of six (6) members is appropriate taking into account the nature and scope of the Group's operations.

The NC is also of the view that the Board and the Board Committees have an appropriate balance and diversity of expertise and business experience and collectively possess the necessary core competence to lead and govern the Group effectively. Each Director has been appointed on the strength of his calibre, experience and stature. Each Director is expected to bring valuable range of experience and expertise to contribute to the development of the Group's strategy and the performance of its business.

None of the Independent Directors has been appointed as director to the Company's principal subsidiaries. The Board and the Management are of the view that the current board structure of the principal subsidiaries of the Company is well organized and constituted. The Board will from time to time make the appropriate corporate decisions to consider the appointment of the Independent Director to the Company's principal subsidiaries. The Board also confirms that none of the directors has served on the Board beyond nine (9) years from the date of his/her first appointment.

The Independent Directors and the Non-Executive Director communicate without the presence of the Management as and when the need arises.

A description of the background of each Director, including directorships he/she presently hold and those held over the preceding three (3) years in other listed companies and other principal commitments, are set out in the "Board of Directors" section of this Annual Report.

Chairman and Chief Executive Officer

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.

Ms Chew Sue Ann currently assumes the roles of both the Chairman and MD of the Company. The Group believes that a single leadership structure will facilitate the decision-making process in relation to business opportunities and operational matters. The Board is of the opinion that it is not necessary to separate the two (2) roles after taking into consideration the size and capabilities of the Board, and the size and operations of the Group.

The Chairman and MD is the most senior executive in the Company and bears executive responsibility for the Company's business, as well as the responsibility for the workings of the Board. The Chairman and MD ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the Directors. The Chairman and MD reviews Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. As a general rule, Board papers are sent to Directors in advance in order for Directors to be adequately prepared for the meeting. Directors who are unable to attend any of the Board or Board Committees meetings can discuss the matters in the meeting agendas with the Chairman and MD prior to the Board and Board Committees meetings. The Chairman and MD also ensures that the management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers at the relevant time during the Board meetings. The Chairman and MD promotes active engagement and an open dialogue amongst the Directors as well as between the Board and the Management. She also encourages constructive relations within the Board and between the Board and Management. At annual general meetings ("**AGMs**") and other shareholders' meetings, the Chairman and MD ensures constructive dialogue between shareholders of the Company ("**Shareholders**"), the Board and the Management. The Chairman and MD takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, the Management, the Company's sponsor ("**Sponsor**") and the Company Secretary.

As the Chairman and the MD is the same person, and in accordance with Guideline 3.3 of the Code, the Board has appointed Mr Hew Koon Chan as the Lead Independent Director. Mr Hew Koon Chan is available to Shareholders where they have concerns and in circumstances where contact through the normal channel of the Chairman and MD, or the Financial Controller has failed to resolve their concerns or for which such contact is inappropriate.

The Independent Directors will meet amongst themselves at least once annually without the presence of the other Directors, where necessary, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

Board Membership

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 members:

Ms Wong Chin Chin	*(NC Chairman and Independent Director)*
Mr Hew Koon Chan	*(Lead Independent Director)*
Mr Zaffary Bin Ab Rashid	*(Non-Independent and Non-Executive Director)*

The NC comprises three (3) directors, the majority of whom (including the NC Chairman) are Independent Directors.

The terms of reference set out clearly the principal responsibilities of the NC which include, amongst others:

- recommending to the Board relevant matters relating to (i) the review of board succession plans for the Directors; (ii) the review of training and professional development programs for the Directors; and (iii) the appointment and re-appointment of the Directors;

- determining on an annual basis the independence of directors;

- assessing the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board;

- reviewing regularly the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the directors as a group; and

- recommending Directors who are retiring by rotation to be put forward for re-election.

In its search, nomination and selection process for new Directors, the NC will identify the key attributes that an incoming Director should have, based on a matrix of the attributes of the existing Board members and the requirements of the Group. After endorsement by the Board of the key attributes, the NC will tap into the resources of the Directors' personal contacts and recommendations of potential candidates, and goes through a short-listing process. If candidates identified through this process are not suitable, executive recruitment agencies will be appointed to assist the NC in the search process. Interviews will be set up with potential candidates for NC members to assess them before a decision is reached.

In its deliberations on the re-election and re-appointment of existing Directors, the NC takes into consideration the relevant Director's competency, commitment, contribution and performance (including, if applicable, his/her contribution and performance as a Director). The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of input and contributions. The Chairman of the Board will give feedback to the NC on the appointment of new Directors or retirement or resignation of existing Directors, following the outcome of an annual performance evaluation of individual Directors, and the NC will take into consideration his/her views in this regard. In the NC's deliberations on the re-election and re-appointment of existing Directors, the NC will also consider other important factors such as composition of and succession plans for the Board.

The Company's Constitution provides that one-third of the Board, or the number nearest to one-third, is to retire by rotation at every AGM. In addition, the Company's Constitution also provides that new Directors appointed during the year, either to fill a vacancy or as an addition to the Board, are required to submit themselves for re-election at the next AGM of the Company. The NC has recommended, and the Board has agreed that at the forthcoming AGM, Ms Wong Chin Chin and Mr Zaffary Bin Ab Rashid, will be retiring via rotation pursuant to Regulation 112 of the Company's Constitution, whereas Mr James Ling Wan Chye will be retiring pursuant to Regulation 116 of the Company's Constitution. All three (3) Directors have offered themselves for re-election. Each member of the NC is required to abstain from voting, approving or making a recommendation on any resolutions of the NC in which he/she has a conflict of interest in the subject matter under consideration.

The NC will determine annually whether each Director with multiple board representations and principal commitments outside of the Group is able to and has been adequately carrying out his/her duties as a Director. The NC will also take into account the attendance of the Directors at Board or Board Committee meetings, results of the assessment of the effectiveness of the Board as a whole, the Board Committees, and the respective Directors' actual conduct on the Board and the Board Committees, in making its determination. To ensure the effectiveness of the Board as a whole and that the Directors are able to give sufficient time and attention to the affairs of the Company and adequately carried out their duties as directors of the Company, the NC has considered and decided that the Directors will hold no more than six (6) listed directorships at any point in time.

There is no alternate director being appointed to the Board as at the date of this Annual Report, and the Board shall avoid appointing an alternate director. However, in the event that it is necessary for the Board to appoint an alternative director, he/she must be familiar with the Company's affairs and be appropriately qualified, as alternate directors bear all the duties and responsibilities of a director of the Company.

Other than the key information regarding the Directors set out below, information pertaining to the Directors' interests in shares, options and other convertible securities are set out in the "Directors' Statement" section of this Annual Report, and information in relation to the background and principal commitments of the Directors are set out in the "Board of Directors" section of this Annual Report.

CORPORATE GOVERNANCE REPORT

Name of Director	Board appointment	Date of first appointment	Date of last re-election	Directorship or Chairmanship both present and held over the preceding three (3) years in other listed companies
Ms Chew Sue Ann	Executive	27 December 2016	28 September 2017	Present Directorship or Chairmanship None Past Directorship or Chairmanship None
Mr James Ling Wan Chye	Executive	8 January 2018	– (To be re-elected at the forthcoming AGM)	Present Directorship or Chairmanship None Past Directorship or Chairmanship None
Mr Hew Koon Chan	Non-Executive and Independent	19 May 2017	28 September 2017	Present Directorship or Chairmanship 1. Roxy-Pacific Holdings Ltd 2. Nordic Group Ltd 3. Far East Group Ltd 4. Declout Limited Past Directorship or Chairmanship None
Ms Margaret Au-Yong @ Moh Chuan	Non-Executive and Independent	19 May 2017	28 September 2017	Present Directorship or Chairmanship None Past Directorship or Chairmanship None
Ms Wong Chin Chin	Non-Executive and Independent	19 May 2017	28 September 2017 (To be re-elected at the forthcoming AGM)	Present Directorship or Chairmanship Denko Industrial Corporation Berhad Past Directorship or Chairmanship None
Mr Zaffary Bin Ab Rashid	Non-Executive and Non-Independent	19 May 2017	28 September 2017 (To be re-elected at the forthcoming AGM)	Present Directorship or Chairmanship None Past Directorship or Chairmanship None

Board Performance

Principle 5: There should be a formal annual 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 NC has implemented a self-assessment process that requires each Director to assess the performance and effectiveness of the Board as a whole and the Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board, for each financial year. The self-assessment process will take into consideration, amongst others, board structure, corporate strategy and planning, risk management and internal control, performance measurement and compensation, succession planning, financial reporting, conduct of meetings and communication with Shareholders.

Although the Board's performance evaluation will not include a benchmark index of its industry peers, the Board assesses its effectiveness holistically through the completion of a questionnaire by each individual Director which includes questions covering the above-mentioned areas of assessment.

The NC collates and reviews the responses and results of the questionnaire and discuss collectively with other Board members to address or recommend any areas for improvement and follow-up actions.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors 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.

The Company recognises the significance of ensuring that there is complete, adequate and timely flow of information to the Directors from time to time to enable them to make informed decisions and to discharge their duties and responsibilities. To ensure that the Directors have sufficient time to prepare for the relevant meetings, all Board and Board Committee papers are distributed to the Directors prior to such meetings. Updates on the Group's financial performance, position and prospects, amongst others, are also distributed to the Directors prior to the Board and Board Committee meetings, as well as on an on-going basis, as practicable. Additional material or information requested by the Directors, if any, is also promptly furnished. The Directors have separate and independent access to the Company Secretary, the external auditors, the internal auditors and to other senior management and executive officers of the Group at all times, in carrying out their functions and discharging their responsibilities. Queries by individual Directors on circulated reports are directed to the Management who will respond accordingly. Where relevant, Directors' queries and the Management's responses will be circulated to all Board members for their information.

As part of good corporate governance, decision-making on key matters are reserved for resolution at Board meetings, in order to facilitate discussion. In addition, the Board will receive half-yearly and full year management accounts and regular operational updates from the Management. Any material variance between the projections and actual financial results are also disclosed and explained to the Board.

SAR1804043 • Shopper360 Limited AR • 03/09/2018 18:20 • 30_Shopper360_FS_CG.indd

CORPORATE GOVERNANCE REPORT

The Company Secretary or his representative will attend all meetings of the Board and Board Committees where necessary, and is responsible primarily for the proper maintenance of the records of the Board and Board Committee meetings, and records of discussions on key deliberations and decisions taken. Under the direction of the Chairman, the Company Secretary's responsibilities also include ensuring good information flows within the Board and its Board Committees and between Management and Non-Executive Directors. All Directors have separate and independent access to the Company Secretary.

Pursuant to the Constitution of the Company, the appointment and removal of the Company Secretary requires the approval of the Board.

In the discharge and furtherance of their duties, the Board may seek independent professional advice from external professionals and such costs are to be borne by the Company.

(B) 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.

The RC comprises the following members:

Ms Margaret Au-Yong @ Moh Chuan	*(RC Chairman and Independent Director)*
Mr Zaffary Bin Ad Rashid	*(Non-Executive Director and Non-Independent Director)*
Mr Hew Koon Chan	*(Lead Independent Director)*

The RC comprises three (3) directors, the majority of whom (including the Chairman) are Independent Directors, and all of whom are Non-Executive Directors.

The terms of reference set out clearly the principal responsibilities of the RC which include, amongst others:

- reviewing and recommending to the Board for endorsements, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and executive officers;

- reviewing and recommending to the Board for endorsement the specific remuneration packages for each of the Directors and executive officers;

- reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans;

- reviewing the remuneration of employees related to the Directors and/or substantial shareholders of the Company to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities; and

- in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the executive Directors' or executive officers' contracts of service, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance.

No Director is involved in deciding his/her own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC does not currently engage any professional advisers in relation to the remuneration of the Directors. However, the RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of any such services shall be borne by the Company.

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 motivate (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.

The RC will take into account the industry norms, the Group's performance, as well as the contribution and performance of each Director when determining remuneration packages.

The remuneration for executive Directors and certain key management personnel comprise a fixed and variable component. The variable component is performance-related and is linked to the Group's performance, as well as the performance of each individual executive Director and key management personnel.

The Company has adopted a performance share plan known as the "shopper360 Performance Share Plan" ("**PSP**") in conjunction with the Company's Listing. Executive and non-executive Directors and key management personnel are eligible to participate in the PSP in accordance with the rules for the PSP. Save for the PSP, there are no other share-based compensation schemes in place for Independent Directors.

The Independent Directors receive Directors' fees appropriate to the level of their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors are not over-compensated to the extent that their independence may be compromised. The Directors' fees are endorsed by the RC and recommended by the Board for Shareholders' approval at the AGM of the Company. Directors' fees of S$116,000 for FY2018 had been approved by Shareholders at the last AGM held on 28 September 2017. Director's fees of S$104,000 for FY2019 have been recommended by the Board and will be subjected to the approval of Shareholders at the forthcoming AGM of the Company.

There were no termination or retirement benefits and post-employment benefits that are granted to the Directors and key management personnel in FY2018. The Company does not intend to use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9: Every 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.

Our Chairman and MD, Ms Chew Sue Ann, has a service agreement with the Company for an initial period of three (3) years with effect from 1 June 2017. For further information on the remuneration of our Chairman and MD, please refer to the section entitled "Service Agreement" in the Company's offer document dated 21 June 2017 ("**Offer Document**").

Taking into account the confidentiality and sensitivity, as well as the competitive pressures in the talent market, the Board has decided to disclose the remuneration of the Directors and key management personnel, in bands with a breakdown of the components in percentage set out in the tables below.

The remuneration paid to or accrued to each individual Director for FY2018 is as follows:

Name	Salary[1]	Variable Bonus	Directors' Fee	Share Options	Benefits -In-Kind	Total
	%	%	%	%	%	%
Between S$100,000 and S$250,000						
Chew Sue Ann	74	24	0	0	2	100
James Ling Wan Chye (appointed on 8 January 2018)	97	3	0	0	0	100
Below S$50,000						
Hew Koon Chan	0	0	100	0	0	100
Zaffary Bin Ab Rashid	0	0	100	0	0	100
Wong Chin Chin	0	0	100	0	0	100
Margaret Au-Yong @ Moh Chuan	0	0	100	0	0	100
Ravichandran K Moorthy (resigned on 8 January 2018)	0	0	100	0	0	100

For FY2018, the remuneration paid to or accrued for the top five (5) key management personnel (who are not Directors or the MD) is as follows:

Name of Key Management Personnel	Salary[(1)]	Bonus	Share Options	Benefits -In-Kind	Total
	%	%	%	%	%
Below S$250,000					
Angelina Ooi	98	0	0	2	100
Chow Siew Bee	96	4	0	0	100
Samuel Chan (resigned on 14 April 2018)	99	0	0	1	100
Janice Cheah (resigned on 29 June 2018)	90	10	0	0	100
Lee Jun Ling	88	12	0	0	100

Note:
(1) Amount inclusive of contribution to employer provident funds

The Company has not disclosed the details of the remuneration of its top five (5) key management personnel as the Board believes that full detailed disclosure of the remuneration of each key management personnel as recommended by the Code would be prejudicial to the Group's interest and hamper its ability to retain and nurture the Group's talent pool.

For FY2018, the aggregate total remuneration paid/payable to the aforesaid top five (5) key management personnel amounted to S$1.0 million (equivalent to RM3.1 million, based on an exchange rate of RM3.04 to S$1.00).

Immediate Family Member of Directors or MD

Save for Mr James Ling Wan Chye who is the spouse of the Chairman and MD, Ms Chew Sue Ann, there are no employees who are immediate family members of a Director or the MD, and whose remuneration exceeds S$50,000 in FY2018.

As at the date of this Annual Report, no awards have been granted under the PSP.

(C) ACCOUNTABILITY AND AUDIT

Accountability

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

In presenting the half-year and full year financial statements to Shareholders, the Board aims to provide Shareholders with a detailed and balanced analysis and explanation of the Group's financial position and performance. Financial results are reviewed by the AC before it is recommended for adoption by the Board. The financial results announcement is reviewed carefully by the Board and the AC before being released on the SGXNet. If required, the Group's external auditors' view will be sought.

CORPORATE GOVERNANCE REPORT

The Management will provide all members of the Board with management accounts of the Group's performance, with explanatory details on its operations at least on a half-yearly basis. The Board papers are circulated to the Directors prior to any Board meeting to facilitate effective discussion and decision-making.

The Management also maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of half-yearly and full year financial statements of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board.

The Board provides effective oversight of the Management's performance and control, compliance with legislative and regulatory requirements including continuing disclosure requirements under the Catalist Rules. For instance, in line with the Catalist Rules, the Board provides a negative assurance statement to the Shareholders in its half-yearly financial results announcement, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial results false or misleading in any material aspect. All the Directors and key management personnel of the Group have also signed a letter of undertaking pursuant to Rule 720(1) of the Catalist Rules.

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 the 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 Board notes that the Group's system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. Nonetheless, the Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology controls. The internal controls in place are aimed at addressing the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, that there are maintenance of proper accounting records, that financial information are reliable and that assets are safeguarded.

The Board, with the assistance of independent internal auditors and external auditors, has reviewed the adequacy and effectiveness of the Group's risk management and system of internal controls addressing key financial, operational, compliance and information technology risks.

The external auditors have, in the course of their audit, considered internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

To further enhance the risk management procedures in place, the Group is working with its internal auditors, RSM Corporate Consulting (Malaysia) Sdn Bhd, to establish a structured Enterprise Risk Management ("**ERM**") framework which will provide documented guidance on the process for identifying and assessing risks, adequacy of counter measures and the manner in which risks matters are reported to the Board and the AC.

For FY2018, the Board has received assurance from the Chairman and MD, and the Financial Controller that:

(a) the financial records have been properly maintained and the financial statements reflect a true and fair view of the Company's operations and finances; and

(b) the Group's risk management and internal control systems are effective.

Based on the existing internal controls in place and the aforesaid, as well as the work carried out by the internal auditors and the review undertaken by the external auditors for purposes of the Company's Listing, the Board with the concurrence of the AC, is of the opinion that, for FY2018, the internal controls of the Group which are in place to address risks relating to financial, operational, compliance, information technology controls and risk management systems are adequate and effective.

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 members:

Mr Hew Koon Chan	*(AC Chairman and Lead Independent Director)*
Ms Wong Chin Chin	*(Independent Director)*
Mr Margaret Au Yong @ Moh Chuan	*(Independent Director)*

All the members of the AC, including the Chairman of the AC, are Independent Directors. The Board considers Mr Hew Koon Chan to have extensive and practical accounting and financial management knowledge and experience, well-qualified to chair the AC. The other members of the AC bring with them invaluable experience in legal, finance and business management. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the duties and responsibilities of the AC.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the financial statements of the Group, the AC members participate in relevant training courses, seminars and workshops from time to time. The AC members are also kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors.

The AC assists the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The AC has terms of reference endorsed by the Board, setting out its duties and responsibilities. The AC is authorised by the Board to investigate any matter within its terms of reference. It is given full access to and has the co-operation of the Management, as well as the external auditors and internal auditors. The AC also has full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly.

CORPORATE **GOVERNANCE REPORT**

The primary functions and responsibilities of the AC as set out in the terms of reference include, amongst others, the following:

- assisting the Board in the discharge of its statutory responsibilities on financial and accounting matters;
- reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- reviewing the periodic financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards, as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing the external auditors' audit plan and audit report, and the external auditors' evaluation of the system of internal accounting controls, including financial, operational, compliance and information technology controls;
- reviewing and discussing with auditors any suspected fraud or irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;
- reviewing the adequacy and effectiveness of the Group's risk management and internal controls systems, including financial, operational, compliance controls, information technology controls and risk management sections and discuss issues and concerns, if any, arising from the internal auditors;
- reviewing and approving transactions falling within the scope of Chapter 10 of the Catalist Rules (if any);
- reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy and effectiveness of the Group's internal audit function;
- approving the hiring, removal, evaluation and compensation of the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors;
- making recommendations to the Board on the proposals to Shareholders on the appointment, reappointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors; and

- undertaking generally such other functions and duties as may be required by law or the Catalist Rules, and by amendments made thereto from time to time.

The AC has reviewed and is satisfied with the level of co-operation rendered by the Management to the external auditors, the adequacy of scope and quality of their audits, and the independence and objectivity of the external auditors.

The AC will meet with the external auditors and internal auditors without the presence of the Management, at least once annually, and as and when necessary, to review the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors and internal auditors. In July 2017, the AC met once with the external auditors, and once with the internal auditors, without the presence of the Management.

Annually, the AC will also conduct a review of the independence and objectivity of the external auditors through discussions with the external auditors, as well as reviewing the non-audit fees paid to them. The AC received an audit report from the external auditors setting out the non-audit services provided and the fees charged for FY2018. A breakdown of the audit and non-audit fees paid to the Company's auditors is disclosed on page 102 of this Annual Report. The aggregate amount of fees paid or payable by the Group to the external auditors for FY2018 amounted to RM279,271 for audit services and RM21,060 for non-audit services. The AC is satisfied that the nature and extent of such non-audit services would not prejudice the independence and objectivity of the external auditors.

The AC is satisfied that the external auditors of the Company, Baker Tilly TFW LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority, are independent and that they had also provided a confirmation of their independence to the AC. The AC had assessed the external auditors of the Company based on factors such as performance, adequacy of resources and experience of their audit engagement partners and audit team assigned to the Group's audit as well as the size and complexity of the Group. Accordingly, the AC is satisfied that Rules 712 and 715 of the Catalist Rules have been complied with and has recommended to the Board, the nomination of Baker Tilly TFW LLP for re-appointment at the forthcoming AGM of the Company.

No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and its judgement of items that might affect the integrity of the financial statements. The following significant matter impacting the financial statements was discussed with the Management and the external auditors, and were reviewed by the AC:

CORPORATE
GOVERNANCE REPORT

Matters considered	How the AC reviewed these matters and what decisions were made
Revenue Recognition – RM142.38 million	The AC considered the audit procedures performed by the external auditors to address this key audit matter, including the external auditors' assessment of the appropriateness of the Group's accounting policies over revenue recognition and its testing of the Group's controls and/or performing substantive audit procedures relating to, amongst others, the consistent application of revenue recognition processes as well as the operation of key financial controls such as cash and revenue reconciliations and application of appropriate controls relating to revenue cut-off. Based on the above procedures, the AC was satisfied that this key audit matter has been properly dealt with for purpose of the Board's approval of the financial statements for FY2018. Revenue recognition is an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2018. Please refer to pages 70 to 71 of this Annual Report.

The Group is committed to a high standard of ethical conduct and adopts a zero-tolerance approach to fraud. As such, the Group undertakes to investigate complaints of suspected fraud in an objective manner and has put in place arrangements by which staff of the Group or third parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Company has implemented whistle-blowing procedures pursuant to which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Whistle-blowing concerns shall be reported in person or in writing via electronic mail to the Chairman of the AC directly. The Group will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. The objective of the whistle-blowing policy is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. The results from the investigation will be reported directly to the Chairman of the AC.

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 Company has outsourced its internal audit function to RSM Corporate Consulting (Malaysia) Sdn Bhd ("**RSM**"), a company within RSM Malaysia (a member firm of the international RSM network of auditing firms). In FY2018, an internal audit review was carried out by RSM. RSM performs its work in accordance with the RSM Internal Audit Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing established by The Institute of Internal Auditors.

The Board recognises the importance of sound internal financial controls, operational and compliance controls, and risk management policies to good corporate governance. The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal auditors report directly to the Chairman of the AC on audit matters and to the Chairman and MD on administrative matters, and has full access to the documents, records, properties and personnel (including the AC) of the Group. The internal auditors assist the Board in monitoring the risk exposure and internal controls of the Group and the audit plan is submitted to the AC for approval prior to commencement of the internal audit.

The AC has reviewed the internal auditors' audit plans, its evaluation of the Group's system of internal controls, audit findings and management's responses to those findings, and the effectiveness of material internal controls (including financial, operational, compliance and information technology controls as well as and overall risk management of the Group).

The AC is satisfied that the internal audit function is staffed with suitably qualified and experienced professionals with the relevant experience. The AC reviews the adequacy and effectiveness of the internal audit function of the Company annually.

(D) COMMUNICATION WITH SHAREHOLDERS

Shareholder Rights

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.

The Company believes that Shareholders have the right to be sufficiently informed of changes in the Company or its business that would materially affect the price or value of its shares. To ensure that all Shareholders are treated fairly and equitably, the Company strives to share pertinent information in a timely manner to keep them apprised on the latest developments through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable.

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the annual report or circulars sent to all Shareholders. These notices are also advertised in a national newspaper and posted onto the SGXNet on the day of despatch of the annual reports or circulars to shareholders. Such notices will contain the relevant rules and procedures governing the general meetings. All Shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any Shareholder is unable to attend, he/she is allowed to appoint up to two (2) proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance.

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.

The Group values dialogue with its Shareholders. The Group believes in regular, effective and fair communication with its Shareholders and is committed to hearing Shareholders' views and addressing their concerns where possible. The Group's investor policy is that all Shareholders should have parity of information on all major developments impacting the Group's business and operations in a timely manner. To promote a better understanding of Shareholders' views, the Board encourages Shareholders to express their views and ask the Board or the Management questions regarding the Group during the Company's general meetings. At these meetings, Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views and address Shareholders' concerns at general meetings.

CORPORATE GOVERNANCE REPORT

As disclosed in the section entitled "Dividend Policy" in the Company's Offer Document, subject to the dividend factors disclosed in the Offer Document, the Company intends to distribute an annual dividend of not less than 20% of profit attributable to equity holders of the Company in respect of FY2017 and FY2018. Such dividend factors include the actual and projected financial performance of the Group, the Group's level of cash and retained earnings, projected capital expenditure and other investment plans, the terms of the borrowing arrangements (if any), working capital requirements and general financial condition, plans for expansion, the general economic and business conditions in countries in which it operates, and other factors which the Directors may deem appropriate.

For FY2018, the Board has proposed a final dividend (one-tier tax exempt) of S$0.006 per ordinary share (the aggregate of which represents 35% of profit attributable to equity holders of the Company in respect of FY2018, based on an exchange rate of RM3.04 to S$1.00) which will be subject to Shareholders' approval at the forthcoming AGM.

Conduct of Shareholder Meeting

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.

Shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans. Notices of general meetings are despatched to Shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 or 21 clear calendar days before the meeting depending on the nature of the resolution proposed. Such notices will also be announced through SGXNet and published in a national newspaper. The Board welcomes questions from Shareholders who wish to raise issues, either informally or formally, before or during the general meetings.

A proxy form will also be despatched with each notice of general meeting to all Shareholders. If any Shareholder is unable to attend, he/she is allowed to appoint up to two (2) proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. As the authentication of Shareholder identity information and other related security issues remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, e-mail or fax.

Each item of special business included in the notice of the general meetings will be accompanied by an explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

All Directors, key management personnel and the Company's external auditors will attend the general meetings. The respective Chairman of the AC, NC and RC are usually present at such general meetings to address questions relating to the work of their respective Board Committees at general meetings while the external auditors are usually present as well to assist the Board in addressing any relevant queries raised by the Shareholders.

The Company will make available minutes of general meetings, prepared by the Company Secretary, to Shareholders upon their request.

To ensure that all Shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings of the Company will be conducted by poll where Shareholders are accorded voting rights proportionate to their shareholding and all votes will be counted and announced immediately at the meeting. The Company will put all resolutions to vote by poll at general meetings and the detailed results of the total number and percentage of votes cast for and against each resolution will be announced via SGXNet after the conclusion of the general meeting on the same day.

(E) DEALINGS IN COMPANY'S SECURITIES

The Company has adopted a Code of Best Practices to provide guidance to its officers on securities transactions by the Company and its officers.

The Company and its officers are not allowed to deal in the Company's shares during the period commencing one (1) month before the announcement of the Group's half-year and full-year financial results, ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price-sensitive information, and they are not to deal in the Company's securities on short-term considerations.

(F) INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that transactions with interested persons are properly reviewed and approved and are conducted on arm's length basis and do not prejudice the interests of the Group and its minority Shareholders. Any Director, MD and/or controlling shareholder of the Company who is interested in a transaction, will abstain and refrain from deliberating, discussing, making recommendations and approving the transaction.

The Group does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

There were no interested person transactions which were more than S$100,000 entered into for FY2018.

(G) MATERIAL CONTRACTS

No material contracts (including loans) were entered into between the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder, which are either subsisting at the end of the financial year reported on or, if not then subsisting, entered into since the end of the previous financial year except for Director's remuneration as disclosed in the Notes to Financial Statements in this Annual Report.

CORPORATE GOVERNANCE REPORT

(H) USE OF IPO PROCEEDS

Pursuant to the Company's Listing, the Company received net proceeds of approximately S$3.44 million (the "**Net Proceeds**"). As at 30 July 2018, the Net Proceeds have been utilised as follows:

Use of Net Proceeds	Amount Allocated S$'000	Amount Utilised S$'000	Amount Balance S$'000
Expansion of (i) our service offerings; (ii) our network of customers and retail partners; and (iii) expansion into new geographical locations such as Myanmar and Singapore	2,300	(645)	1,655
Acquisition, strategic alliances and/or joint ventures	600	(157)	443
General working capital purposes	536	(536)	–
Listing expense to be borne by the Company	1,784	(1,784)	–
Total	5,220	(3,122)	2,098

(I) CATALIST SPONSOR

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsorship fees were paid to the Sponsor, ZICO Capital Pte. Ltd. from the date of the Company's 2017 Annual Report up to 31 May 2018, being the end of FY2018.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of shopper360 Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2018.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 74 to 130 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore; and

(ii) 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.

Directors

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

Chew Sue Ann
James Ling Wan Chye (Appointed on 8 January 2018)
Margaret Au-Yong @ Moh Chuan
Wong Chin Chin
Hew Koon Chan
Zaffary Bin Ab Rashid

Arrangement to enable directors to acquire benefits

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.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares Shareholdings registered in her own name		
	At 1.6.2017	At 31.5.2018	At 21.6.2018
Name of Director and Companies in which interest are held			
Company			
Chew Sue Ann	–	325,000	325,000
Immediate and ultimate holding company			
Rekaweb.Com Sdn Bhd.			
Chew Sue Ann	12,750	12,750	12,750

DIRECTORS' STATEMENT

Share options

The shopper360 Limited's Performance Share Plan ("PSP") was approved by the shareholders of the Company on 26 May 2017.

The PSP is administered by the Remuneration Committee of the Company, comprising Margaret Au-Yong @ Moh Chuan, Hew Koon Chan and Zaffary Bin Ab Rashid. A member of the Remuneration Committee who is also a participant of the PSP must not be involved in its deliberation in respect of the awards granted or to be granted to him.

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any other corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any other corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any other corporation in the Group under option.

Audit Committee

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

Hew Koon Chan (Chairman, Lead Independent Director)
Wong Chin Chin (Independent Director)
Margaret Au-Yong @ Moh Chuan (Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. Their functions are detailed in the Corporate Governance Report section of the 2018 Annual Report.

In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

(a) The audit plans, scope of work, evaluation of the adequacy of the internal controls, audit reports, management letters on internal controls and management response;

(b) The adequacy and effectiveness of the Group's internal controls addressing financial, operational and compliance risks prior to the incorporation of such results in the annual report;

(c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

Audit Committee (Continued)

(d) The half-yearly (where relevant) and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) The co-operation and assistance given by the management to the Group's external auditor;

(f) Interested person transactions falling within the scope of Chapter 9 of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited and other relevant statutory requirements and any potential conflicts of interests; and

(g) The re-appointment of the external and internal auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the board of directors that Baker Tilly TFW LLP be nominated for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chew Sue Ann
Director

Hew Koon Chan
Director

3 September 2018

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF SHOPPER360 LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of shopper360 Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 74 to 130, which comprise the statements of financial position of the Group and of the Company as at 31 May 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 May 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Notes 3(m) and 4 to the financial statements.

Description of key audit matter:

The Group recognised revenue of RM142,376,618 during the financial year. We considered revenue recognition to be a key audit matter as it is a significant audit risk and requires significant amount of our attention during the audit. With the involvement of our component auditors, our audit effort focused on assessing that revenue is properly recognised in accordance with the Group's accounting policies on revenue recognition.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Revenue recognition (Continued)

Our procedures to address key audit matter:

Our audit procedures included amongst other:

- Assessing the appropriateness of the Group's accounting policies over revenue recognition.
- Evaluating the design and implementation of key internal controls over the revenue cycle and recognition processes.
- Performing substantive audit procedures, which include test of details on a sample basis to address the risk of material misstatement over recognition of revenue.
- Assessing the Group's disclosures in respect of the accounting policies on revenue recognition.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF SHOPPER360 LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

SAR1804043 • Shopper360 Limited AR • 30/08/2018 13:47 • 51_Shopper360_FS_Independent.indd

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

3 September 2018

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Note	Group 2018 RM	Group 2017 RM
Continuing operations			
Revenue	4	**142,376,618**	132,452,140
Cost of sales		**(104,379,605)**	(90,392,342)
Gross profit		**37,997,013**	42,059,798
Other income	5	**286,310**	818,634
Expenses			
Research and development		**–**	(366,359)
Administrative expenses		**(28,596,357)**	(29,874,048)
Other operating expenses		**(304,696)**	(35,172)
Finance costs	6	**(41,508)**	(11,669)
Profit before tax	7	**9,340,762**	12,591,184
Tax expense	9	**(3,627,977)**	(4,219,693)
Profit from continuing operations		**5,712,785**	8,371,491
Loss from discontinued operation, net of tax	10	**–**	(1,419,855)
Profit for the year		**5,712,785**	6,951,636
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– fair value gain		**–**	142,399
– reclassification to profit or loss		**–**	(241,208)
– currency translation differences arising from consolidation		**(9,589)**	–
Other comprehensive loss for the year, net of tax		**(9,589)**	(98,809)
Total comprehensive income for the year		**5,703,196**	6,852,827
Profit attributable to:			
Equity holders of the Company		**6,010,468**	5,147,206
Non-controlling interests		**(297,683)**	1,804,430
Profit for the year		**5,712,785**	6,951,636
Total comprehensive income attributable to:			
Equity holders of the Company		**6,004,715**	5,048,397
Non-controlling interests		**(301,519)**	1,804,430
		5,703,196	6,852,827
Earnings per share (cents per share) – Basic and diluted			
– Continuing and discontinued operations	11	**5.25**	4.50
Earnings per share (cents per share) – Basic and diluted			
– Continuing operations	11	**5.25**	5.72

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

STATEMENTS OF
FINANCIAL POSITION

AT 31 MAY 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	**4,760,536**	5,622,200	**–**	–
Intangible assets	13	**2,497,946**	2,506,225	**–**	–
Investment in subsidiaries	14	**–**	–	**36,891,829**	–
Available-for-sale financial assets	15	**1,100,000**	–	**–**	–
Trade and other receivables	17	**176,560**	200,036	**–**	–
Deferred tax assets	22	**735,120**	–	**–**	–
Total non-current assets		**9,270,162**	8,328,461	**36,891,829**	–
Current assets					
Financial assets at fair value through profit or loss	16	**14,707**	24,231	**–**	–
Trade and other receivables	17	**40,693,850**	40,192,963	**9,378,625**	538,935
Cash and cash equivalents	18	**19,026,236**	7,511,886	**1,482,512**	3
Tax recoverable		**1,182,427**	1,607,740	**–**	–
Total current assets		**60,917,220**	49,336,820	**10,861,137**	538,938
Total assets		**70,187,382**	57,665,281	**47,752,966**	538,938
EQUITY AND LIABILITIES					
Equity					
Share capital	19	**51,850,444**	38,550,103	**51,850,444**	3
Fair value reserve	20(a)	**–**	–	**–**	–
Capital reserve	20(b)	**(1,354,855)**	(1,354,855)	**–**	–
Merger reserve	20(c)	**(17,453,646)**	(19,230,000)	**–**	–
Currency translation reserve		**(5,753)**	–	**–**	–
Retained earnings		**15,196,882**	10,318,559	**(4,451,359)**	(4,144,724)
Equity attributable to equity holders of the Company, total		**48,233,072**	28,283,807	**47,399,085**	(4,144,721)
Non-controlling interests		**(222,799)**	–	**–**	–
Total equity		**48,010,273**	28,283,807	**47,399,085**	(4,144,721)
Non-current liabilities					
Borrowings	21	**19,611**	62,650	**–**	–
Deferred tax liabilities	22	**52,988**	117,006	**–**	–
Total non-current liabilities		**72,599**	179,656	**–**	–
Current liabilities					
Trade and other payables	23	**21,452,413**	28,716,082	**353,881**	4,683,659
Borrowings	21	**43,039**	77,581	**–**	–
Tax payable		**609,058**	408,155	**–**	–
Total current liabilities		**22,104,510**	29,201,818	**353,881**	4,683,659
Total liabilities		**22,177,109**	29,381,474	**353,881**	4,683,659
Total equity and liabilities		**70,187,382**	57,665,281	**47,752,966**	538,938

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Note	Share capital RM	Capital reserve RM	Merger reserve RM	Currency translation reserve RM	Retained earnings RM	Equity attributable to equity holders of the Company RM	Non-controlling interests RM	Total equity RM
Group									
At 1 June 2017		38,550,103	(1,354,855)	(19,230,000)	–	10,318,559	28,283,807	–	28,283,807
Profit for the year		–	–	–	–	6,010,468	6,010,468	(297,683)	5,712,785
Other comprehensive loss									
Currency translation differences arising from consolidation		–	–	–	(5,753)	–	(5,753)	(3,836)	(9,589)
Other comprehensive loss for the financial year, net of tax		–	–	–	(5,753)	–	(5,753)	(3,836)	(9,589)
Total comprehensive (loss)/ income for the year		–	–	–	(5,753)	6,010,468	6,004,715	(301,519)	5,703,196
Transactions with owners recognised directly in equity									
Adjustment pursuant to the Restructuring Exercise	19	(38,550,100)	–	1,776,354	–	–	(36,773,746)	–	(36,773,746)
Issuance of shares pursuant to the Restructuring Exercise	19	36,773,746	–	–	–	–	36,773,746	–	36,773,746
Issuance of new shares pursuant to the IPO	19	16,182,000	–	–	–	–	16,182,000	–	16,182,000
Capitalisation of share issue expenses	19	(1,105,305)	–	–	–	–	(1,105,305)	–	(1,105,305)
Capital contribution from non-controlling interest in a subsidiary	–	–	–	–	–	–	–	78,720	78,720
Dividends paid	24	–	–	–	–	(1,132,145)	(1,132,145)	–	(1,132,145)
At 31 May 2018		**51,850,444**	**(1,354,855)**	**(17,453,646)**	**(5,753)**	**15,196,882**	**48,233,072**	**(222,799)**	**48,010,273**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Note	Share capital RM	Fair value reserve RM	Capital reserve RM	Merger reserve RM	Retained earnings RM	Equity attributable to equity holders of the Company RM	Non-controlling interests RM	Total equity RM
Group									
At 1 June 2016		14,670,100	98,809	–	–	20,986,053	35,754,962	2,069,909	37,824,871
Profit for the year		–	–	–	–	5,147,206	5,147,206	1,804,430	6,951,636
Other comprehensive loss									
Fair value gain on available-for-sale financial assets	20	–	142,399	–	–	–	142,399	–	142,399
Fair value on available-for-sale financial assets disposed reclassified to profit and loss	20	–	(241,208)	–	–	–	(241,208)	–	(241,208)
Other comprehensive loss for the financial year, net of tax		–	(98,809)	–	–	–	(98,809)	–	(98,809)
Total comprehensive income for the year		–	(98,809)	–	–	5,147,206	5,048,397	1,804,430	6,852,827
Transactions with owners recognised directly in equity									
Issuance of share		3	–	–	–	–	3	–	3
Disposal of a subsidiary		–	–	–	–	–	–	(239,194)	(239,194)
Adjustment pursuant to the Restructuring Exercise		(14,670,000)	–	–	(19,230,000)	–	(33,900,000)	–	(33,900,000)
Issuance of shares pursuant to the Restructuring Exercise	19	38,550,000	–	–	–	–	38,550,000	–	38,550,000
Dividends	24	–	–	–	–	(15,814,700)	(15,814,700)	(2,040,000)	(17,854,700)
Changes in ownership interest in a subsidiary									
Acquisition of non-controlling interest without a change in control		–	–	(1,354,855)	–	–	(1,354,855)	(1,595,145)	(2,950,000)
At 31 May 2017		38,550,103	–	(1,354,855)	(19,230,000)	10,318,559	28,283,807	–	28,283,807

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Note	Share capital RM	Retained earnings RM	Total equity RM
Company				
At 1 June 2017		3	(4,144,724)	(4,144,721)
Profit and total comprehensive income for the financial year		–	825,510	825,510
Issuance of shares, representing transactions with owners recognised directly in equity	19	51,850,441	–	51,850,441
Dividends	24	–	(1,132,145)	(1,132,145)
At 31 May 2018		**51,850,444**	**(4,451,359)**	**47,399,085**
Issuance of share at date of incorporation	19	3	–	3
Loss and total comprehensive loss for the financial period		–	(4,144,724)	(4,144,724)
At 31 May 2017		3	(4,144,724)	(4,144,721)

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Note	Group 2018 RM	Group 2017 RM
Cash flows from operating activities			
Profit before tax from continuing operations		**9,340,762**	12,591,184
Loss before tax from discontinued operation		**–**	(1,419,855)
Adjustments for:			
Amortisation for club membership		**8,279**	8,279
Bad debt written off		**10,011**	–
Depreciation		**1,611,351**	1,574,664
Dividend income		**–**	(14,100)
Fee to professional advisor		**–**	1,300,000
Interest income		**(233,649)**	(227,474)
Interest expenses		**41,508**	11,669
Gain on disposal of property, plant and equipment		**–**	(37,786)
Gain on disposal of available-for-sale financial assets and reclassification from fair value reserve		**–**	(455,130)
Loss on disposal of a subsidiary		**–**	1,227,935
Property, plant and equipment written off		**23,011**	1,161
Unrealised foreign exchange losses		**228,891**	–
Operating cash flow before working capital changes		**11,030,164**	14,560,547
Inventories		**–**	(332,048)
Receivables		**(487,422)**	(9,689,070)
Payables		**389,197**	4,887,700
Currency translation adjustments		**(12,622)**	–
Cash generated from operations		**10,919,317**	9,427,129
Income tax paid		**(3,800,899)**	(5,073,327)
Net cash from operating activities		**7,118,418**	4,353,802
Cash flows from investing activities			
Purchases of property, plant and equipment		**(769,665)**	(2,212,094)
Proceeds from disposal of property, plant and equipment		**–**	317,985
Proceeds from disposal of available-for-sale financial assets		**–**	1,395,757
Disposal of discontinued operation, net of cash disposed of		**–**	(225,364)
Acquisition of available-for-sale investment		**(1,100,000)**	–
Dividends received		**–**	14,100
Interest received		**233,649**	227,474
Redemption of financial assets at fair value through profit or loss		**9,524**	1,221,428
Payment of contingent consideration for business combination		**–**	(1,000,000)
Net cash used in investing activities		**(1,626,492)**	(260,714)

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Note	Group 2018 RM	2017 RM
Cash flows from financing activities			
Repayment of borrowings		**(77,581)**	(84,014)
Capital contribution from non-controlling interest in a subsidiary		**78,720**	–
Dividends paid to owners of the Company/subsidiaries		**(7,932,145)**	(16,056,300)
Dividends paid to non-controlling interest		**(765,000)**	(1,275,000)
Advance from a key management personnel		**2,000,000**	–
Repayment of amount due to a key management personnel		**(2,007,960)**	–
Advance from non-controlling interest		**42,514**	–
Repayment of amount due to immediate and ultimate holding company		**(122,420)**	–
Proceeds from issuance of share capital, net of share issue expenses	19	**15,076,695**	–
Proceeds from issuance of ordinary shares		**–**	400,003
Interest paid		**(41,508)**	(11,669)
Net cash from/(used in) financing activities		**6,251,315**	(17,026,980)
Net increase/(decrease) in cash and cash equivalents		**11,743,241**	(12,933,892)
Cash and cash equivalents at beginning of the financial year		**7,511,886**	20,445,778
Effects of exchange rate changes on cash and cash equivalents		**(228,891)**	–
Cash and cash equivalents at end of the financial year	18	**19,026,236**	7,511,886

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

shopper360 Pte. Ltd. (the "Company") (Co. Reg. No. 201634929Z) was incorporated in Singapore on 27 December 2016 for the purpose of acquiring the existing companies pursuant to the Restructuring Exercise mentioned in Note 2 below. On 19 May 2017, the Company was converted into a public company limited by shares and changed its name to shopper360 Limited. The Company was listed on the Singapore Exchange Securities Trading Limited on 30 June 2017.

The registered office and principal place of business of the Company is at 138 Robinson Road, #26-03 Oxley Tower, Singapore 068906.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The Company's immediate and ultimate holding company is Rekaweb.Com Sdn. Bhd., a company incorporated in Malaysia which is substantially owned by Chew Sue Ann and her family members whose interest in the Company is held through their shareholdings in the immediate and ultimate holding company.

2 The Restructuring Exercise

In 2017, the Group undertook the transactions described below as part of a corporate reorganisation implemented in preparation for its listing ("IPO") on the Catalist Board of Singapore Exchange Securities Trading Limited (the "Restructuring Exercise").

(a) **Incorporation of the Company**

The Company was incorporated on 27 December 2016 in Singapore with an issued and paid-up capital of S$1 comprising 1 ordinary share.

(b) **Disposal of Paragon Premiums Sdn. Bhd. ("Paragon Premiums") by Pos Ad Sdn. Bhd. ("Pos Ad")**

Pursuant to a sale and purchase agreement dated 30 November 2016 between Pos Ad and Rekaweb.Com Sdn. Bhd. ("RKW") and Zencall Holdings Sdn. Bhd. ("Zencall Holdings"), Pos Ad sold its 85% shareholding interests in Paragon Premiums to RKW and Zencall Holdings for an aggregate cash consideration of RM127,500. The consideration was determined based on a willing buyer-willing seller basis, taking into account the total cost of investment in Paragon Premiums by Pos Ad. The disposal comprised (i) the transfer of 126,000 shares in the capital of Paragon Premiums to RKW for a consideration of RM126,000, and (ii) the transfer of 1,500 shares in the capital of Paragon Premiums to Zencall Holdings for a consideration of RM1,500.

(c) **Acquisition of Pos Ad by RKW**

Pursuant to a sale and purchase agreement dated 27 December 2016 between Zencall Holdings and RKW, RKW acquired all shareholding interests of Zencall Holdings in Pos Ad for a cash consideration of RM1,000. The consideration was determined based on a willing buyer-willing seller basis, taking into account the total cost of investment in Pos Ad by Zencall Holdings.

2 The Restructuring Exercise (Continued)

(d) **Acquisition of Pos Ad by shopper360 Sdn. Bhd. ("shopper360 Malaysia")**

Pursuant to a share swap agreement dated 26 January 2017 between shopper360 Malaysia, RKW and Koperasi Permodalan FELDA Malaysia Berhad ("KPF"), shopper360 Malaysia acquired all of the respective shareholding interests of RKW and KPF in Pos Ad for an aggregate consideration of RM33,900,000. The consideration was determined based on a willing buyer-willing seller basis, taking into account the net asset values of Pos Ad and its subsidiaries (namely, Shopperplus Sdn. Bhd. ("ShopperPlus") (formerly known as Shopwave Sdn.Bhd.), Jump Retail Sdn. Bhd. ("Jump Retail") and Gazelle Activation Sdn. Bhd. ("Gazelle Activation") (formerly known as Jump Licensing (M) Sdn. Bhd.) as at 31 May 2016, and assuming that Paragon Premium has been disposed of as at 31 May 2016. The consideration was satisfied by the allotment and issue of 172,890 and 166,110 new shares in the issued and paid-up share capital of shopper360 Malaysia ("shopper360 Malaysia Shares") to RKW and KPF respectively, at RM100 per shopper360 Malaysia Share.

Following the share swap, Pos Ad became a wholly-owned subsidiary of shopper360 Malaysia.

(e) **Acquisition of ShopperPlus, Jump Retail and Gazelle Activation by shopper360 Malaysia**

Pursuant to the restructuring exercise, shopper360 Malaysia acquired all the shareholding interests of Pos Ad in each of ShopperPlus, Jump Retail and Gazelle Activation for a nominal cash consideration of RM1.00 each. Following the acquisition, ShopperPlus, Jump Retail and Gazelle Activation became wholly-owned subsidiaries of shopper360 Malaysia.

(f) **Acquisition of Tristar Synergy Sdn. Bhd. ("Tristar Synergy") by shopper360 Malaysia**

Pursuant to a sale and purchase agreement dated 11 January 2017 between shopper360 Malaysia and Angelina Ooi, shopper360 Malaysia acquired the 51% shareholding interests of Angelina Ooi in Tristar Synergy in May 2017, for a consideration of RM2.95 million. The consideration was determined based on a willing buyer-willing seller basis, taking into account a premium over the net profit of RM2.5 million of Tristar Synergy for the financial year ended 31 May 2016. The consideration was satisfied by the allotment and issue of an aggregate of 29,500 new shopper360 Malaysia Shares at RM100 per shopper360 Malaysia Share to Angelina Ooi and two (2) individuals nominated.

Following such acquisition, Tristar Synergy became a wholly-owned subsidiary of shopper360 Malaysia.

(g) **Issuance of shares in shopper360 Malaysia**

On 17 May 2017, shopper360 Malaysia issued 13,000 new shopper360 Malaysia Shares at RM100 per share to its consultants ("Advisor") in consideration of the RM1.3 million professional fees payable to the Advisor under the mandate with the Advisor. Such shopper360 Malaysia Shares represent approximately 3.4% of the share capital of shopper360 Malaysia. The issue price of RM100 per shopper360 Malaysia Share is similar to the price at which new shopper360 Malaysia Shares were allotted and issued by shopper360 Malaysia in connection with its acquisition of subsidiaries within the Group pursuant to the Restructuring Exercise.

On 18 May 2017, shopper360 Malaysia issued an aggregate of 4,000 new shopper360 Malaysia Shares at RM100 per shopper360 Malaysia Share to the Executive Director and Executive Officers ("Management").

2 The Restructuring Exercise (Continued)

(h) **Acquisition of shopper360 Malaysia by the Company**

Pursuant to a sale and purchase agreement dated 19 May 2017 between the Company and the shareholders of shopper360 Malaysia, the "shopper360 Malaysia Shareholders", the Company acquired all the issued and paid-up share capital of shopper360 Malaysia for a consideration of RM36,773,746. The consideration was determined based on a willing buyer-willing seller basis, taking into account the net asset value of the shopper360 Malaysia and its subsidiaries as at 31 May 2016 and the issuance of shopper360 Malaysia Shares to the Advisor and the Management (as detailed in paragraph (g) above), and assuming that Paragon Premiums has been disposed of and shopper360 Malaysia has acquired 51% of Tristar Synergy. The consideration was satisfied by the allotment and issue of new shares to the shopper360 Malaysia Shareholders.

Following the completion of such acquisition on 8 June 2017, shopper360 Malaysia became a wholly-owned subsidiary of the Company.

3 Summary of significant accounting policies

(a) **Basis of preparation**

The financial statements of the Group are expressed in Ringgit Malaysia ("RM") except when otherwise indicated. The financial statements of the Group have been prepared in accordance with the provisions of the Companies Act and Financial Reporting Standards in Singapore ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

<u>Use of estimates and judgements</u>

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within next financial year are disclosed in Note 3(v) to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

3 **Summary of significant accounting policies** (Continued)

(a) **Basis of preparation** (Continued)

New and revised standards

In the current financial year, the Group has adopted all new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

From 1 June 2017, as a result of the amendments to FRS 7 Statement of Cash Flows (Disclosure Initiative), the Group has provided additional disclosure in relation to changes in liabilities from financing activities for the current financial year (Note 21).

The adoption of these new/revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting date but are not yet effective for the financial year ended 31 May 2018 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, except as disclosed as follows:

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("ASC") announced that Singapore incorporated companies listed on the Singapore Exchange ("SGX") or are in the process of issuing equity or debt instruments for trading on SGX, will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS Convergence), known as Singapore Financial Reporting Standards (International) ("SFRS(I)"), with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 May 2019 will be prepared in accordance with SFRS(I) issued by ASC. These financial statements will be the last set of financial statements prepared under the current FRS in Singapore.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. In addition to the adoption of the new framework, the Group will be adopting other new SFRS(I), amendments to standards and interpretations of SFRS(I) which are effective from the same date.

The Group does not expect the application of the new standards, amendments to standards and interpretations, and the IFRS Convergence to have significant impact on the financial statements except as set out below:

Application of SFRS(I) 1 and IFRS Convergence

When the Group adopts SFRS(I) in its 2019 financial statements, the Group will apply SFRS(I) 1 with 1 June 2017 as the date of transition for the Group and the Company.

3 **Summary of significant accounting policies** (Continued)

(a) **Basis of preparation** (Continued)

New and revised standards (Continued)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

Application of SFRS(I) 1 and IFRS Convergence (Continued)

SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. SFRS(I) 15 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group plans to adopt SFRS(I) 15 in its financial statements for the financial year ending 31 May 2019 using the full retrospective approach. As a result, the Group will apply the changes in accounting policies retrospectively to each reporting year presented.

Management has performed a preliminary impact assessment of applying the new standard on the Group's financial statements and does not expect the impact from the initial adoption of SFRS(I) 15 to be material.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 which replaces IAS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace IAS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 at the date of initial application in the opening retained earnings and reserves as at 1 June 2018.

3 **Summary of significant accounting policies** (Continued)

(a) **Basis of preparation** (Continued)

New and revised standards (Continued)

SFRS(I) 9 Financial Instruments

(i) *Classification and measurement*

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9:

- Loans and receivables that are currently accounted for at amortised cost are expected to continue to be measured at amortised cost.

- Unquoted equity securities currently classified as AFS but which is measured at cost under IAS 39 will be measured at fair value under SFRS(I) 9. The Group will present changes in fair value of these assets in OCI.

Upon the adoption of SFRS(I) 9, the Group expects to have no material financial impact to the opening retained earnings or other component of equity arising from the re-measurement of AFS unquoted equity securities from cost to fair value.

(ii) *Impairment*

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect a significant impact on the impairment allowance for its trade receivables for the financial year ended 31 May 2018.

The Group will adopt SFRS(I) 9 when it becomes effective in financial year ending 31 May 2019. The Group is currently finalising the computation of the impact and the quantum of the final transition adjustments, which may be different upon finalisation.

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing IAS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of SFRS(I) 16 and plans to adopt the standard on the required effective date.

3 **Summary of significant accounting policies** (Continued)

(b) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group 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.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(c) **Basis of preparation of financial statements**

Business combinations involving entities under common control

In 2017, the financial statements comprised the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations involving entities under common control were accounted for by applying the pooling of interest method.

The financial statements of the Group were prepared by applying the pooling of interest method as the Restructuring Exercise as described in Note 2 is a legal reorganisation of entities under common control. Under this method, the Company has been treated as the holding company of the subsidiaries for the financial years presented rather than from the completion of the Restructuring Exercise. Accordingly, the results of the Group included the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

Pursuant to this:

– Assets and liabilities are reflected at their existing carrying amounts;

– No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities;

– No additional goodwill is recognised as a result of the combination;

3 **Summary of significant accounting policies** (Continued)

(c) **Basis of preparation of financial statements** (Continued)

Business combinations involving entities under common control (Continued)

– Prior to the issue of shares by the Company in connection with the Restructuring Exercise, the aggregate equity of the subsidiaries held directly by the Company is shown as the Group's equity for financial years under review; and

– Upon the completion of the Restructuring Exercise, any difference between the consideration paid by the Company and the shares 'acquired' is reflected within the equity of the Group as merger reserve.

Business combinations using acquisition method

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 3(d). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

3 Summary of significant accounting policies (Continued)

(c) **Basis of preparation of financial statements** (Continued)

Business combinations using acquisition method (Continued)

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

(d) **Goodwill**

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3 **Summary of significant accounting policies** (Continued)

(e) **Property, plant and equipment**

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight line basis to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives. The estimated useful life, at the following annual rate are as follows:

Office equipment	20% – 33 1/3%
Furniture and fittings	20%
Motor vehicles	20%
Office renovation	20%

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(f) **Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

3 Summary of significant accounting policies (Continued)

(f) **Intangible assets (other than goodwill)** (Continued)

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development. Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses.

All research costs and development costs not eligible for capitalisation have been expensed and are recognised in 'Research and development' line item in profit or loss.

(ii) Club memberships

Club memberships were acquired separately and are amortised on a straight line basis over their finite useful lives of 51 to 84 years.

(g) **Impairment of non-financial assets excluding goodwill**

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

3 Summary of significant accounting policies (Continued)

(g) **Impairment of non-financial assets excluding goodwill** (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) **Financial assets**

Classification

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's financial assets are fair value through profit or loss, loans and receivables and available-for-sale.

Financial assets, at fair value through profit or loss

This category has two sub-categories: "financial assets held for trading", and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at initial recognition are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" (excluding GST receivables and prepayments) and "cash and cash equivalents" on the statements of financial position.

3 **Summary of significant accounting policies** (Continued)

(h) **Financial assets** (Continued)

Classification (Continued)

Financial assets, available-for-sale

Financial assets, available-for-sale include equity securities that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised as expenses.

Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including effects of currency translation, are recognised in profit or loss in the financial year in which the changes in fair values arise.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in fair value reserve/other comprehensive income, together with the related currency translation differences.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

3 **Summary of significant accounting policies** (Continued)

(h) **Financial assets** (Continued)

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

3 Summary of significant accounting policies (Continued)

(i) **Cash and cash equivalents**

For the purposes of presentation in the statements of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(j) **Financial liabilities**

Financial liabilities include trade and other payables and borrowings. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(k) **Provisions for other liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

(l) **Share capital**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(m) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

3 **Summary of significant accounting policies** (Continued)

(m) **Revenue recognition** (Continued)

Revenue from services

Revenue from services rendered is recognised net of discounts as and when the services are performed. The Group has 3 major business segments, with different revenue recognition processes for the respective revenue streams and varying contractual terms with the customers.

(i) *In-store advertising and digital marketing*

The Group secures media space from retail partners, installs and maintains in-store digital and non-digital advertising mediums for its customers. Revenue is recognised over the period of the advertisement.

(ii) *Field force management*

The Group provides manpower and manages the retail field force human resources functions for its customers. Revenue is recognised when services are rendered.

(iii) *Sampling activities and events management*

The Group organises and manages its customers' in-store sampling, promotional booths and events. Revenue is recognised when services are rendered.

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

3 Summary of significant accounting policies (Continued)

(n) **Leases**

When a Group entity is the lessee:

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The finance charges is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(o) **Employee benefits**

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and Employees Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(p) **Borrowing costs**

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

3 Summary of significant accounting policies (Continued)

(q) **Income taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

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

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

(r) **Foreign currencies**

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, Malaysia, which is the Group's principal place of business and operations. Ringgit Malaysia ("RM") is the currency that mainly influences sales prices for goods and services, labour, material and other costs of providing goods or services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services for Malaysia entities. Therefore, the management has determined that RM is the functional currency for the Malaysia entities in the Group. In view of the increased financial reliance of the Company on the operations of its Malaysia entities, the management also determined that RM is the functional currency of the Company. The financial statements of the Group and the Company are presented in Ringgit Malaysia.

3 Summary of significant accounting policies (Continued)

(r) **Foreign currencies** (Continued)

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

(s) **Dividend**

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

3 Summary of significant accounting policies (Continued)

(t) **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(u) **Discontinued operation**

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

(v) **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill and the carrying amount of the goodwill are given in Note 13 to the financial statements. The carrying amounts of property, plant and equipment and club memberships are disclosed respectively in Note 12 and Note 13 to the financial statements.

3 **Summary of significant accounting policies** (Continued)

(v) **Key sources of estimation uncertainty** (Continued)

(ii) Impairment of trade receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade receivables at the end of the reporting period is disclosed in Note 18 to the financial statements. If the present value of estimated future cash flows differ from management's estimates, the Group's allowance for impairment for trade receivables and the trade receivables balance at the end of the reporting period will be affected accordingly.

4 **Revenue**

	Group	
	2018	**2017**
	RM	**RM**
In-store advertising and digital marketing	**35,369,020**	34,416,115
Field force management	**91,031,439**	79,652,053
Sampling activities and events management	**15,976,159**	18,296,023
Others	**–**	87,949
	142,376,618	132,452,140

5 **Other income**

	Group	
	2018	**2017**
	RM	**RM**
Dividend income from available-for-sale financial assets	**–**	14,100
Gain on foreign exchange	**4,137**	–
Gain on disposal of property, plant and equipment	**–**	37,786
Gain on disposal of available-for-sale financial assets and reclassification from fair value reserve	**–**	455,130
Waiver of debt – third parties	**3,302**	–
Management fees	**–**	26,388
Interest income		
– bank	**233,649**	195,336
– others	**–**	32,138
Rental income	**5,200**	–
Miscellaneous income	**40,022**	57,756
	286,310	818,634

6 Finance costs

	Group	
	2018	2017
	RM	RM
Interest expense		
– finance leases	**6,488**	11,637
– others	**35,020**	32
	41,508	11,669

7 Profit before tax

	Group	
	2018	2017
	RM	RM
Profit before tax is arrived at after charging:		
Audit fees payable/paid to:		
– auditor of the Company	**207,775**	209,984
– other auditor *	**71,496**	63,000
Fees for non-audit services payable/paid to:		
– auditor of the Company	**2,432**	2,470
– other auditor *	**18,628**	16,800
Amortisation for club memberships	**8,279**	8,279
Bad debts written off	**10,011**	–
Commission	**1,157,136**	1,351,600
Depreciation of property, plant and equipment	**1,611,351**	1,564,283
Fee to professional advisor	**–**	1,300,000
Listing expenses	**–**	3,917,878
Loss on foreign exchange	**296,741**	280
Rental expense		
– third parties	**843,226**	829,513
– immediate and ultimate holding company	**614,400**	596,066
Staff costs (Note 8)	**95,566,430**	84,822,432
Supermarket fees	**4,344,199**	7,990,685
Printing and design	**1,281,103**	1,465,285
Property, plant and equipment written off	**23,011**	1,161

* Includes independent member firm of the Baker Tilly International network.

8 Staff costs

	Group	
	2018	2017
	RM	RM
Salaries, allowances, bonuses and commissions	**84,740,086**	75,369,628
Contributions to defined contribution plan	**9,661,307**	8,376,063
Other benefits	**1,165,037**	1,076,741
	95,566,430	84,822,432

9 Tax expense

	Group	
	2018 RM	2017 RM
Tax expense attributable to profits is made up of:		
Current income tax	**3,086,024**	4,377,669
Under/(over) provision of income tax in respect of previous financial years	**1,341,091**	(4,581)
Deferred tax (Note 22)		
– current year	**152,049**	30,077
– prior year	**(951,187)**	(183,472)
	3,627,977	4,219,693

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Malaysia statutory rate of income tax due to the following factors:

	Group	
	2018 RM	2017 RM
Profit/(loss) before tax from:		
Continuing operations	**9,340,762**	12,591,185
Discontinued operation	**–**	(1,419,855)
	9,340,762	11,171,330
Tax at domestic rates applicable to profit/(loss) in countries where the Group operates	**2,176,555**	2,971,250
Effect of tax incentive	**–**	(25,000)
Expenses not deductible for tax purposes	**475,729**	1,786,402
Income not subject to tax	**–**	(151,721)
Under/(over) provision of taxation in prior year	**1,341,091**	(4,581)
Over provision of deferred tax in prior year	**(951,187)**	(183,472)
Deferred tax assets not recognised	**585,789**	340,083
Utilisation of previously unrecognised deferred tax assets	**–**	(463,484)
Others	**–**	(49,784)
	3,627,977	4,219,693

The above tax reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The statutory income tax rate applicable to the Company is 17% (2017: 17%).

Pursuant to the relevant laws and regulations in Malaysia, the major subsidiaries of the Group incorporated in Malaysia are required to pay Malaysia corporate income tax at a rate of 24% (2017: 24%).

10 Discontinued operation

On 30 November 2016, the Group completed the disposal of Paragon Premiums Sdn. Bhd., following a strategic decision to restructure the Group's businesses. The statement of comprehensive income had been presented to show the discontinued operation separately from continuing operations.

An analysis of the results of discontinued operation is as follows:

	Note	Group 2017 RM
Revenue		2,334,680
Cost of sales		(1,979,990)
Gross profit		354,690
Other income		5,677
Administrative expenses		(1,748,861)
Finance costs		(31,361)
Loss before tax from discontinued operation	(a)	(1,419,855)
Tax expense		–
Loss from discontinued operation		(1,419,855)

The impact of the discontinued operation on the cash flows of the Group are as follows:

	Group 2017 RM
Operating cash flows	1,314,726
Investing cash flows	(8,055)
Financing cash flows	(2,010,944)
Net cash outflow	(704,273)

(a) Loss before tax from discontinued operation is arrived at after charging:

	Group 2017 RM
Depreciation of property, plant and equipment	10,381
Staff costs	341,092
Mould and set cost	441,270
Duty, transport and forwarding	249,828
Production cost	948,902
Royalty fees	120,852
Packaging and designing	32,751
Loss on disposal of a subsidiary	1,227,935

11 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data.

	Group	
	2018	**2017**
	RM	**RM**
Net profit attributable to equity holders of the Company	**6,010,468**	5,147,206
Weighted average number of ordinary shares for purpose of earnings per share	**114,400,000**	114,400,000[(1)]
Earnings per share (cents per share) – Basic and diluted	**5.25**	4.50
From continuing and discontinued operations		
Net profit attributable to equity holders of the Company	**6,010,468**	5,147,206
Add: Loss from discontinued operation	**–**	1,391,067
Earnings from continuing operations for the purpose of basic earnings per share	**6,010,468**	6,538,273
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	**114,400,000**	114,400,000[(1)]
Earnings/(loss) per share (cents per share) – Basic and diluted		
– Continuing operations	**5.25**	5.72
– Discontinued operation	**–**	(1.22)

Notes:

(1) In 2017, for comparative purposes, the earnings per share for the previous financial year have been computed based on the net profit attributable to equity holders of the Company and the Company's enlarged share capital of 114,400,000 shares, which assumed the following pursuant to the IPO had been completed as at the end of the previous financial year:

(a) issue of 385,599 shares pursuant to the Restructuring Exercise;

(b) sub-division of 385,600 shares in the issued share capital of the Company into 96,400,000 shares; and

(c) issue of 18,000,000 new shares

There were no dilutive equity instruments for 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

12 Property, plant and equipment

	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Office renovation RM	Capital work in progress RM	Total RM
Group						
2018						
Cost						
At 1.6.2017	4,898,867	2,061,664	1,476,145	2,515,473	–	10,952,149
Additions	626,496	106,418	5,007	31,744	–	769,665
Write-off	(1,022,380)	(100,699)	–	(45,118)	–	(1,168,197)
Currency translation differences	1,031	1,288	–	807	–	3,126
At 31.5.2018	**4,504,014**	**2,068,671**	**1,481,152**	**2,502,906**	**–**	**10,556,743**
Accumulated depreciation						
At 1.6.2017	3,393,090	471,957	1,013,061	451,841	–	5,329,949
Depreciation charge	535,586	398,491	164,519	512,755	–	1,611,351
Write-off	(1,002,477)	(97,591)	–	(45,118)	–	(1,145,186)
Currency translation differences	38	33	–	22	–	93
At 31.5.2018	**2,926,237**	**772,890**	**1,177,580**	**919,500**	**–**	**5,796,207**
Net carrying value						
At 31.5.2018	**1,577,777**	**1,295,781**	**303,572**	**1,583,406**	**–**	**4,760,536**
2017						
Cost						
At 1.6.2016	4,846,489	226,047	1,781,239	175,493	2,850,320	9,879,588
Additions	583,098	506,070	193,595	520,659	408,672	2,212,094
Disposals	(274,462)	–	(491,299)	–	–	(765,761)
Disposal of a subsidiary	(178,013)	–	–	(38,845)	–	(216,858)
Write-off	(149,524)	–	(7,390)	–	–	(156,914)
Transfer	71,279	1,329,547	–	1,858,166	(3,258,992)	–
At 31.5.2017	4,898,867	2,061,664	1,476,145	2,515,473	–	10,952,149
Accumulated depreciation						
At 1.6.2016	3,306,659	144,439	1,071,713	25,053	–	4,547,864
Depreciation charge	602,563	327,518	210,467	434,116	–	1,574,664
Disposals	(223,833)	–	(261,729)	–	–	(485,562)
Disposal of a subsidiary	(143,936)	–	–	(7,328)	–	(151,264)
Write-off	(148,363)	–	(7,390)	–	–	(155,753)
At 31.5.2017	3,393,090	471,957	1,013,061	451,841	–	5,329,949
Net carrying value						
At 31.5.2017	1,505,777	1,589,707	463,084	2,063,632	–	5,622,200

12 Property, plant and equipment (Continued)

Assets held under finance leases

The net carrying value of motor vehicles held under finance lease agreements at the end of the reporting period were RM96,666 (2017: RM152,421) (Note 21).

Leased assets are pledged as security for the related finance lease liabilities.

13 Intangible assets

	Goodwill RM	Club memberships RM	Total RM
Group			
2018			
Cost			
At 1.6.2017 and 31.5.2018	**2,007,651**	**583,997**	**2,591,648**
Accumulated amortisation			
At 1.6.2017	–	85,423	85,423
Amortisation	–	8,279	8,279
At 31.5.2018	**–**	**93,702**	**93,702**
Net carrying value			
At 31.5.2018	**2,007,651**	**490,295**	**2,497,946**
2017			
Cost			
At 1.6.2016 and 31.5.2017	2,007,651	583,997	2,591,648
Accumulated amortisation			
At 1.6.2016	–	77,144	77,144
Amortisation	–	8,279	8,279
At 31.5.2017	–	85,423	85,423
Net carrying value			
At 31.5.2017	2,007,651	498,574	2,506,225

Amortisation expense

The amortisation of club memberships is included in the "Administrative expenses" line items in profit or loss respectively.

Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to a cash-generating unit (CGU), which is also the reportable operating segment, for impairment testing.

13 Intangible assets (Continued)

Amortisation expense (Continued)

Impairment testing of goodwill (Continued)

The carrying amount of goodwill allocated to the CGU is as follows:

	Group 2018 RM	Group 2017 RM
Sampling activities and events management – Tristar Synergy Sdn. Bhd.	**2,007,651**	2,007,651

Key assumptions used in value-in-use calculation

The recoverable amount of the CGU is determined from value-in-use calculation. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and gross margins during the period. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are estimated based on secured and expected orders. Changes in gross margins are estimated based on past performances and expected trends and developments in the market.

The Group's value-in-use calculation was computed based on the cash flow forecasts derived from the most recent financial budgets approved by management covering a three-year period. Estimated growth rate for extrapolation of cash flows beyond the three-year period was assumed to be Nil (2017: Nil).

Revenue is estimated to grow at the average rate of 19% (2017: 11%) for the three-year period. The rate used to discount the forecast cash flows from the Group's sampling activities and events management segment is 19.2% (2017: 23.3%). Gross margins are estimated based on past performances.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the sampling activities and events management segment, management believes that the change in the estimated recoverable amount from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amount to be materially lower than the carrying value of the CGU.

14 Investment in subsidiaries

	Company 2018 RM	Company 2017 RM
Unquoted equity shares, at cost		
Balance at beginning of the financial year	**–**	–
Pursuant to the Restructuring Exercise	**36,773,746**	–
Incorporation of subsidiaries	**118,083**	–
Balance at end of the financial year	**36,891,829**	4,219,693

14 Investment in subsidiaries (Continued)

(a) Details of subsidiaries held by the Company are:

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest 2018 %	2017 %
Held by the Company				
shopper360 Sdn. Bhd.[(1)]	Malaysia	Investment holding	**100**	100
ShopperPlus Myanmar Co., Ltd[(2)]	Myanmar	Providing advertising media, project management, outsourcing manpower to provide digital imaging training, subletting of property and related services and retail specialist in field operations management	**60**	–
ShopperPlus Singapore Pte Ltd[(2)]	Singapore	Providing advertising media, project management, outsourcing manpower to provide digital imaging training, subletting of property and related services and retail specialist in field operations management	**100**	–
Held by shopper360 Sdn. Bhd.				
Pos Ad Sdn. Bhd.[(1)]	Malaysia	Providing advertising media services	**100**	100
Jump Retail Sdn. Bhd.[(1)]	Malaysia	Retail specialist in filed operations management	**100**	100
Gazelle Activation Sdn. Bhd.[(1)]	Malaysia	Providing project management, outsourcing manpower to provide digital imaging training, subletting of property and related services	**100**	100
ShopperPlus Sdn. Bhd.[(1)]	Malaysia	Providing digital mobile marketing solutions and services	**100**	100
Tristar Synergy Sdn. Bhd.[(1)]	Malaysia	Provide project management, outsourcing manpower to provide digital imaging training, subletting of property and related services	**100**	100
Retail Galaxy Sdn. Bhd.[(1)]	Malaysia	Retail specialist in filed operations management	**100**	–

(1) Audited by independent member firm of Baker Tilly International.

(2) Not required to be audited in the country of incorporation. Exempted from audit in 2018 as company is dormant during the financial year.

14 Investment in subsidiaries (Continued)

(a) Details of subsidiaries held by the Company are: (Continued)

a) During the financial year, the Company together with a third party incorporated a subsidiary known as ShopperPlus Myanmar Co., Ltd with an issued and paid-up capital of RM196,800 (equivalent to USD50,000) comprising 50,000 shares of USD1 each. The Company subscribed for 30,000 shares in the subsidiary for RM118,080 (equivalent to USD30,000) for cash.

b) During the financial year, the Company incorporated a subsidiary known as ShopperPlus Singapore Pte. Ltd. with a registered capital of RM3 (equivalent to SGD 1).

For the financial year ended 31 May 2017, the financial results of the subsidiaries were with the Company on the basis that the Group is a continuation of the existing businesses of the subsidiaries under common control.

(b) **Summarised financial information of subsidiaries with material non-controlling interests ("NCI")**

The Group has the following subsidiary that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI
31 May 2018		
ShopperPlus Myanmar Co., Ltd	Myanmar	40%

The following are the summarised financial information of the Group's subsidiary with NCI that are considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised Statement of Financial Position

	ShopperPlus Myanmar Co., Ltd 2018 RM
Non-current assets	117,069
Current assets	282,956
Non-current liabilities	–
Current liabilities	(957,023)
Net liabilities	**(556,998)**
Net liabilities attributable to NCI	**(222,799)**

14 Investment in subsidiaries (Continued)

(b) **Summarised financial information of subsidiaries with material non-controlling interests ("NCI")** (Continued)

Summarised Statement of Comprehensive Income

	ShopperPlus Myanmar Co., Ltd 2018 RM
Revenue	285,145
Loss before tax	(744,208)
Income tax expense	–
Loss after tax	(744,208)
Other comprehensive losses	(9,589)
Total comprehensive loss	(753,797)
Loss allocated to NCI	(301,519)

Summarised Cash Flows

	ShopperPlus Myanmar Co., Ltd 2018 RM
Cash flows used in operating activities	(170,352)
Cash flow used in investing activity	(123,069)
Cash flows from financing activities	358,163
Net increase in cash and cash equivalents	64,742

15 Available-for-sale financial assets

	Group 2018 RM	Group 2017 RM
Unquoted equity shares, at cost	1,100,000	–

The investment in unquoted equity investments represents 11% unquoted equity interest in Instanture Holdings Sdn. Bhd., a company incorporated in Malaysia. The cost approximates its fair value as at year end.

16 Financial assets at fair value through profit or loss

	Group 2018 RM	Group 2017 RM
Held for trading		
Investments in short-term fund investments, at fair value	**14,707**	24,231

The investments are short-term fixed income funds issued by a licensed financial institution in Malaysia.

17 Trade and other receivables

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-current				
Staff loan	**176,560**	200,036	**–**	–
Current				
Trade receivables				
– Third parties	**30,136,727**	31,571,994	**–**	–
– Subsidiary	**–**	–	**1,161,524**	–
Accrued income	**7,851,593**	5,791,295	**–**	–
Deposits	**484,566**	416,787	**–**	–
Deferred expenditure	**–**	538,935	**–**	538,935
Prepayments	**1,779,253**	917,371	**49,217**	–
Staff loan	**308,543**	313,974	**–**	–
Sundry receivables	**133,168**	642,607	**13,635**	–
Amounts due from subsidiaries	**–**	–	**8,154,249**	–
	40,693,850	40,192,963	**9,378,625**	538,935
	40,870,410	40,392,999	**9,378,625**	538,935

Impairment loss on trade receivables recognised as an expense amounted to RM10,011 (2017: RMNil).

Amounts due from subsidiaries are unsecured, non-trade in nature, interest-free and repayable on demand.

Staff loan

The fair value of the staff loan approximates its respective carrying value computed based on cash flows discounted at market borrowing rate for similar financial assets at the end of the reporting period. This fair values measurement are categorised within Level 3 of the fair value hierarchy.

18 Cash and cash equivalents

	Group 2018 RM	2017 RM	Company 2018 RM	2017 RM
Bank and cash balances	**15,508,002**	7,188,886	**1,482,512**	3
Short term cash investments with fund management company	**3,518,234**	323,000	**–**	–
Cash and cash equivalents	**19,026,236**	7,511,886	**1,482,512**	3

The short term cash investments represent investments in money market instruments. Interest received from the investments is exempted from tax. Short term cash investments are highly liquid which have an insignificant risk of changes in value which bore effective interest rates at the end of the reporting period ranging from 2.73% to 4.11% (2017: 2.73% to 4.11%) per annum.

19 Share capital

	Group			
	Number of issued shares		Issued share capital	
	2018	2017	2018 RM	2017 RM
Issued and paid up:				
At the beginning of the year[2]	**385,601**	14,670,100	**38,550,103**	14,670,100
Incorporation of Company	**–**	1	**–**	3
Adjustment pursuant to the share split	**96,014,400**	–	**–**	–
Adjustment pursuant to the Restructuring Exercise	**(385,600)**	(14,670,000)	**(38,550,100)**	(14,670,000)
Issue of shares for:				
– pursuant to the Restructuring Exercise	**385,599**	339,000	**36,773,746**	33,900,000
– acquisition of remaining interest in a subsidiary	**–**	29,500	**–**	2,950,000
– fee to professional advisor	**–**	13,000	**–**	1,300,000
– executive director and executive officers	**–**	4,000	**–**	400,000
– pursuant to the IPO[1]	**18,000,000**	–	**16,182,000**	–
– capitalisation of share issue expenses	**–**	–	**(1,105,305)**	–
At the end of the year	**114,400,000**	385,601	**51,850,444**	38,550,103

19 Share capital (Continued)

	Company			
	Number of issued shares		Issued share capital	
	2018	2017	2018 RM	2017 RM
Issued and paid up:				
At the beginning of the year[(2)]	**1**	–	**3**	–
Incorporation of Company	**–**	1	**–**	3
Issue of shares	**114,399,999**	–	**51,850,441**	–
At the end of the year	**114,400,000**	1	**51,850,444**	3

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

(1) During the financial year, a total of 18,000,000 new shares were offered to the public at SGD 0.29 (equivalent to RM 0.899) per share.

(2) The Company was incorporated on 27 December 2016. Accordingly, the share capital in the statements of financial position as at the end of the previous financial year related to the aggregate amounts of the paid up capital of the Company and the subsidiary, shopper360 Sdn. Bhd.

20 Reserves

(a) **Fair value reserve**

	Group	
	2018 RM	2017 RM
Balance at beginning of year	**–**	98,809
Fair value changes of available-for-sale financial assets	**–**	198,095
Deferred tax (Note 22)	**–**	(55,696)
Reclassification to profit and loss	**–**	(241,208)
Balance at end of year	**–**	–

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

(b) **Capital reserve**

Capital reserve represents the premium paid for acquisition of non-controlling interest in its subsidiary, Tristar Synergy Sdn. Bhd..

(c) **Merger reserve**

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiary acquired under common control.

In prior year, merger reserve represented the difference between the nominal values of the share capital of shopper360 Sdn. Bhd. and Pos Ad Sdn. Bhd., pursuant to the share swap agreement as disclosed in Note 2(d).

21 Borrowings

Finance lease liabilities

	Group 2018 Minimum lease payments RM	Group 2018 Present value RM	Group 2017 Minimum lease payments RM	Group 2017 Present value RM
Not later than one financial year	**45,142**	**43,039**	84,180	77,581
Later than one financial year but not later than five financial years	**20,523**	**19,611**	65,554	62,650
Total minimum lease payments	**65,665**	**62,650**	149,734	140,231
Less: Future finance charges	**(3,015)**	**–**	(9,503)	–
Present value of finance lease liabilities	**62,650**	**62,650**	140,231	140,231
Representing finance lease liabilities:				
Current	**43,039**	**–**	77,581	–
Non-current	**19,611**	**–**	62,650	–
	62,650	**–**	140,231	–
Effective interest rate	**4.63%**	**–**	5.98%	–

The net carrying value of motor vehicles acquired under finance lease agreements are disclosed in Note 12.

Based on the discounted cash flow analysis using market interest rates for similar finance lease agreements at the end of the reporting period, the fair values of finance lease liabilities at the end of the reporting period approximate their carrying amounts as the market interest rate at the end of the reporting period is close to the effective interest rate of the Group's existing finance lease liabilities. This fair value measurement for disclosures purpose is categorised in Level 3 of the fair value hierarchy.

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

	Dividends payable RM	Amount due to immediate and ultimate holding company RM	Amount due to non-controlling interest RM	Amount due to a key management personnel RM	Finance lease liabilities RM
Balance at 1 June 2017	7,565,000	184,652	–	–	140,231
Changes from financing cash flows:					
– Proceeds	–	–	42,514	2,000,000	–
– Repayments	(8,697,145)	(122,420)	–	(2,007,960)	(77,581)
– Interest paid	–	–	–	(35,020)	(6,488)
Non-cash changes:					
– Interest expense	–	–	–	35,020	6,488
Dividends	1,132,145	–	–	–	–
Others	–	(7,960)	38,091	7,960	–
Balance at 31 May 2018	–	54,272	80,605	–	62,650

22 Deferred tax (assets)/liabilities

	Group	
	2018 RM	2017 RM
Deferred tax assets	**(735,120)**	–
Deferred tax liabilities	**52,988**	117,006
	(682,132)	117,006
Balance at beginning of the year	**117,006**	235,716
Disposal of a subsidiary	**–**	(21,011)
Tax (credited)/charged to		
– Profit or loss (Note 9)	**(799,138)**	(153,395)
– Other comprehensive income (Note 20)	**–**	55,696
Balance at end of the year	**(682,132)**	117,006

The following are the major deferred tax (assets)/liabilities recognised by the Group and the movements thereon, during the current and prior reporting periods.

	Property, plant and equipment RM	Deferred income RM	Fair value gain RM	Others RM	Total RM
Group					
Balance at beginning of the year	276,460	–	(55,696)	14,952	235,716
Disposal of a subsidiary	(6,059)	–	–	(14,952)	(21,011)
Charge to other comprehensive income for the year	–	–	55,696	–	55,696
Credit to profit or loss for the year	(153,395)	–	–	–	(153,395)
Balance at beginning of the year	117,006	–	–	–	117,006
Credit to profit or loss for the year	(109,361)	(689,777)	–	–	(799,138)
Balance at end of the year	**7,645**	**(689,777)**	**–**	**–**	**(682,132)**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2018 RM	2017 RM
Tax losses	**6,500,000**	5,900,000
Property, plant and equipment	**94,000**	209,000
Deferred income	**1,390,000**	–

No deferred tax asset has been recognised as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

23 Trade and other payables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables	**4,488,742**	4,437,775	**–**	–
Other payables	**3,815,719**	4,210,017	**–**	2,397,517
Deposits	**824,175**	941,363	**–**	–
Deferred income	**4,321,448**	4,051,994	**–**	–
Dividends payable (Note 24)	**–**	7,565,000	**–**	–
Accrued operating expenses	**7,867,452**	7,325,281	**282,058**	905,471
Amount due to immediate and ultimate holding company	**54,272**	184,652	**–**	–
Amount due to a subsidiary	**–**	–	**71,823**	1,380,671
Amount due to non- controlling interest	**80,605**	–	**–**	–
	21,452,413	28,716,082	**353,881**	4,683,659

The amounts due to immediate and ultimate holding company and subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

24 Dividends paid/payable

	Group	
	2018 RM	2017 RM
Ordinary dividends:		
shopper360 Limited		
Final single tier tax exempted dividend of SGD0.003 per share, on the 114,400,000 ordinary shares, was declared on 26 September 2017 and paid on 13 October 2017	**1,132,145**	–
Pos Ad Sdn. Bhd.		
Interim single tier tax exempt dividend of RM0.41 per share, on the 14,670,000 ordinary shares, was declared on 22 August 2016 and paid on 17 November 2016	**–**	6,014,700
shopper360 Sdn. Bhd.		
Interim single tier tax exempt dividend of RM8.85 per share, on the 339,100 ordinary shares, was declared on 2 May 2017 and paid on 5 May 2017	**–**	3,000,000
Interim single tier tax exempt dividend of RM20.05 per share, on the 339,100 ordinary shares, was declared on 25 May 2017 and included in dividend payable (Note 23), subsequently paid on 23 June 2017	**–**	6,800,000
Dividends paid/payable to equity holders of the Group	**1,132,145**	15,814,700

24 Dividends paid/payable (Continued)

	Group 2018 RM	Group 2017 RM
Ordinary dividends: (Continued)		
Tristar Synergy Sdn. Bhd.		
Interim single tier tax exempt dividend of RM10.00 per share, on the 51,000 ordinary shares, was declared on 31 October 2016 and paid on 17 November 2016	–	510,000
Interim single tier tax exempt dividend of RM15.00 per share, on the 51,000 ordinary shares, was declared on 31 March 2017 and paid on 28 April 2017	–	765,000
Interim single tier tax exempt dividend of RM15.00 per share, on the 51,000 ordinary shares, was declared on 3 April 2017 and included in dividend payable (Note 23), subsequently paid on 22 June 2017	–	765,000
Dividends paid/payable to non-controlling interest	–	2,040,000

25 Related party transactions

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group 2018 RM	Group 2017 RM
With key management personnel-related companies		
Sales	–	9,350
Management fees	–	(25,500)
Purchase of goods	–	(14,427)
With close family members of a key management personnel		
Rental expenses	**(123,600)**	(127,200)
Interest charge	**(16,724)**	–
With director-related company		
Disposal of a subsidiary	–	1,500
With immediate and ultimate holding company		
Handling fee income	–	4,287
Interest charges	**(18,297)**	–
Rental expenses	**(614,400)**	(596,066)
Disposal of a subsidiary	–	126,000
Acquisition of a subsidiary	–	(33,900,000)
Dividends	**(394,306)**	(17,854,700)

25 Related party transactions (Continued)

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned: (Continued)

	Group	
	2018	**2017**
	RM	**RM**
With related company		
Management fees	–	88,837
Purchase of office equipment	–	(8,009)
Interest received	–	31,361
Handling fees	–	2,646

Related company refers to an entity controlled by the immediate and ultimate holding company.

Key management personnel-related companies are companies controlled by a key management personnel of the Group.

Director-related company is a company in which a controlling shareholder/director of the Company has significant influence.

(b) **Key management personnel compensation**

Total key management personnel compensation is analysed as follows:

	Group	
	2018	**2017**
	RM	**RM**
Salaries, allowances, bonuses	**3,830,494**	2,037,756
Contributions to defined contribution plan	**563,522**	352,960
Fees and other benefits	**340,481**	5,584
Benefit in kind	**50,477**	53,562
	4,784,974	2,449,862

26 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the reporting date are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Financial assets				
Available-for-sale financial assets, at cost	**1,100,000**	–	**–**	–
Financial assets at fair value through profit or loss	**14,707**	24,231	**–**	–
Loans and receivables (including cash and cash equivalents)	**58,047,269**	46,379,953	**10,811,919**	3
	59,161,976	46,404,184	**10,811,919**	3
Financial liabilities				
At amortised cost	**16,552,336**	24,180,497	**353,881**	4,683,659

(b) Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, liquidity risk and market price risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

<u>Foreign currency risk</u>

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly United States Dollar (USD), and Singapore Dollar (SGD).

26 Financial instruments (Continued)

(b) **Financial risk management** (Continued)

Foreign currency risk (Continued)

At the end of the reporting period, the Group and Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management:

Denominated in:	**USD RM**	**SGD RM**
Group		
2018		
Trade and other receivables	–	235,877
Cash and cash equivalents	89,267	1,513,232
Trade and other payables	–	(282,057)
Net financial assets denominated in foreign currencies	**89,267**	**1,467,052**
2017		
Cash and cash equivalents	40,731	32,289
Trade and other payables	–	(3,018,233)
Net financial assets/(liabilities) denominated in foreign currencies	40,731	(2,985,944)
Company		
2018		
Trade and other receivable	–	13,635
Cash and cash equivalents	–	1,482,512
Trade and other payables	–	(282,057)
Net financial assets denominated in foreign currencies	**–**	**1,214,090**
2017		
Trade and other payables	–	(4,132,359)

26 Financial instruments (Continued)

(b) **Financial risk management** (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's profit after tax and other comprehensive income:

	Group Increase/(decrease) 2018 Profit after tax RM	2018 Other comprehensive income RM	2017 Profit after tax RM	2017 Other comprehensive income RM
USD against RM				
– strengthened 10%	**6,784**	**–**	3,096	–
– weakened 10%	**(6,784)**	**–**	(3,096)	–
SGD against RM				
– strengthened 10%	**119,995**	**–**	(226,932)	–
– weakened 10%	**(119,995)**	**–**	226,932	–

Company

If the SGD exchange rate against RM strengthened/weakened by 10% with all other variables held constant, the Company's loss after tax will be higher/lower by approximately RM101,000 (2017: RM343,000).

Interest rate risk

The Group's exposure to interest rate risk arises primarily from their borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Borrowings at fixed rates expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates). The Group does not utilise derivatives to hedge its interest rate. As the Group has no significant interest-bearing assets and liabilities, the Group's income and expense are substantially independent of changes in market interest rates.

The sensitivity analysis for interest rate is not disclosed as the effect on the Group's profit or loss is not significant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by the management.

26 Financial instruments (Continued)

(b) **Financial risk management** (Continued)

Credit risk (Continued)

As at the end of the reporting period, the Group's trade receivables are all due from debtors located in Malaysia. The Group's trade receivables comprise 2 debtors (2017: 2 debtors) that individually represented 12% to 35% (2017: 15% to 30%) of the trade receivables excluding accrued income.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are substantially with corporate debtors with good collection track record with the Group. Cash and cash equivalents, investment securities and short-term fund investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The table below is an ageing analysis of trade receivables of the Group:

	Group	
	2018 RM	2017 RM
Not past due and not impaired	**21,712,769**	17,928,048
Past due but not impaired	**8,423,958**	13,643,946
	30,136,727	31,571,994

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2018 RM	2017 RM
Past due < 30 days	**5,603,375**	9,440,536
Past due 31 to 60 days	**1,486,416**	2,246,599
Past due 61 to 90 days	**12,546**	667,958
Past due over 90 days	**1,321,621**	1,288,853
	8,423,958	13,643,946

Other than as disclosed in Note 17, the Group has no receivables that are impaired at the reporting date.

26 Financial instruments (Continued)

(b) **Financial risk management** (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. In managing its liquidity, management monitors and reviews the Group's and the Company's forecasts of liquidity reserves (comprise cash and cash equivalents and available credit facilities) based on expected cash flows of the respective operating companies of the Group.

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Repayable on demand or within 1 year RM	Within 2 to 5 years RM	Total RM
Group			
2018			
Trade and other payables	16,489,686	–	16,489,686
Borrowings	45,142	20,523	65,665
	16,534,828	**20,523**	**16,555,351**
2017			
Trade and other payables	24,040,266	–	24,040,266
Borrowings	84,180	65,554	149,734
	24,124,446	65,554	24,190,000
Company			
2018			
Trade and other payables	**353,881**	**–**	**353,881**
2017			
Trade and other payables	4,683,659	–	4,683,659

27 Fair values of assets and liabilities

(a) **Fair value hierarchy**

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There has been no transfer between Level 1, Level 2 and Level 3 during the financial years ended 31 May 2018 and 31 May 2017.

(b) **Fair value measurements of assets and liabilities that are measured at fair value**

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position at the end of the reporting periods:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Recurring fair value measurements				
Group				
2018				
Financial assets				
Financial assets at fair value through profit or loss	**14,707**	**–**	**–**	**14,707**
2017				
Financial assets				
Financial assets at fair value through profit or loss	24,231	–	–	24,231

(c) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments, or fixed rate instruments whereby the fixed rates approximate market interest rates on or near the end of the reporting period.

27 Fair values of assets and liabilities (Continued)

(d) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Short-term fund investments

The fair values of financial instruments traded in active markets (such as investment in short-term fund investments) are based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

Non-current staff loan and borrowings

The basis of determining fair values for disclosure at the end of the reporting period is disclosed in Notes 17 and 21 respectively.

(e) Movements in Level 3 assets and liabilities measured at fair value

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements:

	Group 2017 RM
Contingent consideration	
Balance at beginning of financial year	1,000,000
Payment made	(1,000,000)
Balance at end of financial year	–

28 Segment information

The Group is organised into business units based on its business segments purposes. The reportable segments are in-store advertising and digital marketing, field force management, sampling activities and events management and investment holding which are described below. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

(a) In-store advertising and digital marketing segment provides digital and non-digital in-store advertising mediums in retail chains establishment to its clients. In addition, this segment also provides creative campaign development and mobile marketing services through its proprietary loyalty mobile application platform.

(b) Field force management segment provides merchandiser, sales force and supervisory, and talent management services.

(c) Sampling activities and events management segment provides in-store promoter services such as sampling and events management for product launches, roadshows, seminars and annual dinners. This segment also provides marketing programmes, marketing intelligence and analysis and consumer relationship management services.

28 Segment information (Continued)

(d) Investment holding segment provides management and corporate services to its subsidiaries. It also derives dividend from its subsidiaries.

On 30 November 2016, the Group discontinued the operation of a subsidiary, Paragon Premiums Sdn. Bhd. and presented its operating results separately from the reportable segment.

The segment information provided to management for the reportable segments are as follows:

	In-store advertising and digital marketing RM	Field Force Management RM	Sampling activities and events management RM	Investment holding RM	Others RM	Eliminations RM	Consolidation total RM
2018							
Segment revenue							
Sales to external customers	35,369,020	91,031,439	15,976,159	–	–	–	142,376,618
Intersegment sales	–	49,852	1,452,055	8,614,208	–	(10,116,115)	–
Total revenue	35,369,020	91,081,291	17,428,214	8,614,208	–	(10,116,115)	142,376,618
Tax expense	1,475,556	1,586,175	462,655	103,591	–	–	3,627,977
Segment profit/(loss)	1,699,888	4,241,427	374,504	(603,034)	–	–	5,712,785
Other significant non-cash expense:							
Depreciation and amortisation	851,198	377,871	190,927	199,634	–	–	1,619,630
Property, plant and equipment written off	14,142	5,483	3,382	4	–	–	23,011
	865,340	383,354	194,309	199,638	–	–	1,642,641
Assets and liabilities:							
Total segment assets	32,813,689	29,462,576	11,842,826	98,310,653	–	(102,242,362)	70,187,382
Segment assets include:							
Additions to non-current assets	337,672	153,144	203,344	75,505	–	–	769,665
Total segment liabilities	(16,166,686)	(13,415,174)	(8,363,025)	(11,755,297)	–	27,523,073	(22,177,109)

28 Segment information (Continued)

The segment information provided to management for the reportable segments are as follows: (Continued)

	In-store advertising and digital marketing RM	Field Force Management RM	Sampling activities and events management RM	Investment holding RM	Others RM	Eliminations RM	Consolidation total RM
2017							
Segment revenue							
Sales to external customers	34,416,115	79,652,053	18,296,023	87,949	–	–	132,452,140
Intersegment sales	134,963	34,327	132,556	4,467,778	–	(4,769,624)	–
Total revenue	34,551,078	79,686,380	18,428,579	4,555,727	–	(4,769,624)	132,452,140
Tax expense	1,859,577	896,664	1,295,622	167,830	–	–	4,219,693
Segment profit/(loss) – continuing operations	6,228,527	4,274,405	3,464,778	(5,591,732)	(4,487)	–	8,371,491
Loss from discontinued operation	–	–	–	–	–	–	(1,419,855)
							6,951,636
Other significant non-cash expense:							
– Depreciation and amortisation	808,895	435,571	188,996	139,100	–	–	1,572,562
– Property, plant and equipment written off	1,156	–	–	5	–	–	1,161
– Fee to professional advisor	–	–	–	1,300,000	–	–	1,300,000
	810,051	435,571	188,996	1,439,105	–	–	2,873,723
Assets and liabilities							
Total segment assets	37,486,614	24,784,950	7,840,206	52,687,461	78,880	(65,212,830)	57,665,281
Segment assets include:							
Additions to non-current assets	1,003,194	599,695	153,371	444,947	–	–	2,201,207
Total segment liabilities	(21,996,211)	(12,218,617)	(4,712,469)	(17,740,688)	(83,364)	27,369,875	(29,381,474)

Segment results

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Sales between operating segments are on terms agreed by the group companies concerned.

28 Segment information (Continued)

Segment assets

The amounts provided to the Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to Management with respect total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments.

Geographical information

The Group's revenue from external customers are derived substantially from customers in Malaysia. The non-current assets of the Group are substantially located in Malaysia.

Information about major customers

Revenue of approximately RM71,890,833 (2017: RM66,984,545) are derived from 3 (2017: 3) major external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		Group	
	Attributable segments	**2018**	**2017**
		RM	**RM**
Customer 1	In-store advertising and digital marketing	**4,898,732**	5,404,878
	Field force management	**11,387,642**	12,114,644
	Sampling activities and events management	**13,487,999**	17,402,655
Customer 2	Field force management	**25,871,301**	16,798,598
Customer 3	Field force management	**16,245,159**	15,263,770
		71,890,833	66,984,545

29 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital structure of the Group mainly consists of equity and borrowings and the Group's overall strategy remains unchanged from financial year ended 31 May 2017.

The Group is in compliance with all externally imposed capital requirements for the financial year ended 31 May 2018 and 2017.

30 Comparative figures

Group

The combined financial statements of the Group for the year ended 31 May 2017 was prepared based on merger accounting method as if the Group, which is ultimately controlled collectively by the common shareholders both before and after the Restructuring Exercise, has been in existence prior to the Restructuring Exercise.

Company

In 2017, the financial statements of the Company covered the financial period since incorporation on 27 December 2016 to 31 May 2017. In 2018, the financial statements of the Company cover the financial year from 1 June 2017 to 31 May 2018.

31 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2018 were authorised for issue in accordance with a resolution of the directors dated 3 September 2018.

STATISTICS OF **SHAREHOLDINGS**

AS AT 17 AUGUST 2018

NUMBER OF ISSUED SHARES	:	114,400,000
ISSUED AND FULLY PAID-UP CAPITAL	:	RM51,850,444
NUMBER OF TREASURY SHARES	:	NIL
NUMBER OF SUBSIDIARY HOLDINGS	:	NIL
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 – 99	0	0.00	0	0.00
100 – 1,000	8	6.56	4,600	0.00
1,001 – 10,000	23	18.85	152,700	0.13
10,001 – 1,000,000	77	63.11	8,803,300	7.70
1,000,001 and above	14	11.48	105,439,400	92.17
TOTAL	**122**	**100.0**	**114,400,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(as shown in the Company's Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SUBSTANTIAL SHAREHOLDER	NO. OF SHARES	%	NO. OF SHARES	%
REKAWEB.COM SDN BHD[(1)]	43,235,250	37.79		
KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	23,307,750	20.29		
YAP PHAIK KWAI[(2)]	–	–	43,235,250	37.79

Notes:

(1) Of the 43,235,250 Shares, 21,617,625 Shares are held through a nominee, HSBC (Singapore) Nominees Pte Ltd.

(2) Yap Phaik Kwai holds 74.5% of issued share capital of Rekaweb.Com Sdn. Bhd. ("**RKW**") and is deemed interested in the Shares held by RKW by virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 17 August 2018, approximately 34.53% of the issued ordinary shares of the Company was held by the public as defined in the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). Therefore, the Company has complied with Rule 723 of the Catalist Rules.

STATISTICS OF **SHAREHOLDINGS**

AS AT 17 AUGUST 2018

TOP TWENTY SHAREHOLDERS AS AT 17 AUGUST 2018

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1)	HSBC (SINGAPORE) NOMINEES PTE LTD	24,402,125	21.33
2)	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	23,207,750	20.29
3)	REKAWEB.COM SDN BHD	21,617,625	18.90
4)	RAFFLES NOMINEES (PTE) LTD	8,599,800	7.52
5)	UOB KAY HIAN PTE LTD	6,935,200	6.06
6)	DB NOMINEES (S) PTE LTD	3,492,100	3.05
7)	PHILLIP SECURITIES PTE LTD	2,936,300	2.57
8)	ANGELINA OOI GAIK CHENG	2,475,000	2.16
9)	CHOOT EWE HIN	2,450,000	2.14
10)	OOI LOON KUM	2,450,000	2.14
11)	LEE CHEE SENG	1,925,400	1.68
12)	CGS-CIMB SECURITIES (S) PTE LTD	1,759,200	1.54
13)	DBS NOMINEES PTE LTD	1,738,900	1.52
14)	TAN BIN CHEE	1,450,000	1.27
15)	MAYBANK KIM ENG SECURITIES PTE LTD	975,100	0.85
16)	ABN AMRO CLEARING BANK N.V.	689,500	0.60
17)	GOH GUAN SIONG (WU YUANXIANG)	541,200	0.47
18)	RHB SECURITIES SINGAPORE PTE LTD	418,000	0.37
19)	LIM SOON HUAT	404,400	0.35
20)	OSC INVESTMENTS CAPITAL PRIVATE LIMITED	350,000	0.31
		108,817,600	**95.12**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 annual general meeting (the "**AGM**") of SHOPPER360 LIMITED (the "**Company**") will be held at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 on Thursday, 27 September 2018 at 11:00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 May 2018 ("**FY2018**") together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) cash dividend of 0.60 Singapore cents per ordinary share in the capital of the Company for FY2018. **(Resolution 2)**

3. To re-elect the following directors of the Company ("**Directors**") retiring pursuant to the constitution of the Company ("**Constitution**") and who, being eligible, offered themselves for re-election as a Director:

   Ms Wong Chin Chin (Retiring under Regulation 112) **(Resolution 3)**

   Mr Zaffary Bin Ab Rashid (Retiring under Regulation 112) **(Resolution 4)**

   Mr James Ling Wan Chye (Retiring under Regulation 116) **(Resolution 5)**

   [See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$104,000 for the financial year ending 31 May 2019, to be paid quarterly in arrears (2018: S$116,000). **(Resolution 6)**

5. To re-appoint Messrs Baker Tilly TFW LLP as the independent auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may be properly transacted at an AGM of the Company.

AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares in the capital of the Company **(Resolution 8)**

   "That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Company's Constitution and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors be and are hereby authorised to:

   (a) (i) allot and issue shares in the capital of the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

NOTICE OF
ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, the "**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 may, in their absolute discretion, deem fit; and

(b) (notwithstanding that 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 is in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities outstanding at the time this Resolution is passed;

(b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided that such share options or awards (as the case may be) were granted in compliance with the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Company's Constitution for the time being in force; and

(iv) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with terms of the Instruments."

[See Explanatory Note (ii)]

8. Authority to grant awards and to allot and issue Shares under the shopper360 Performance Share Plan **(Resolution 9)**

"That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant awards in accordance with the shopper360 Performance Share Plan (the "**PSP**") and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the awards granted under the PSP (including but not limited to allotment and issuance of Shares at any time, whether during the continuance of such authority or thereafter, pursuant to awards made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided always that the aggregate number of Shares issued and/or issuable pursuant to the PSP, and any other share option schemes of the Company shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time, and such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iii)]

By Order of the Board of shopper360 Limited

Chua Kern
Company Secretary
Singapore, 12 September 2018

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Ms Wong Chin Chin will, upon re-election as a Director, remain as an Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee. Ms Wong Chin Chin has no relationships (including immediate family relationships) with the rest of the Directors, the Company, its related corporation, its 10% shareholders or its officers. The Board considers Ms Wong Chin Chin to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Zaffary Bin Ab Rashid will, upon re-election as a Director, remain as a Non-Independent and Non-Executive Director, and a member of the Nominating Committee and the Remuneration Committee.

Mr James Ling Wan Chye will, upon re-election as a Director, remain as an Executive Director of the Company. Mr James Ling Wan Chye is the husband of the Executive Chairman and Group Managing Director of the Company, Ms Chew Sue Ann, and the son-in-law of a controlling shareholder of the Company, Ms Yap Phaik Kwai, who has a total interest of 37.79% (direct and deemed) of the issued share capital of the Company as at 17 August 2018.

Further detailed information on the abovementioned Directors can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's 2018 Annual Report.

(ii) Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors to issue Shares and make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares pursuant to such instruments, up to a number not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), of which up to 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) may be issued other than on a pro rata basis to shareholders of the Company.

For the purpose of determining the aggregate number of Shares and Instruments that may be issued, the percentage of the aggregate number of Shares and Instruments will be calculated based on the total number of issued Shares (excluding treasury shares or subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time when this resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors to allot and issue Shares pursuant to the grant of such awards in accordance with the provisions of the PSP, provided that the aggregate number of Shares to be issued pursuant to the PSP and other share scheme which the Company may implement from time to time, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

Notes:

1. A member of the Company entitled to attend and vote at the AGM, and who is not a Relevant Intermediary (as defined below), is entitled to appoint no more than two (2) proxies to attend and vote on his/her/its behalf. A member of the Company who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend and vote on his/her/its behalf, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act.

2. Completion and return of the instrument appointing a proxy or proxies by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of proxy(xies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy or proxies to the AGM.

3. If a proxy or proxies is/are to be appointed, the instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 72 hours before the time appointed for holding the AGM.

Personal Data Privacy:

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

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this notice.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

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

IMPORTANT
1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investors") may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to this proxy form.

SHOPPER360 LIMITED

Company Registration No. 201634929Z
(Incorporated in the Republic of Singapore)

*I/We ________________________________ (Name) ______________ (NRIC/Passport No.)

of ____ (Address)

being a *member/members of SHOPPER360 LIMITED (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person (or failing either or both of the persons referred to above) the Chairman of the annual general meeting of the Company (the "**AGM**"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 on Thursday, 27 September 2018 at 11:00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

If you wish to exercise all your votes "For" or "Against", please tick (√) within the appropriate box provided. Otherwise, please indicate the number of votes as appropriate.

No.	Ordinary Resolutions relating to:	By way of poll	
		For	Against
1.	The Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 May 2018, together with the Auditors' Report thereon		
2.	Approval of declaration of a final tax exempt (one-tier) cash dividend of 0.60 Singapore cents per ordinary share in the capital of the Company for the financial year ended 31 May 2018		
3.	Re-election of Ms Wong Chin Chin as a Director of the Company		
4.	Re-election of Mr Zaffary Bin Ab Rashid as a Director of the Company		
5.	Re-election of Mr James Ling Wan Chye as a Director of the Company		
6.	Approval of Directors' fees amounting to S$104,000 for the current financial year ending 31 May 2019, to be paid quarterly in arrears		
7.	Re-appointment of Messrs Baker Tilly TFW LLP as the independent auditors of the Company and to authorise the Directors to fix their remuneration		
8.	Authority to allot and issue shares in the capital of the Company		
9.	Authority to grant awards, and to allot and issue shares under the shopper360 Performance Share Plan		

Dated this ____________ day of ______________________ 2018

____
Signature(s) of Member(s) or,
Common Seal of Corporate Member
** Delete as appropriate*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES TO PROXY FORM:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Except for a member who is a relevant intermediary as defined in Section 181(6) of the Companies Act (Cap. 50) of Singapore ("**Companies Act**"), a member shall be entitled to appoint no more than two (2) proxies to attend and vote at the AGM of the Company. A proxy need not be a member of the Company.

3. A member who is a relevant intermediary (as defined in Section 181(6) of the Companies Act) and who is entitled to attend and vote at the AGM may appoint more than two (2) proxies to attend and vote on its behalf but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member (which number and class of Shares shall be specified). In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

4. Relevant intermediary means:

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

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

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

5. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his/her/its Shares to be represented by each such proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his appointer and the proxy whose name appears after shall be deemed to be appointed in the alternate.

6. Completion and return of this proxy form shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this proxy form to the AGM.

7. This proxy form must be deposited at the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 72 hours before the time appointed for the AGM (or at any adjournment thereof).

8. (i) This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing.

   (ii) Where this proxy form is executed by a corporation, it must be executed either under its seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.

   (iii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form.

9. A corporation which is a member may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.

10. An investor who holds Shares under the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

General:

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 12 September 2018.

SAR1804043 • Shopper360 Limited AR • 03/09/2018 11:57 • 61_Shopper360_FS_Proxy.indd

This page has been intentionally left blank

This page has been intentionally left blank