

shopper360



THANK YOU  
გთხოვთგმობას  
TERIMA KASIH 謝謝

CREATE THE FUTURE

CHOOSE GRATITUDE

1% INSPIRATION

IDEAS

COURAGE

99% DEDICATION

ANNUAL REPORT 2020

A one-stop integrated and holistic shopper marketing agency

# OUR VISION

To be the Shopper Marketing Experts in Asia.

# OUR MISSION

To be the leader in the field of shopper marketing. Providing 360 solutions 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 fits our culture of forward thinking, forward doing, collaboration whilst cultivating an environment that promotes integrity, and develops expertise.

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) to 'sell smarter'.

 <p><b>Be Expert</b></p> <p>We're smart people. We know our products and services inside out, and are always ready to dish out information and advice on them.</p>	 <p><b>Collaborative</b></p> <p>Two heads are better than one. The best solutions come from working together with our clients, partners and colleagues.</p>
 <p><b>Forward Thinking, Forward Doing</b></p> <p>We're always one step ahead and challenging the status quo.</p>	 <p><b>Do What's Right</b></p> <p>Always doing what is morally right for yourself and the company without any compromise in any situation</p>

This annual report has been prepared by shopper360 Limited (the "Company") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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.

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# GROUP STRUCTURE

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHEW SUE ANN

Executive Chairman And  
Group Managing Director

### HEW KOON CHAN

Lead Independent Director

### WONG CHIN CHIN

Independent Director

### MARGARET AU-YONG

Independent Director

### ZAFFARY BIN AB RASHID

Non-Independent and Non-Executive Director

### AUDIT COMMITTEE

Hew Koon Chan (**Chairman**)  
Margaret Au-yong  
Wong Chin Chin

### NOMINATING COMMITTEE

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

### REMUNERATION COMMITTEE

Margaret Au-Yong (**Chairman**)  
Hew Koon Chan  
Zaffary Bin Ab Rashid

### COMPANY SECRETARY

Chua Kern

### COMPANY REGISTRATION NUMBER

201634929Z

### PRINCIPAL PLACE OF BUSINESS

#### Malaysia

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Fax: +603 7954 1818

#### Myanmar

shopperplus Myanmar Co. Ltd.  
No.15 Dhammazedì Road, Ground Floor (opp. Happy Zone)  
SanChaung Township, Yangon, Myanmar  
Tel: +959 2566 53864

#### Singapore

shopperplus Singapore Pte. Ltd.  
80 Changi Road  
#05-21, Centropod  
Singapore 419715  
Tel: +65 65134833

### SHARE REGISTRAR

B.A.C.S Private Limited  
8 Robinson Road  
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Singapore 048544

### AUDITORS

Baker Tilly TFW LLP  
600 North Bridge Road #05-01 Parkview Square  
Singapore 188778  
Partner-in-charge: Foong Chooi Chin  
Appointed since financial year ended 31 May 2020

### PRINCIPAL BANKER

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

### SPONSOR

ZICO Capital Pte. Ltd.  
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Singapore 048544

### REGISTERED OFFICE

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Singapore 068906  
Tel: +65 6236 9350  
Fax: +65 6532 9937  
Website: www.shopper360.com.my

# CHAIRMAN'S STATEMENT

## **Boasting About Tomorrow**

*Now listen, you who say, "Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money." Why, you do not even know what will happen tomorrow. What is your life? You are a mist that appears for a little while and then vanishes. Instead, you ought to say, "If it is the Lord's will, we will live and do this or that." As it is, you boast in your arrogant schemes. All such boasting is evil.*

**James 4 : 13 – 16**

During the movement control order in Malaysia in early March 2020, I found myself feeling extremely anxious. I could not believe that the Company's last financial quarter was about to be impacted by the entire country's lockdown. I was also concerned for the health and safety of our staff since services such as merchandising still continued during the lockdown.

I found myself humbled when confronted by this situation, because it did not feel that I had much control, neither was I able to fully anticipate what the next few weeks or months would look like. The board of directors ("Board") of shopper360 Limited (the "Company" or "shopper360") together with the senior management team tried our very best to steer the ship and make the wisest decisions possible to help the business survive this period.

As a leader of the business, it is not unusual to make forward plans, sometimes up to 5 years in advance and declare them to the staff, or to the public. Since listing the Company on the Catalist board of the Singapore Exchange in 2017, I was filled with optimism and excitement by what the future could hold whilst the team forged ahead to achieve them. We did not expect our plans to be interrupted by leadership issues, retailers shutting down stores and now, a virus pandemic. ***I am reminded of the Bible Verse above from James 4 : 13 – 16 that our lives and plans are truly in the hands of God.***

## **CHAIRMAN'S STATEMENT (cont'd)**

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This year, I am thankful that we have been able to increase our revenue, thereby affirming that shopper marketing services are still in demand, and our efforts to grow the business regionally is yielding results. Nevertheless, we are impacted by decreasing margins, increasing competition and needing to constantly evolve and innovate by placing investments on digitalisation and technology. It is also important that we attract and hire talents to the group that can help us create a new and long-lasting future for shopper360. We used our listed platform to open doors and meet all types of businesses and start-ups in order to find complementary services to our core offerings. We hope that through these efforts, we will have some promising partnerships and corporate exercises in the years to come.

Luckin Coffee and Wirecard are some examples of companies that were the darlings of investors during the pandemic, with their earnings growth and unparalleled offering but lost it all when auditors and whistle blowers revealed that none of these companies were actually who they declared themselves to be. I believe shopper360 is different. We take integrity seriously. I hope that my team and I are given the opportunity to show that we can grow this business even in these tough and unprecedented times. And that we are given time to nurture this growth and create sustained and incremental growth in an unstable world.

I would like to extend my heartfelt appreciation to my team and also give gratitude for the grace of God for allowing the business to maintain a profit and a healthy cash flow. It is no small feat to have earned a profit this year while other companies have suffered losses. We hope that our shareholders, investors, business partners and retail partners will continue to lend us their support, and we will persevere to build our business upon the strong foundation that has been built over the years.

*To a better, healthier decade!*

### **CHEW SUE ANN**

*Executive Chairman and Group Managing Director*



# BOARD OF DIRECTORS



From left to right: Zaffary Bin Ab Rashid, Wong Chin Chin, Chew Sue Ann, Margaret Au-Yong, Hew Koon Chan

## BOARD OF DIRECTORS (cont'd)

### 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, and she later 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 Malaysia. Two years after that, in 2011, she was appointed as its executive chairman until she relinquished her role on 30 November 2016. Her past experience outside the Group also includes her tenure with Temporal Brand Consulting Sdn Bhd, her role as a category assistant manager at Kraft Foods Singapore Pte Ltd (now known as Mondelez Singapore Pte Ltd).

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

### 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. 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, which is affiliated with Advent International.

Mr Hew established Integer Capital Pte Ltd in 2004 and presently sits on the board of other companies listed on the Singapore Exchange.

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 Chartered Association of Certified Accountants (UK).

### 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. She previously practised law in Chooi & Co as well as in Iza Ng Yeoh & Kit, prior to joining Adnan Sundra & Low in April 1995.

Ms Wong obtained a Bachelor of Laws 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. In 1991 she was called to the Malaysian bar and then became an Advocate & Solicitor of the High Court of Malaya since that year.

### MARGARET AU-YONG

Independent Director

Margaret Au-Yong is our Independent Non-Executive Director and was appointed on 19 May 2017. Ms Au-Yong has over thirty years of experience in the media and marketing industry. She started her career at Sin Chew Jit Poh in 1975. In 1983, she left Sin Chew Jit Poh to join Union45 Sdn Bhd. From 1991 to 1998, she was with Saatchi & Saatchi, a renowned global communications and advertising agency network.

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. Following the acquisition of CIA's parent company in 2003 by WPP plc (formerly known as Wire and Plastic Products), 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.

In 2006, she was appointed 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. She also represents the group 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. Ms Au-Yong served as the president of the Malaysia Advertisers Association (MAA) from 2015 to 2018.

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

### 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 executive director of investments and business at Koperasi Permodalan FELDA Malaysia Berhad. He is also a non-executive director of Gold Coin (M) Group Sdn. Bhd, KPF Palm Oil Mill Sdn Bhd and alternate director of Noweia Industries Sdn Bhd.

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.

# SENIOR MANAGEMENT TEAM



Standing from left to right: May Kim Hui Yee, Angelina Ooi, Chow Siew Bee, Matthew Ho, James Ling (seated), Chew Sue Ann, Ooi Chee Kee, Lee Jun Ling

## SENIOR MANAGEMENT TEAM (cont'd)

### MATTHEW HO

#### Group Chief Executive Officer

Matthew Ho joined as the Group Chief Executive Officer in January 2019, bringing over 15 years of experience to the business regionally from his key roles across a number of different markets in North America, South East Asia and Oceania.

Prior to assuming his current role, he was with Facebook where he led sales for the CPG (Consumer Product Goods) category in Malaysia and key clients across South East Asia. Matthew also represented Asia on the Global Client Partner advisory council and spent time working on project strategy at Facebook Los Angeles, USA.

He started his career as an engineer at Western Digital (Malaysia) Sdn Bhd, working across Malaysia, USA and Thailand. In 2015, he joined Huawei Technologies (Malaysia) Sdn Bhd where he served as the regional director for Southern Pacific. Prior to that, he was general manager at MEC Global, where he focused on new business development and led the digital practice.

Matthew graduated from Sheffield University, UK with a Bachelor Of Engineering.

### JAMES LING WAN CHYE

#### Director of Corporate Finance & Strategy

James Ling joined the Company on 8 January 2018. Mr Ling came on board the family-founded business to help bring his regional FMCG corporate experience to the Group. He brings his cross-functional experience and collaborative approach in driving teams to achieve business strategy and goals to the Group.

Prior to joining the Group, Mr Ling spent almost fifteen years in Fonterra Co-Operative Group across New Zealand, Singapore and Malaysia, holding various positions in its finance department at global, regional and local levels including as Finance Director of Fonterra Brands Malaysia. In addition to finance, Mr Ling also held roles in operations, marketing and sales in Singapore and Malaysia.

Mr Ling has also worked with PriceWaterhouseCoopers (New Zealand). 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 was a fellow member of the Chartered Accountants Australia and New Zealand (CAANZ).

### CHOW SIEW BEE

#### Group Financial Controller

Siew Bee, the Financial Controller of our Group, has been with our Group for more than fifteen 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 2002, became its finance director in 2009, and general manager of human resource, administration and finance in 2014. Prior to her employment with Pos Ad, she was with H.K. Phuah & Co from 1995 to 2002.

She holds the London Chamber of Commerce and Industry ("LCCI") certification for book-keeping and accounts as well as the LCCI Diploma 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.

### OOI CHEE KEE

#### Chief Executive Officer Of Jump Retail And Retail Galaxy

Chee Kee ("CK") joined our Group as the Chief Executive Officer of Jump Retail in July 2018. With over eighteen 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 and Retail Galaxy.

CK first started out in Diethelm (M) Sdn Bhd (now known as DKSH Malaysia Sdn Bhd) back in 2001, and was the operation director of Jump Retail from 2008 to 2012, customer business manager for Nestlé from 2012 to 2016, regional distributor manager of Nestlé from 2016 to 2017, and went back to DKSH Malaysia Sdn Bhd as modern trade General Manager from 2017 before returning to our Group in July 2018.

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

### ANGELINA OOI

#### Chief Executive Officer Of Tristar Synergy

Angelina has been the Chief Executive Officer of Tristar Synergy since September 2007. She started her career with ACA Pacific Technology (M) Sdn Bhd in 1991, and has accumulated twenty-five years of experience in sales, marketing and business development.

In April 1996, Angelina began her engagement with the then EPSON Trading (M) Sdn Bhd until August 2007. She later 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.

### MAY KIM HUI YEE

#### General Manager Of Pos Ad And Gazelle Activation

May Kim has been a part of Pos Ad for over thirteen years. For the last four 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. She has worked for clients such as Heineken Malaysia and Goodyear. She was recently appointed as General Manager for Pos Ad, overseeing the sales & marketing as well as the operations of Pos Ad Media.

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

### LEE JUN LING

#### General Manager Of shopperplus Malaysia

Jun Ling joined our Group as Group Business Development in May 2017. She was recently appointed as General Manager of shopperplus Malaysia and is responsible for the business development and operations of shopperplus Malaysia, and has a proven track record in achieving results.

From September 2013 to November 2015, Jun Ling was the chief financial officer and head of business delivery unit of Geometry Global Sdn. Bhd. Prior to that, she was the commercial controller for Grey Worldwide Sdn Bhd and its group of companies in Malaysia from February 2005 to August 2013.

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

# GROUP FINANCIAL HIGHLIGHTS

## A. Key Data Of Operating Results

	FY2017 RM'000	FY2018 RM'000	FY2019 RM'000	FY2020 RM'000
Revenue	132,452	142,377	161,085	<b>162,678</b>
Profit before tax	12,591	9,341	7,773	<b>7,043</b>
Profit for the year	8,371	5,713	5,404	<b>3,633</b>
Profit attributable to equity holders of the Company	5,147	6,010	5,185	<b>2,964</b>
Normalization adjustments <sup>(1)</sup>	5,218	-	-	-
Profit attributable to equity holders of the Company (After Normalization)	10,365	6,010	5,185	<b>2,964</b>

## B. Financial Indicators

Return on equity	18%	13%	10%	<b>6%</b>
Return on equity (After Normalization)	37%	13%	10%	<b>6%</b>
Earnings per share <sup>(2)</sup> (RM cents)	4.50 <sup>(3)</sup>	5.25	4.53	<b>2.62</b>
Earnings per share <sup>(2)</sup> (RM cents) (After Normalization)	9.06 <sup>(3)</sup>	5.25	4.53	<b>2.62</b>

Notes:

(1) Normalization adjustments refers to adjustments of 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) Earnings per share is computed based on profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares during the year (taking into account the effect of treasury shares).

(3) For comparative purpose, the earnings per share for 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

FY2020		<b>162,678</b>
FY2019		161,085
FY2018		142,377
FY2017		132,452

## GROUP FINANCIAL HIGHLIGHTS (cont'd)

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

FY2020		2,964
FY2019		5,185
FY2018		6,010
FY2017		10,365

### REVIEW OF THE GROUP'S PERFORMANCE IN FY2020

shopper360 Limited (the "Company", and together with its subsidiary, the "Group") was incorporated in the Republic of Singapore on 27 December 2016 and listed on Catalist on 30 June 2017. The Group is a well-established provider of shopper marketing services in the retail and consumer goods industries in Malaysia and have more than 30 years of experience in the in-store advertising industry. It offers a comprehensive range of marketing and advertising services that integrate along the entire shopper journey, through in-store experience to loyalty, retention and repeat purchase. The shopper marketing services provided by the Group can be categorized into three main segments, namely (i) In-store Advertising and Digital Marketing; (ii) Field Force Management; and (iii) Sampling Activities and Events Management.

#### REVENUE

Revenue increased by 1% or RM1.6 million, from RM161.1 million in FY2019 to RM162.7 million in FY2020 due mainly to the following:-

- revenue from Field Force Management segment increased by approximately RM9.4 million or 10% in FY2020, mainly contributed by new customers amounting to RM3.0 million, and additional field force management service required by existing customers as they expanded their business scope and coverage. The increase in revenue was partially offset by decline in revenue from the other business segments below;
- revenue from Sampling Activities and Events Management segment decreased by approximately RM0.9 million or 4% in FY2020. The decrease was caused by Covid-19 pandemic where operations were affected from mid-March 2020 until the financial year ended 31 May 2020; and
- revenue from In-store Advertising and Digital Marketing segment decreased by approximately RM6.9 million or 18% in FY2020, mainly attributable to decline in business derived from the Malaysia market due to sustained weakness in the Malaysian economy, closure of GCH Retail outlets, Covid-19 pandemic lockdown and more cautious advertising expenditure by suppliers. This is partially offset by revenue growth from Myanmar and first full year revenue contribution by Singapore.

#### COST OF SALES

Cost of sales increased by 4% or RM4.4 million, from RM118.5 million in FY2019 to RM122.9 million in FY2020. The higher rate of increase in cost of sales as compared to the rate of increase in revenue in FY2020 was mainly due to a change in revenue mix, as revenue derived from Field Force Management segment (which derives lower margins) increased whereas In-Store Advertising segment (which derives higher margins) recorded negative growth in FY2020.

#### GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit decreased by approximately RM2.9 million or 7%, from RM42.6 million in FY2019 to RM39.7 million in FY2020, with a decline in gross profit margin from 26.4% in FY2019 to 24.4% in FY2020. This was due to a change in revenue mix in the In-store Advertising and Digital Marketing segment as a result of lower revenue generated from the higher gross margin media business in FY2020. The decrease was partially offset by the increased gross profit in Field Force Management segment.

#### OTHER INCOME

Other income increased by approximately RM0.2 million or 71%, from RM0.4 million in FY2019 to RM0.6 million in FY2020, due to gain on disposal of property, plant and equipment and wage support from the Singapore government under the job support scheme.

## GROUP FINANCIAL HIGHLIGHTS (cont'd)

### ADMINISTRATIVE EXPENSES

Administrative expenses decreased by approximately RM2.0 million or 6%, from RM34.3 million in FY2019 to RM32.3 million in FY2020. The decrease was mainly due to absence of bonus payout for permanent staff in FY2020 as the Group took a cautious position considering the impact of the Covid-19 pandemic during the fourth quarter of FY2020 and moving into the financial year ending 31 May 2021.

### IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS

Impairment losses on trade receivables and contract assets increased by approximately RM0.2 million or 22%, from RM0.6 million in FY2019 to RM0.8 million in FY2020. The increase was mainly due to impairment losses of contract assets of RM0.4 million, partly offset by decrease in impairment losses of trade receivables of RM0.2 million.

### FINANCE COST

Finance costs increased by RM0.2 million, from RM10,000 in FY2019 to RM0.2 million in FY2020, mainly due to adoption of the new accounting standard, SFRS(I) 16 Leases with effect from 1 June 2019, which recognised finance cost on lease liabilities.

### SHARE OF RESULT OF ASSOCIATED COMPANY

Share of results of equity-accounted associate relates to losses incurred by Instanture Holdings Sdn Bhd and its subsidiary, Boostorder Sdn Bhd, which is 11% owned by the Company. It decreased by 96%, from RM0.1 million in FY2019 to RM6,000 in FY2020, mainly due to positive business growth.

### PROFIT BEFORE TAX

As a result of the above, profit before tax decreased by approximately RM0.7 million or 9%, from RM7.8 million in FY2019 to RM7.0 million in FY2020.

### TAX EXPENSE

Tax expense increased by approximately RM1.0 million or 44%, from RM2.4 million in FY2019 to RM3.4 million in FY2020, mainly due to the reversal of deferred tax assets of RM0.6 million and the increase in income tax provision of RM0.3 million.

## REVIEW OF THE GROUP'S FINANCIAL POSITION

### NON-CURRENT ASSETS

The Group's non-current assets decreased by RM0.3 million, from RM8.5 million as at 31 May 2019 to RM8.2 million as at 31 May 2020. The decrease was mainly due to decrease in (i) property, plant and equipment of RM1.5 million, (ii) trade and other receivables of RM80,000, and (iii) deferred tax assets of RM0.6 million, partially offset by the recognition of right-of-use assets of RM1.9 million as a result of adoption of new accounting standard SFRS(I) 16 Leases.

Property, plant and equipment decreased by RM1.5 million, mainly due to depreciation charge of RM2.1 million, partially offset by addition in property, plant and equipment of RM0.8 million.

Trade and other receivables decreased by RM80,000, mainly due to the collection from other debtor.

Deferred tax assets decreased by RM0.7 million, mainly due to the reversal of deferred tax assets of a subsidiary after reassessment as at year end.

### CURRENT ASSETS

The Group's current assets decreased by RM3.9 million, from RM68.6 million as at 31 May 2019 to RM64.7 million as at 31 May 2020, mainly due to decrease in (i) trade and other receivables of RM4.2 million, (ii) contract assets of RM1.4 million, and (iii) tax recoverable of RM0.1 million, partially offset by the increase in cash and cash equivalents and financial assets at fair value through profit or loss of RM0.8 million and RM1.0 million, respectively.

Trade and other receivables decreased by RM4.2 million, mainly due to collection from trade debtors.

Contract assets decreased by RM1.4 million, mainly due to decrease in provision of revenue relating to unbilled services rendered.

## GROUP FINANCIAL HIGHLIGHTS (cont'd)

### CURRENT ASSETS (cont'd)

Tax recoverable decreased by RM0.1 million, mainly due to tax installments paid during the year.

Please refer to the section on review of the Group's cash flow statement for explanations on the increase in cash and cash equivalents of the Group.

Financial assets at fair value through profit or loss increased by RM1.0 million, mainly due to additional fund placements to existing investments in short-term fund, issued by a licensed financial institution in Malaysia.

### NON-CURRENT LIABILITIES

The Group's non-current liabilities increased by RM0.7 million, from RM0.2 million as at 31 May 2019 to RM0.9 million as at 31 May 2020, mainly due to recognition of lease liabilities of RM0.9 million (which mainly relates to rental of office, store and warehouse), as a result of the adoption of new accounting standard, SFRS(I) 16 Leases, partially offset by repayment of lease liabilities.

### CURRENT LIABILITIES

The Group's current liabilities decreased by RM6.8 million, from RM25.4 million as at 31 May 2019 to RM18.6 million as at 31 May 2020, mainly due to decrease in (i) trade and other payables of RM7.1 million, and (ii) contract liabilities of RM1.2 million, partially offset by (i) recognition of lease liabilities of RM1.2 million, and (ii) increase in tax payable of RM0.4 million.

Trade and other payables decreased by RM7.1 million, mainly due to the higher advance payment project cost from customers in FY2019 and no provision of bonuses in FY2020.

Lease liabilities of RM1.2 million as at 31 May 2020 (31 May 2019: Nil) was due to the adoption of the new accounting standard, SFRS(I) 16 Leases. Please refer to note 3 to the financial statements for information on the adoption of SFRS(I) 16 Leases.

Tax payable increased by RM0.4 million, mainly due to taxable profits generated by a subsidiary in FY2020.

### EQUITY

The Group's equity increased by RM1.9 million or 4%, from RM51.5 million as at 31 May 2019 to RM53.4 million as at 31 May 2020, mainly due to an increase in retained earnings of RM2.0 million and non-controlling interest of RM0.7 million, partially offset by treasury shares purchased during FY2020 of RM0.9 million.

### WORKING CAPITAL

The Group reported a positive net working capital of RM46.1 million as at 31 May 2020, as compared to RM43.2 million as at 31 May 2019.

### REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash generated from operating activities in FY2020 was RM5.7 million, due to operating cash flow before changes in working capital of RM11.2 million, changes in working capital of RM3.2 million, and payment of income tax expense of RM2.3 million. Changes in working capital were due to (i) decrease in trade and other receivables, and contract assets of RM4.9 million, and (ii) decrease in trade and other payables, and contract liabilities of RM8.2 million.

Net cash used in investing activities in FY2020 was RM1.4 million, mainly due to purchase of property, plant and equipment of RM0.8 million and placement of financial assets at fair value through profit or loss of RM1.0 million, partially offset by interest received from bank of RM0.3 million and proceeds from disposal of property, plant and equipment of RM0.1 million.

Net cash used in financing activities of RM3.4 million mainly relates to repayment of lease liabilities of RM1.3 million, dividends paid of RM1.0 million, purchase of treasury shares of RM0.9 million, and interest paid of RM0.2 million.

As a result of the above, net cash and cash equivalents increased by RM0.9 million in FY2020.

# IN-STORE ADVERTISING

Pos Ad Sdn Bhd is the leading media provider in Malaysia, with over 30 years of expertise in creating and innovating marketing mediums to help brands connect with shoppers at the point of purchase. Media services are also now available in Singapore and Myanmar with the largest modern trade retailers, namely NTUC Fairprice and City Mart, respectively.



## IN-STORE ADVERTISING (cont'd)

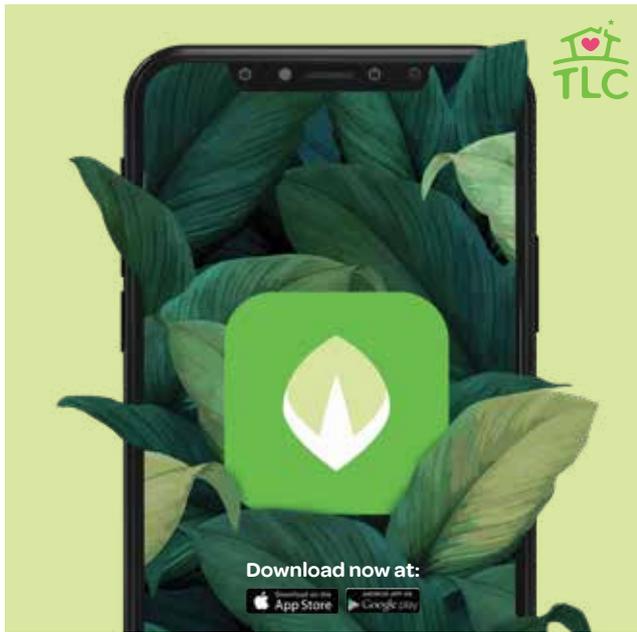




# CREATIVE SPECIALIST

shopperplus Sdn Bhd provides shopper insight, creative strategy and tech solutions to create seamless communication and brand experience, whether online or offline.

**CREATIVE SPECIALIST (cont'd)**





**EXCLUSIVE FOR GRAB DRIVER-PARTNERS**

**FULLY SYNTHETIC SHELL HELIX HX8 X 5W-30**

**31% OFF**  
**RM145**  
~~RM210~~

**AFTER SERVICE 2 FREE 1**  
AVERAGE NETT PRICE RM105/PACKAGE

Full Package Includes:

- 1X 4L Engine Oil
- Oil Filter
- Car Service Labour Fee
- Basic Point Check

Grab

Terms & Conditions Apply



WIN THE **ULTIMATE STOPOVER BARCELONA**

Discover the Architectural Magnificence and Cultural Wonders of Spain

**BUY ANY SHELL RIMULA R4X, R5, R6, LD4 or LD5 TO JOIN\***

\*Terms and conditions apply. Contest Period: 1 March-30 June 2019. Products qualified for this contest is as stated in the contest form. Contest form must be accompanied with the required proof of purchase of Qualifying Products. For more details and full terms and conditions, log on to [www.shell.com.my/rimula\\_sao](http://www.shell.com.my/rimula_sao)



Shell  
12 Jun •

Inilah penghargaan kami, khas untuk anda. Nantikan Ganjaran Ekstra di bulan Jun, hanya di Shell. Cuba teka apa Ganjaran Ekstra yang anda akan dapat? #StaySafe #GoWell

**GANJARAN EKSTRA**  
Bermula pada 15 Jun 2020.

93 26 Comments • 65 Shares

# CONTEST FULFILLMENT

# RETAIL CONSULTANCY

shopperplus Sdn Bhd provides retail coaching and oversight into planogram compliance, promotion execution, product placement on shelf as well as floor layout for customer navigation and category adjacencies to provide the best shopping experience and influence sales uplift.





# FIELD FORCE MANAGEMENT

Jump Retail Sdn Bhd and Retail Galaxy Sdn Bhd are among the largest retail field force management companies in Malaysia, helping brands maintain world-class visibility in-store, and effectively executing promotional plans at retail, while enabling customers to make decisions through real-time, on-ground reports.

## FIELD FORCE MANAGEMENT (cont'd)



# ACTIVATION AND EVENTS

Tristar Synergy Sdn Bhd, Gazelle Activation Sdn Bhd and shopperplus Myanmar Co. Ltd create engaging and memorable brand experiences through all kinds of events, from roadshows, product launches, in-store sampling, to conferences, gala dinners and pop-up experiential stores.



## ACTIVATION AND EVENTS (cont'd)



# CALENDAR OF EVENTS

JUNE 2019 - MAY 2020



## June



Gazelle Activation's first ever team building trip to Bangkok consisting of Creative, Sales & Support team.



shopper360's Q4 Staff Meeting cum Hari Raya Celebration held at shopper360's KL HQ office. Sue Ann (Chairman) and Matthew (Group CEO) address the staff on the Company's future direction.

## July



Fonterra's Annum roadshow held in Queensbay Mall, along with 3 other locations nationwide, conducted by Gazelle Activation



2019 financial year end Staff Meeting in Singapore.



2019 financial year end Staff Meeting in Southern Region, Malaysia



2019 financial year end Staff Meeting in Northern Region, Malaysia



2019 financial year end Staff Meeting in East Coast Region, Malaysia



2019 financial year end Staff Meeting in East Malaysia



Quantitative and qualitative research conducted with IPSOS Market Research Agency with the objective of measuring the effectiveness and understanding what makes an in-store advertising successful.

## Aug

# CALENDAR OF EVENTS

JUNE 2019 - MAY 2020



Tristar Synergy leans on their recruitment strength to provide up to 250 promoters per day for Milo Breakfast day in 3 locations, Putrajaya, Batu Pahat and Penang.



Pos Ad's Operation Team participated in a team building trip at Taiping, Perak

Sep



shopper360 makes Dignity for Children Foundation the official CSR partner through various activities such as providing a shop corner in KL HQ office to sell Dignity's merchandise and raise funds for the educational needs of Dignity school.



shopper360's Annual General Meeting (AGM). The highest turnout in terms of shareholders since IPO, held at Baker Tilly Singapore's Office.



Matthew Ho, Group CEO, participated as a judge for the Effie Awards. The annual Effie Awards honour the most effective communications ideas within the industry.



shopperplus Malaysia supports their client, Bernas Era, throughout a yearly event organized by Media Prima, called Jom Heboh which drew a crowd of 400,000 people.

Oct



First quarter for the financial year ended 31 May 2020 Staff Meeting cum Deepavali Celebration at KL HQ Office. Elisha Satvinder, founder of Dignity for Children Foundation (Dignity) was invited to share their work on breaking the cycle of poverty through education. The chairman of the board of trustees, also shopper360's Director of Corporate Finance & Strategy, James Ling officially launched Dignity as shopper360's CSR partner.



Milo Aktifkan Pagimu 4 MILO® roving trucks roved over 9 states to educate the importance of consuming breakfast with Milo® in the rural areas. Fun games and sports mini-activities were organized to create excitement within the communities.



shopper360 continues to contribute annually to Yayasan Tunku Naquiyuddin.

Nov

# CALENDAR OF EVENTS

**JUNE 2019 - MAY 2020**



1st Regional Sales Conference in Kuala Lumpur. All client service teams in Malaysia, Singapore and Myanmar came together for the first time to receive training on best practices, share sales activities and plans as well as to build relationships for future effective collaborations.



Frozen 2 movie screening in partnership with Dignity for Children Foundation. Successfully raised RM100,000 through ticket sales and monetary donation from shopper360. This event was well received with over 200 friends & families of shopper360 staff and 300 children from various refugees centers and Dignity School.



shopper360 supports CMO (Chief Marketing Officer) Conference as a gold sponsor and provided a session on shopper marketing trends which included "The Growing Demand Of Convenience and The Importance Of Omnichannel Marketing", presented by Jinn Heah, Senior Manager of Insights & Analytics from Pos Ad Media.



Matthew Ho was invited to be part of a panel of speakers at Horasis Asia in Vietnam, to share on building a shared digital future and driving inclusive growth.



shopperplus Myanmar is featured through various case studies at CityMart's supplier conference as an exclusive In-store solution provider.



Maggi celebrated RM1 Billion in sales, which took place at Menara Surian, Petaling Jaya. This event was organized and executed by Tristar Synergy & Gazelle Activation.



Jump Retail hosts the Annual Merchandiser Night for all of our field force staff to extend our appreciation for their hard work and commitment.



Year End Christmas Staff Party held at shopper360's KL HQ office with engaging entertainment by Carollers from Dignity for Children Foundation.



shopperplus Myanmar staff visits Obed Children's home in Hlaingtharyar, where 50 children were blessed with Nasi Briyani, essential goods such as shoes and stationaries, as well as cash donation to the orphanage's founder, Kham Cin Summ.



Jump Retail & Retail Galaxy company team building in Chiang Mai for strategy meet, career development and foster bonding between departments.

# CALENDAR OF EVENTS

JUNE 2019 - MAY 2020



Senior Management team met together in Bangkok to tackle ways to keep our business sustainable and in step with technology. Frost & Sullivan were invited to share how other companies have tackled corporate innovation and helped us draft out our 5 year plan.



Kotex activation was conducted in 10 schools & 10 universities in Klang Valley to teach feminine hygiene. This is a collaboration between Tristar Synergy & shopperplus Malaysia.

## Feb



Second and third quarter for the financial year ended 31 May 2020, Staff Meeting cum Chinese New Year Celebration was held at shopper360's KL HQ office.



Tristar Promoter Night Annual Appreciation Dinner for Promoters held at Tristar's office which gathered more than 120 long-serving promoters.



NEXEA

Multi-Corporate  
Accelerator

ACCELERATE YOUR STARTUP

shopper360 participated as a Corporate Partner in Nexea's 5th Multi Corporate Accelerator program, to identify potential local startups, pilot programs and acquisitions.

## Mar



The management conducted individual subsidiary townhall meetings to address business continuation in the midst of Covid-19 Movement Control Order ("MCO") issued by the Malaysia government.

## Apr



Our team's safety comes first. All of our field force team on-ground were given face masks, gloves and hand sanitizers during the MCO period.

## May



Pos Ad resumes advertising installations during Recovery Movement Control Order (RMCO). Pos Ad operations staff were called back from temporary assignments to e-commerce business (Potboy) and Food delivery company (DeliverEat) to begin outdoor advertising installations at Shell Petrol Mart.

# CORPORATE SOCIAL RESPONSIBILITY

## MOVIE CHARITY PREMIER FUND RAISING FOR DIGNITY FOR CHILDREN FOUNDATION



Dignity for Children foundation is an organisation that provides education, care and support to poor urban children in Kuala Lumpur. Each year, the organisation supports more than 1,700 students in an effort to break the cycle of poverty. To assist in their cause, shopper360 organised a movie charity event to help raise funds for the foundation. On 23 November 2019, we sold movie tickets for the screening premiere of Frozen 2 at MBO Cinemas, Starling Mall. Various on-ground activities were coordinated to ensure a smooth and fun experience for attendees such as a meet and greet session with characters from the film, a cookie icing station, mini gift shop, DIY keychain station, pin the snowman nose, reindeer ring toss and face painting corner. These booths were operated by both shopper360's staff as well as members of Dignity. In appreciation to our top 10 contributors, Dignity put together a basket of hamper made out of Dignity's merchandise along with other door gifts. With over 500 attendees, including the attendance of 300 children from Dignity and the rest represented by clients, suppliers, friends and families of shopper360's, we raised RM100,000 for the foundation. It was a heart-warming moment for attendees to spend precious time with their loved ones whilst playing their part in bringing an end to urban poverty and giving these underprivileged children the opportunity to watch a big screen movie.

## CORPORATE SOCIAL RESPONSIBILITY (cont'd)

### OBED HOUSE AND SLUM VISITATION, MYANMAR



As a part of our goal to give back and positively impact different communities, a team of 10 members from shopperplus Myanmar was assembled to partake in a volunteering service at Obed Children's Home and the slum areas of Hlaing Thar Yar, a waste disposal site on 23 December 2019. The shelter currently houses and protects 50 children, who are mostly orphaned or coming from broken homes, age ranging from 5 to 13 years old. Goodie bags consisting of necessities were distributed to the children. A total of USD1,000 was spent on providing blankets, mosquito nets, soaps, toothbrushes, toothpastes, slippers, rice, cooking oil, stationeries and foods. The children greeted us with much joy and happiness and welcomed the team with songs and dance.

While in the slum area, shopperplus Myanmar contributed approximately USD2,000 in terms of kinds to the community, distributed 500 goodie bags and pre-packed lunch to the residents. These consisted of daily necessities such as blankets, toothbrushes, cooking oil and stationary. We instilled hope to the community through activities and established a memorable experience for our team members who were rewarded with an increase in self-esteem, teamwork and a sense of achievement through helping communities in need.



# CORPORATE SOCIAL RESPONSIBILITY (cont'd)

## CULTIVATING LIFE



### The 5 Steps Selling Process

To succeed in today's fast-changing and diverse market, we continuously practice learning and adaptability. With this, it provides us a cutting-edge advantage to help our clients 'Sell Smarter'.



### Wellness Day Program

shopper360 had a Wellness Day Program focusing on a Health Screening consisting of various blood tests, body fat analysis, optical test and stress management talk by KPJ Damansara Hospital.

# CORPORATE SOCIAL RESPONSIBILITY (cont'd)

## CULTIVATING LIFE



### shopper360 Toast & Roast Toastmaster's Club

At shopper360, we are all experts in communication and to further strengthen our skills, we have embarked in Toastmasters to provide us a platform where we can Rise Together and Shine Forever!

### shopper360 Behavioural Events Interviewing

We are constantly expanding our business to achieve our vision and mission; therefore, we recruit the best by applying behavioral events interviewing method to grow the shopper360 family!



### shopperplus Myanmar Emotional Intelligence For Leadership

We are often faced with many challenges in our daily lives, therefore as leaders, it is important that we know how to manage our emotions and those around us. This helped us to develop a better working relationship between employees and leaders in order to overcome bigger challenges!



### shopperplus Myanmar Company Brand Values

At shopper360, we are all unique in our own ways, we have many skill sets and personal strengths to produce results. We need to practice our four brand values: Be Expert, Collaborative, Forward Thinking Forward Doing and Do What's Right, to become a formidable team!



# CORPORATE GOVERNANCE REPORT

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The board of directors (the “**Board**” or “**Directors**”) of shopper360 Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to maintaining high standards 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 2020 (“**FY2020**”), with specific references made to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) issued on 6 August 2018, pursuant to Rule 710 of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”). The Board confirms that, for FY2020, the Group has complied with the principles of the Code, and the provisions of the Code (except where otherwise explained). In areas where the Company’s practices vary from any provisions of the Code, the Company has stated herein the provision of the Code from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code. The Board will continue to assess the needs of the Company and implement appropriate practices accordingly.

## (A) BOARD MATTERS

### Board’s Conduct of its Affairs

*Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

#### Provision 1.1

The Company is headed by an effective Board to lead and control its operations and affairs. The principal function of the Board is the overall management and corporate governance of the Group including establishing strategic objectives and providing entrepreneurial leadership. The Board’s key responsibilities include charting and reviewing the Group’s overall business strategy, supervising the Management as well as reviewing the Group’s financial performance and managerial performance while considering sustainability issues as part of its strategic formulation.

In addition, the Board has an obligation to act in the best interest of the Company by establishing a framework of prudent and effective controls which enables risk to be assessed and managed, setting the Company’s values and standards (including ethical standards), as well as identifying the key stakeholder groups and recognising that their perceptions affect the Company’s reputation.

All Directors, expected to exercise due diligence and independent judgment, are obliged to act in good faith and objectively in the best interests of the Company and hold management of the Company (“**Management**”) accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

## CORPORATE GOVERNANCE REPORT

### Provision 1.2

Directors understand the Company's business as well as their directorship duties (including their roles as Executive, Non-Executive and Independent Directors). The Company does not have a formal training programme for Directors but all new Directors will undergo an orientation in order to be provided with background information about the Group's history, strategic direction and industry-specific knowledge. The Directors will also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations. Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. The Company will also arrange for first-time Directors to attend relevant training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST under Practice Note 4D of the Catalist Rules, and, if necessary, in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company. Upon appointment, the newly appointed Directors will be provided a formal letter setting out their duties and obligations. Directors with multiple board representations must ensure that sufficient time and attention are given to the affairs of the Company. Please refer to Provision 4.5 in this report for further information.

All Directors are provided with regular updates on developments in financial reporting and governance standards, as well as changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Group and/or Directors are circulated to the Board.

In FY2020, the Directors have attended the following courses:

- (a) James Ling Wan Chye (Resigned as a Director of the Board with effect from 31 May 2020)

Date	Name of course attended
6 December 2019	2020 Digital Malaysia: Business Transformation & Digitalisation External
9 January 2020	Malaysian Update and Changes to Employment Law External
6 April 2020	Employment Law – COVID19 Impact External
23 April 2020	AMT Training e-Forum for CFOs to manage in the New Normal External
23 April 2020	Multiple Nexea Accelerator Program External

- (b) Margaret Au Yong

Date	Name of course attended
11 September 2019	SID Directors Conference 2019

- (c) Chew Sue Ann

Date	Name of course attended
27 September 2019	Vistage CEO Summit - Transcending and transforming
14 January 2020	Frost & Sullivan - Fostering Innovation in Organisation

## CORPORATE GOVERNANCE REPORT

(d) Hew Koon Chan

Date	Name of course attended
4 December 2019	Sustainability Reporting: Progress and Challenges organised by SGX

### Provision 1.3

The Board decides on matters that requires its approval and clearly communicates this to Management in writing. Matters that require the approval of the Board include, but are not limited to, the following:

- (a) matters that involve a conflict of interest of a controlling Shareholder or a Director or persons connected to such Shareholder or Director;
- (b) approval of announcements to be released via the Singapore Exchange Network ("**SGXNet**"), including half-yearly and full year financial results announcements;
- (c) approval of operating budgets, annual and interim reports, financial statements, Directors' statements and annual reports;
- (d) share issuance, interim dividends and other returns to shareholders of the Company ("**Shareholders**");
- (e) appointment/cessation, and remuneration packages of the Directors and key management executives;
- (f) any matters relating to the Company's general meetings, Board and Board Committees (as defined below); and
- (g) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements.

### Provision 1.4

The Board has, without abdicating its responsibilities, delegated certain matters to three (3) main sub-committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"), which operate under clearly defined written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The Board Committees 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. The respective Chairmen of the Board Committees report the outcome of the Board Committee meetings to the Board. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The names of the respective members, terms of reference and a summary of activities of each Board Committee are set out in this report.

## CORPORATE GOVERNANCE REPORT

### Provision 1.5

The schedule of all Board and Board Committee meetings as well as the annual general meeting of the Company ("**AGM**") for the next calendar year is planned well in advance. The Board will meet at least twice a year and whenever warranted by particular circumstances. Ad-hoc and/or non-scheduled Board meetings may be convened to deliberate on urgent substantial matters. In addition to these meetings, corporate events and actions requiring the Board's approval may be discussed over the telephone, followed by Directors' resolutions in writing being passed. Regulation 101(A) of the Company's Constitution (the "**Constitution**") allows a Board meeting to be conducted by way of tele-conference and video conference.

Two (2) Board meetings were held in FY2020 to review and discuss, amongst others, the financial performance of the Group in FY2020 and the unaudited half-yearly and full year financial results announcements of the Group for FY2020. Directors attend and actively participate in Board and Board Committee meetings. The attendance of the Directors at the meetings of the Board and the Board Committees during FY2020 is as follows:

	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 James Ling Wan Chye (Resigned on 31 May 2020)	2	2	2	2*	1	1*	1	1*
Mr Zaffary Bin Ab Rashid	2	1	2	1*	1	1	1	1
Mr Hew Koon Chan	2	2	2	2	1	1	1	1
Ms Margaret Au Yong	2	2	2	2	1	1*	1	1
Ms Wong Chin Chin	2	2	2	2	1	1	1	1*

\* *By invitation*

### Provision 1.6

Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Detailed Board and Board Committee papers are prepared and circulated to the Directors before each Board and Board Committee meeting. The Board and Board Committee papers include sufficient information on financial, budgets, business and corporate issues (where applicable) to enable the Directors to be properly briefed on issues to be considered at the Board and Board Committee meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Key personnel who can provide additional insight into the matters at hand would be present at the relevant time during the Board and Board Committee meetings.

## CORPORATE GOVERNANCE REPORT

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The Board receives half-yearly financial performance results, annual budgets and explanation on material forecasts variances to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations. All Directors have unrestricted access to the Company's records and information. The Directors may also liaise with the Management as and when required to seek additional information.

### Provision 1.7

All Directors have separate and independent access to the Management and the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with, and, where necessary, external advisers at the Company's expense. The Company Secretary and/or his representatives attend all the Board and Board Committees meetings. The appointment and removal of the Company Secretary is decided by the Board as a whole. Should the Directors, whether as a group or individually, need independent professional advice, the Company will appoint such professional adviser to render the appropriate professional advice. The cost of such professional advice will be borne by the Company.

### **Board Composition and Guidance**

***Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.***

### Provision 2.1

The independence of each Director is reviewed by the NC, based on the guidelines as provided in the Code as well as Rule 406(3)(d) of the Catalist Rules, and any other salient factors. The independence of each Director is assessed and will be reviewed at least annually by the NC. The NC determines the independence of the Directors according to the Code and its Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules. In its review, the NC considers all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its finding and recommendations to the Board for approval. There is no policy to prohibit or require Independent Directors to hold shares in the Company. The NC has reviewed, determined and confirmed the independence of each Director for FY2020.

For FY2020, save as disclosed above, the Independent Directors (namely Hew Koon Chan, Wong Chin Chin and Margaret Au Yong) have confirmed that they and their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Directors were not in situation that could, or reasonably be perceived to, compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent for FY2020.

As at the date of this report, none of the Independent Directors has served on the Board beyond nine (9) years from the date of his or her first appointment.

## CORPORATE GOVERNANCE REPORT

### Provisions 2.2 and 2.3

As at 31 May 2020 and date of this report, the Board comprises five (5) directors, including three (3) of whom are Non-Executive and Independent Directors and one (1) Non-Executive and Non-Independent Director. Accordingly, the Board has satisfied the requirements for (i) independent directors to make up a majority of the Board where the Chairman of the Board is not independent; and (ii) non-executive directors to make up a majority of the Board.

### Provision 2.4

As at the date of this report, the compositions of the Board and Board Committees are as follows:

Name of Director	Designation	Board Committee Membership		
		Audit Committee	Nominating Committee	Remuneration Committee
Ms Chew Sue Ann	Executive Chairman and Group Managing Director ("MD")	–	–	–
Mr Hew Koon Chan	Lead Independent Director	Chairman	Member	Member
Ms Margaret Au-Yong	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 Board members collectively possess the necessary core competencies such as accounting, finance, investment, business and management experience, corporate governance, industry knowledge and strategic planning experience for the effective functioning of the Board and an informed decision-making process. This is to ensure that there is effective representation for Shareholders and issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of Shareholders, employees, customers, suppliers, other stakeholders and the industry in which the Group conducts its business.

Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and rigorously examined and take into account the long-term interests of not only the Shareholders, but also of the employees and reviewing the performance of the Management in achieving agreed goals and objectives. The NC considers the Independent Directors to be of sufficient calibre and number and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

## CORPORATE GOVERNANCE REPORT

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The Board comprises three (3) female directors and two (2) male directors. The Company does not have a formal Board diversity policy but, to maintain or enhance the balance and diversity of the Board, the NC will review the size and composition of the Board and the Board Committees annually to ensure that the Board and the Board Committees are of an appropriate size, and comprise persons who as a group provides the appropriate balance and mix of skills, knowledge, expertise and experience, and other aspects of diversity such as gender and age, so as to avoid group think and foster constructive debate and to enable the Management to benefit from a diverse perspective of issues that are brought before the Board and the Board Committees. The Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance the balance and diversity within the Board.

### Provision 2.5

In FY2020, the Non-Executive Directors (including Independent Directors) constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress and performance in implementing such agreed business strategies are monitored by the Non-Executive Directors and Executive Directors, as a full board. In FY2020, the Non-Executive and Non-Independent Director together with the Independent Directors, led by the Lead Independent Director, communicate among themselves without the presence of Management as and when the need arose. Where appropriate, the Lead Independent Director provides feedback to the Board and/or Chairman as appropriate. Similarly, the Lead Independent Director acts as the focal point for contact between the Executive Director and the Management with the Independent Directors.

### **Chairman and Chief Executive Officer**

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

### Provision 3.1

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.

### Provision 3.2

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

## CORPORATE GOVERNANCE REPORT

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and MD, or the respective Chairmen of the Board Committees, 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.

On 13 December 2018, the Company announced the appointment of Mr Matthew Ho as the Group Chief Executive Officer with effect from 9 January 2019. Since then, Mr Matthew Ho assumed the responsibility of driving the operations and growth of the Group, focusing on all the Company’s subsidiaries in Malaysia. Mr Matthew Ho will focus on development of strategic offerings, increasing clients’ cross-subsidiary investment and focus on people development including accelerating the development of the Group’s strategic offerings.

Mr Matthew Ho’s appointment as Group Chief Executive Officer (“**GCEO**”) will allow Ms Chew Sue Ann to focus exclusively on her role as the Executive Chairman. Ms Chew Sue Ann will continue to lead the Company’s Board, while accelerating the Company’s expansion into international markets and deepening relationships with strategic partners and client top-level management.

### Provision 3.3

As the Chairman and the MD is the same person, 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 GCEO has failed to resolve their concerns or for which such contact is inappropriate.

### **Board Membership**

***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.***

### Provision 4.1

The Board established the NC with written terms of reference which clearly set out its duties and responsibilities which include, amongst others:

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

## CORPORATE GOVERNANCE REPORT

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- 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.

### Provision 4.2

As at the date of this report, the NC comprises three (3) members, two (2) of whom, including the NC Chairman are Independent. The Lead Independent Director is also a member of the NC. The NC comprises the following members:

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

### Provision 4.3

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.

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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. In addition, Rule 702(4) of the Catalist Rules also provides that all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. The NC has recommended, and the Board has agreed that at the forthcoming AGM, Ms Wong Chin Chin and Ms Margaret Au-Yong, will be retiring via rotation pursuant to Regulation 112 of the Company's Constitution. Both Directors have offered themselves for re-election. Please refer to the section entitled "Additional Information on Director Nominated for Re-election – Appendix 7F to the Catalist Rules" of this report for the information as set out in Appendix 7F to the Catalist Rules relating to Ms Wong Chin Chin and Ms Margaret Au-Yong. 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.

### Provision 4.4

The NC determines the independence of Directors annually in accordance with the definition of independence as set out in the Code and Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules, and any other salient factors. None of the Independent Directors or their immediate family members has any relationship with the Company, its related corporations, its substantial Shareholders or its officers, that may affect their independence. The NC has reviewed and determined that the Independent Directors (namely Hew Koon Chan, Margaret Au Yong and Wong Chin Chin) are independent for FY2020.

### Provision 4.5

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 five (5) listed directorships at any point in time.

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	26 September 2019	<u>Present Directorship or Chairmanship</u> None <u>Past Directorship or Chairmanship</u> None
Mr Hew Koon Chan	Non-Executive and Independent	19 May 2017	26 September 2019	<u>Present Directorship or Chairmanship</u> 1. ecoWise Holdings Ltd 2. Resources Global Development Limited <u>Past Directorship or Chairmanship</u> 1. Roxy-Pacific Holdings Ltd 2. Nordic Group Ltd 3. Far East Group Ltd 4. DeClout Limited
Ms Margaret Au-Yong	Non-Executive and Independent	19 May 2017	28 September 2017 (To be re-elected at the forthcoming AGM)	<u>Present Directorship or Chairmanship</u> None <u>Past Directorship or Chairmanship</u> None
Ms Wong Chin Chin	Non-Executive and Independent	19 May 2017	27 September 2018 (To be re-elected at the forthcoming AGM)	<u>Present Directorship or Chairmanship</u> ATA IMS Berhad <u>Past Directorship or Chairmanship</u> None

## 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
Mr Zaffary Bin Ab Rashid	Non-Executive and Non-Independent	19 May 2017	27 September 2018	<u>Present Directorship or Chairmanship</u> None <u>Past Directorship or Chairmanship</u> None

### **Board Performance**

**Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

#### Provisions 5.1 and 5.2

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 discusses collectively with other Board members to address or recommend any areas for improvement and follow-up actions.

The review of the effectiveness of the Board as a whole, its Board Committees and the contribution of the Chairman and each Director has been undertaken collectively by the Board for FY2020 without the engagement of an external facilitator.

For FY2020, the Board is satisfied that each Director has allocated sufficient time and attention to the affairs of the Company, and is of the view that the effectiveness of the Board as a whole and of each of the Board Committees, as well as the contribution of each Director to the effectiveness of the Board and the Board Committees has been satisfactory.

# CORPORATE GOVERNANCE REPORT

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## (B) REMUNERATION MATTERS

### Procedures for Developing *Remuneration* Policies

**Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

#### Provision 6.1

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 key management personnel;
- reviewing and recommending to the Board for endorsement the specific remuneration packages for each of the Directors and key management personnel;
- 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;
- in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the executive Directors' or key management personnel's 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; and
- approving the performance targets for assessing the performance of each of the key management personnel and recommending the performance targets as well as employee specific remuneration packages for each of such key management personnel, for the endorsement of the Board.

#### Provision 6.2

The RC comprises three (3) members. All members of the RC are Non-Executive Directors, the majority of whom, including the RC Chairman are independent. The members of the RC are:

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

## CORPORATE GOVERNANCE REPORT

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### Provision 6.3

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Director/GCEO and the key management personnel based on the performance of the Group, the individual Director and the key management personnel. No Director individually decides or is involved in the determination of his or her own remuneration. The RC's recommendations are submitted for endorsement by the Board.

The RC will also review the Company's obligations under the service agreement entered into with the Executive Directors and key management personnel that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

An annual review of the compensation will be carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

### Provision 6.4

The recommendations of the RC will be submitted to the Board for approval. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. For FY2020, there was no engagement of remuneration consultant.

### **Level and Mix of Remuneration**

***Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

### Provisions 7.1, 7.2 and 7.3

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. Performance-related remuneration is aligned with the interests of Shareholders and other stakeholders and promotes the long-term success of the Company. The Executive Director does not receive any Directors' fees.

The Company has adopted a performance share plan known as the shopper360 Performance Share Plan ("PSP"). 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 Non-Executive Directors.

## CORPORATE GOVERNANCE REPORT

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The Non-Executive Directors (including the Non-Executive and Non-Independent Director) 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\$68,600 for FY2020 had been approved by Shareholders at the last AGM held on 26 September 2019. Director's fees of S\$63,455 for FY2021 have been recommended by the Board and will be subjected to the approval of Shareholders at the forthcoming AGM of the Company.

Currently there is no contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Director owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Executive Director in the event of such breach of fiduciary duties. The RC would review such contractual provision as and when necessary and would put forward to the Board for consideration and approval.

The RC is of the view that the current remuneration structure for the Directors and key management personnel are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

### Disclosure on Remuneration

**Principle 8: *The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

#### Provision 8.1

The compensation packages for employees including the Executive Director and key management personnel comprised a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Director and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Director and GCEO of the Company (together with other key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, as well as the need for the compensation to be symmetric with the risk outcomes. The Company extended its service agreement with Chairman and MD, Ms Chew Sue Ann, by a further period of three (3) years with effect from 1 June 2020. 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**").

## CORPORATE GOVERNANCE REPORT

The remuneration paid to or accrued to each individual Director and GCEO for FY2020 is as follows:

Name	Salary <sup>(1)</sup>	Variable Bonus	Directors' Fee	Share Options	Benefits -In-Kind	Total
	%	%	%	%	%	%
<b>Above S\$250,000 but not more than S\$500,000</b>						
Matthew Ho	99	0	0	0	1	100
<b>Between S\$100,000 and S\$250,000</b>						
Chew Sue Ann	95	0	0	0	5	100
James Ling Wan Chye <sup>(2)</sup>	99	0	0	0	1	100
<b>Below S\$50,000</b>						
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	0	0	100	0	0	100

**Note:**

(1) Amount inclusive of contribution to employer provident funds.

(2) Resigned as Executive Director with effect from 31 May 2020.

For FY2020, the remuneration paid to or accrued for the top five (5) key management personnel (who are not Directors or the GCEO) is as follows:

Name of Key Management Personnel	Salary <sup>(1)</sup>	Bonus	Share Options	Benefits -In-Kind	Total
	%	%	%	%	%
<b>Below S\$250,000</b>					
Lee Jun Ling	98	0	0	2	100
Angelina Ooi	96	0	0	4	100
Ooi Chee Kee	98	0	0	2	100
May Kim Hui Yee	98	0	0	2	100
Chow Siew Bee	97	0	0	3	100

**Note:**

(1) Amount inclusive of contribution to employer provident funds.

## CORPORATE GOVERNANCE REPORT

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The Company has not disclosed details of remuneration (amounts and breakdown) of its Directors and GCEO as recommended by the Code, given the competitive business environment and possible negative impact on the Group's business interests and ability to retain and nurture the Group's talent pool. After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration.

For FY2020, the aggregate total remuneration paid/payable to the aforesaid top five (5) key management personnel amounted to S\$0.7 million (equivalent to RM2.28 million, based on an exchange rate of RM3.07 to S\$1.00).

### Provision 8.2

Save for Ms Chew Sue Ann and Mr James Ling Wan Chye who are spouses, and daughter and son-in-law of Ms Yap Phaik Kwai (the controlling shareholder of the Company), there are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the GCEO, or substantial shareholder of the Company.

### Provision 8.3

Please refer to Principle 7 of this report for information on the PSP adopted by the Company. As at the date of this report, no awards have been granted under the PSP by the Company.

## (C) ACCOUNTABILITY AND AUDIT

### *Risk Management and Internal Controls*

***Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

### Provision 9.1

The Board determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives and value creation.

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the adequacy and effectiveness of the Company's overall internal control framework. The Board also recognises that an adequate and effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

As the Group does not have a risk management committee, the AC assumes the responsibility of the risk management function. The AC has reviewed, with the assistance of the internal auditors, and the external auditors, the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

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The Company has put in place risk management and internal control systems, including financial, operational, compliance and information technology controls, which are detailed in formal instructions, standard operating procedures and financial authority limits policies. The Board has determined the Group's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also monitors the Group's risks through the AC, internal auditors and external auditors.

The Group has an Enterprise Risk Management Framework in place to manage its exposure to risks that are associated with the conduct of its business. The Board will continue its risk assessment, which is an on-going process, with a view to improve the Group's internal control and risk management systems.

### Provision 9.2

For FY2020, the Board has received assurance from:

- (a) the Chairman and MD, and the Financial Controller ("FC") that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the GCEO and other key management personnel that the Group's risk management systems and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.

Based on the work performed by the internal auditors and external auditors, the review undertaken by the Management, the existing internal controls in place and the assurance from the Chairman and MD, the FC, the GCEO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2020.

### ***Audit Committee***

***Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.***

### Provision 10.1

The terms of reference of the AC sets out its duties and responsibilities. Amongst others, the AC is responsible for:

- (a) assisting the Board in the discharge of its statutory responsibilities on financing and accounting matters;
- (b) reviewing significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;

## CORPORATE GOVERNANCE REPORT

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- (c) 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;
- (d) reviewing the adequacy, effectiveness, scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- (e) reviewing the external auditor's audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls, their management letter and the Management's response;
- (f) 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;
- (g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (h) 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;
- (i) reviewing at least annually the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems, and discussing issues and concerns, if any, arising from the internal auditors;
- (j) reviewing the assurance from the Chairman and MD, and FC on the financial records and financial statements;
- (k) reviewing the scope and results of the internal audit procedures, and at least annually, the independence, adequacy and effectiveness of the Group's internal audit function, and whether the Group's internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience;
- (l) reviewing and approving transactions falling within the scope of Chapter 10 of the Catalist Rules (if any);
- (m) reviewing any interested person transactions and monitor the procedures established to regulate interested person transactions, and any deviations from the procedures will be subject to the AC's review and approval;
- (n) making recommendations to the Board on: (i) the proposals to Shareholders on the appointment, reappointment and removal of the external auditor; and (ii) the remuneration and terms of engagement of external auditors; and
- (o) undertaking generally such other functions and duties as may be required by law or the Catalist Rules.
- (p) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

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The AC has explicit authority to investigate any matters within its terms of reference. The AC also has full access to, and the co-operation of, Management and full discretion to invite any Director or senior management to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

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. There was no whistle-blowing report received by the Chairman of the AC in FY2020.

### Provisions 10.2 and 10.3

The AC comprises three (3) members, all of whom (including the Chairman) are Independent and Non-Executive Directors. The AC comprises the following members:

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

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. Notwithstanding that the AC does not comprise at least two members with recent and relevant accounting or related financial expertise and experience, 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.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation, and none of the AC members have financial interest in the Company's existing auditing firm or auditing corporation.

### Provision 10.4

#### **Internal Audit**

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 FY2020, 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.

## CORPORATE GOVERNANCE REPORT

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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.

In respect of FY2020, 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 adequacy and effectiveness of material internal controls (including financial, operational, compliance and information technology controls) and overall risk management systems of the Group.

The AC is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group. The AC is also of the view that the outsourced internal audit function is staffed with suitably qualified and experienced professionals with the relevant experience, and adheres to professional standards including those promulgated by the Institute of Internal Auditors. On an annual basis, the AC reviews the independence, adequacy and effectiveness of the internal audit function of the Company.

### **External Audit**

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 FY2020. A breakdown of the audit and non-audit fees paid to the Company's auditors is disclosed on page 98 of this Annual Report. The aggregate amount of fees paid or payable by the Group to the external auditors of the Company and the Company's subsidiaries for FY2020 amounted to RM328,303 for audit services and RM32,239 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.

For FY2020, 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 is satisfied that the external auditors of the Company, Baker Tilly TFW LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority, the external auditors of the Company's subsidiaries, Baker Tilly Monteiro Heng PLT, an auditing firm registered with the Audit Oversight Board of Malaysia, and Sein Win & Associates, Certified Public Accountants, 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 teams 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 Catalyst 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.

## CORPORATE GOVERNANCE REPORT

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:

Matters considered	How the AC reviewed these matters and what decisions were made
Revenue Recognition – RM162.68 million	<p>The AC considered the audit procedures performed by the external auditors to address this key audit matter, including the accounting policies over revenue recognition, its performance of substantive audit procedures to address risk of material misstatement over recognition of revenue and for compliance with the Group accounting policies, and disclosures in respect of the accounting policies on revenue recognition.</p> <p>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 FY2020.</p> <p>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 FY2020. Please refer to pages 67 to 71 of this Annual Report.</p>

### Provision 10.5

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 respect of FY2020, the AC has met with the external auditors and the internal auditors once, without the presence of the Management.

## (D) SHAREHOLDER RIGHTS AND ENGAGEMENT

### *Shareholder Rights and Conduct of General Meeting*

***Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

## CORPORATE GOVERNANCE REPORT

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### Provision 11.1

Shareholders are encouraged to attend all general meetings of the Company to ensure a high level of participation and accountability. The Company will inform Shareholders on the rules governing general meetings of Shareholders. The AGM is the principal forum for dialogue with Shareholders. The Company recognises the value of feedback from Shareholders. During the AGM, Shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend the AGM and extraordinary general meetings, and Shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues.

Shareholders who are not relevant intermediaries can vote in person or appoint not more than two (2) proxies (or in the case of Shareholders who are relevant intermediaries, more than two (2) proxies) to attend, speak and vote on their behalf at the general meetings. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day on SGXNet.

### Provision 11.2

Matters which require Shareholders' approval are presented and proposed as each substantially separate resolution. The Company practises having separate resolutions at general meetings for each substantially separate issue unless such issues are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting. For FY2020, there were no "bundled" resolutions.

### Provision 11.3

At general meetings of the Company, Shareholders are given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance. The Management, as well as the respective Chairmen of the Board, AC, RC and NC will be present and available to address all comments or queries raised by Shareholders at general meetings of the Company. The external auditors of the Company will also be present at the AGM to address Shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

For FY2020, save for Ms Wong Chin Chin, all Directors were present at the last AGM held on 26 September 2019. Save for the aforementioned AGM, there was no other general meeting held during FY2020.

### Provision 11.4

The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

## CORPORATE GOVERNANCE REPORT

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### Provision 11.5

The proceeding of each of the general meetings will be properly recorded, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings will be available for the inspection of Shareholders upon their request and such minutes of general meetings are also published on the Company's corporate website as soon as practicable.

### Provision 11.6

The Company does not have a policy on payment of dividend. The Board will consider the Group's level of cash and retained earnings, and projected capital expenditure and investments in proposing a dividend. The details of dividend payment, if any, would be disclosed via the release of the announcements through SGXNET. If no dividend has been declared, a statement to that effect and the reasons for the decision will be included in the half-yearly or full year financial results announcements, as the case may be. The Board has not recommended dividend for FY2020, as the Board is extremely cautious and is putting austerity measures in place to ensure business sustainability as the top priority under current unprecedented times of the Covid-19 pandemic.

### ***Engagement with Shareholders***

***Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

### Provisions 12.1, 12.2 and 12.3

The Company believes in timely and accurate dissemination of information to its Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Catalist Rules and the Companies Act (Chapter 50) of Singapore. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication to Shareholders is normally made through:

- (a) annual reports or circulars to Shareholders (which include notices of general meetings) are prepared and issued to all Shareholders by post within the mandatory period;
- (b) annual and half-yearly financial statements announcements containing a summary of the financial information and affairs of the Group for the period;
- (c) notices and explanatory memoranda for general meetings;
- (d) disclosures to the SGX-ST via SGXNet; and
- (e) Company's website at [www.shopper360.com.my](http://www.shopper360.com.my) where shareholders can access information on the Group.

The Company's general meetings are the principal forum for dialogue with shareholders, to gather their views or inputs, and address their concerns, if any. Shareholders are given ample time and opportunities to sound their views and concerns. All the Directors will endeavour to attend the general meetings of the Company, and Shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on

## CORPORATE GOVERNANCE REPORT

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other corporate and business issues. The Company will consider the use of other forums as and when applicable.

In accordance with the Catalist Rules, the Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalist Rules.

The Company strives to reach out to shareholders and investors via its online investor relations site within its corporate website at [www.shopper360.com.my](http://www.shopper360.com.my) where it updates shareholders and investors on the latest news and business developments of the Group. Shareholders may contact the Company with questions via the contact details on its corporate website and the Company will respond to such questions accordingly.

### (E) MANAGEMENT STAKEHOLDERS RELATIONSHIPS

#### *Engagement with Stakeholders*

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

#### Provisions 13.1 and 13.2

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long term future of the Company. The Company's efforts on sustainability are focused on creating sustainable value for its key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors.

#### Provision 13.3

The Company maintains a current corporate website to communicate and engage with stakeholders. The Company's website can be accessed at [www.shopper360.com.my](http://www.shopper360.com.my).

### (F) 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.

## CORPORATE GOVERNANCE REPORT

### (G) 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 FY2020.

### (H) 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.

### (I) USE OF IPO PROCEEDS

Pursuant to the Company's successful listing on Catalist on 30 June 2017, the Company received net proceeds of approximately S\$5.22 million (the "**Net Proceeds**"). As at 30 July 2020, the Net Proceeds have been fully 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	(2,300)	–
Acquisition, strategic alliances and/or joint ventures	600	(600)	–
General working capital purposes	536	(536)	–
<b>Listing expense to be borne by the Company</b>	1,784	(1,784)	–
<b>Total</b>	5,220	(5,220)	–

### (J) 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. in FY2020.

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, information as set out in Appendix 7F to the Catalist Rules relating to Ms Wong Chin Chin and Ms Margaret Au-Yong, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Director	Ms Wong Chin Chin ("Ms Wong")	Ms Margaret Au-Yong ("Ms Au-Yong")
Date of appointment	19 May 2017	19 May 2017
Date of last re-appointment (if applicable)	27 September 2018	28 September 2017
Age	55	71
Country of principal residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Wong as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Wong's qualifications, skills, expertise, past experiences and overall contribution since her appointment as a Director of the Company.	The re-election of Ms Au-Yong as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Au-Yong's qualifications, skills, expertise, past experiences and overall contribution since her appointment as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	NC Chairman and AC Member	RC Chairman and AC Member
Professional qualifications	Bachelor of Laws (Honours) from the University of Sydney, Australia	Bachelor of Arts (Hons) from University of Malaya
Working experience and occupation(s) during the past 10 years	<u>March 2017 - Current</u> ATA IMS Berhad (Formerly known as Denko Industrial Corporation Berhad) - Director  <u>January 2000 - current</u> Messrs. Adnan Sundra & Low - Partner	<u>October 2014 - Current</u> 1Malaysia Racing Team Sdn Bhd - Director  <u>June 2014 - Current</u> Macomm Management Services Sdn Bhd - Director  <u>October 1991 - Current</u> Klasik Heights Sdn Bhd - Director

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES

Name of Director	Ms Wong	Ms Au-Yong
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to <a href="#">Listing Rule 704(8)</a>		
Past (for the last 5 years)	<b>Past Directorships:</b> Nil	<b>Past Directorships:</b> Kolej IACT Sdn Bhd Audit Bureau of Circulation
Present	<b>Present Directorships:</b> shopper360 Limited ATA IMS Berhad (Formerly known as Denko Industrial Corporation Berhad)	<b>Present Directorships:</b> shopper360 Limited 1Malaysia Racing Team Sdn Bhd Macomm Management Services Sdn Bhd Klasik Heights Sdn Bhd

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES

Name of Director	Ms Wong	Ms Au-Yong
<p><b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b></p>		
<p>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	No	No
<p>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>	No	No
<p>(c) Whether there is any unsatisfied judgment against him?</p>	No	No
<p>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	No	No

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES

Name of Director	Ms Wong	Ms Au-Yong
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES

Name of Director	Ms Wong	Ms Au-Yong
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES

Name of Director	Ms Wong	Ms Au-Yong
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
<b>Disclosure applicable to the appointment of Director only.</b>		
Any prior experience as a director of an issuer listed on the Exchange?  If yes, please provide details of prior experience.  If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Yes  Ms Wong is currently a Director of the Company.	Yes  Ms Margaret is currently a director of the Company.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.

## DIRECTOR'S 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 2020.

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 72 to 128 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 2020 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 Singapore Financial Reporting Standards (International); 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  
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:

Name of Director and Companies in which interest are held	Number of ordinary shares Shareholdings registered in her own name		
	At 1.6.2019	At 31.5.2020	At 21.6.2020
<b>Company</b>			
Chew Sue Ann	325,000	325,000	325,000
<b>Immediate and ultimate holding company</b>			
Rekaweb.Com Sdn. Bhd.			
Chew Sue Ann	12,750	12,750	12,750

## DIRECTOR'S STATEMENT

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### Share options

The shopper360 Limited's Performance Shares Plan ("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 2019 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;
- 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;

## DIRECTOR'S STATEMENT

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### Audit Committee (cont'd)

The Audit Committee also reviewed the following (cont'd):

- 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

28 August 2020

# INDEPENDENT AUDITOR'S REPORT

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## 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 72 to 128, which comprise the statements of financial position of the Group and of the Company as at 31 May 2020, 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 Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2020 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.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SHOPPER360 LIMITED (cont'd)

### Report on the Audit of the Financial Statements (cont'd)

#### Key Audit Matters (cont'd)

##### Revenue recognition

Refer to Notes 2(b) and 4 to the financial statements.

##### *Description of key audit matter:*

The Group recognised revenue of RM162,678,099 during the financial year. Revenue is one of the key elements in the financial statements used as a measure of financial performance of an entity. The Group has three major business segments with different revenue streams as disclosed in Note 4 to the financial statements. Revenue recognition accounting principles adopted by the Group vary depending on the nature of the respective revenue stream and the contractual terms with the customers. Revenue recognition is considered a key audit matter due to the significance of revenue to the financial statements and due to management judgement and assessment involved in selecting the appropriate revenue recognition method for the different revenue streams. This required significant audit attention during the audit.

*With the involvement of our component auditors, we performed the following audit procedures to address key audit matter:*

- Obtained an understanding of the Group's accounting policies on revenue recognition and evaluated appropriateness of those revenue recognition policies.
- Tested the design and implementation of key relevant internal controls over revenue transactions and revenue recognition processes.
- Performed substantive audit procedures, which include test of details on a sample basis to address the risk of material misstatement over recognition of revenue and for compliance with the Group accounting principles.
- Assessed the Group's disclosures in respect of the accounting policies on revenue recognition and its revenue transactions.

##### **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.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SHOPPER360 LIMITED (cont'd)

### Report on the Audit of the Financial Statements (cont'd)

#### *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 SFRS(I), 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.

#### *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.

# INDEPENDENT AUDITOR'S REPORT

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## TO THE MEMBERS OF SHOPPER360 LIMITED (cont'd)

### Report on the Audit of the Financial Statements (cont'd)

#### *Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

- 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.

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.

# INDEPENDENT AUDITOR'S REPORT

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## TO THE MEMBERS OF SHOPPER360 LIMITED (cont'd)

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporation incorporated in Singapore of which we are the auditors 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 Foong Chooi Chin.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

28 August 2020

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

		Group	
	Note	2020 RM	2019 RM
Revenue	4	162,678,099	161,085,002
Cost of sales		(122,947,311)	(118,517,661)
<b>Gross profit</b>		<b>39,730,788</b>	<b>42,567,341</b>
Other income	5	641,775	374,567
<b>Expenses</b>			
Administrative expenses		(32,333,006)	(34,334,600)
Other operating expenses		(10,296)	(32,584)
Impairment losses on trade receivables and contract assets		(804,858)	(657,171)
Finance costs	6	(175,602)	(10,012)
Share of results of associated company		(5,977)	(134,669)
<b>Profit before tax</b>	7	<b>7,042,824</b>	<b>7,772,872</b>
Tax expense	9	(3,409,938)	(2,368,961)
<b>Profit for the year</b>		<b>3,632,886</b>	<b>5,403,911</b>
<b>Other comprehensive income:</b>			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		64,197	52,825
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		41,665	35,233
<b>Other comprehensive income for the year, net of tax</b>		<b>105,862</b>	<b>88,058</b>
<b>Total comprehensive income for the year</b>		<b>3,738,748</b>	<b>5,491,969</b>
<b>Profit attributable to:</b>			
Equity holders of the Company		2,963,984	5,185,187
Non-controlling interest		668,902	218,724
<b>Profit for the year</b>		<b>3,632,886</b>	<b>5,403,911</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		3,028,181	5,238,012
Non-controlling interest		710,567	253,957
		<b>3,738,748</b>	<b>5,491,969</b>
<b>Earnings per share (sen per share) - Basic and diluted</b>	10	<b>2.62</b>	<b>4.53</b>

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

# STATEMENT OF FINANCIAL POSITION

AT 31 MAY 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	2,597,738	4,149,414	–	–
Right-of-use assets	12	1,956,807	–	–	–
Intangible assets	13	2,481,388	2,489,667	–	–
Investment in subsidiaries	14	–	–	37,013,629	37,013,629
Investment in associated company	15	959,354	965,331	–	–
Trade and other receivables	17	76,596	156,596	–	–
Deferred tax assets	23	79,238	740,401	–	–
<b>Total non-current assets</b>		<b>8,151,121</b>	<b>8,501,409</b>	<b>37,013,629</b>	<b>37,013,629</b>
<b>Current assets</b>					
Financial assets at fair value through profit or loss	16	1,067,590	49,447	–	–
Trade and other receivables	17	33,229,975	37,418,945	8,364,249	10,439,646
Contract assets	18	5,882,880	7,325,682	–	–
Cash and cash equivalents	19	22,054,397	21,242,006	2,050,179	713,686
Tax recoverable		2,480,457	2,563,587	–	–
<b>Total current assets</b>		<b>64,715,299</b>	<b>68,599,667</b>	<b>10,414,428</b>	<b>11,153,332</b>
<b>Total assets</b>		<b>72,866,420</b>	<b>77,101,076</b>	<b>47,428,057</b>	<b>48,166,961</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	20	51,850,444	51,850,444	51,850,444	51,850,444
Treasury shares	20	(910,382)	–	(910,382)	–
Capital reserve	21(a)	(1,354,855)	(1,354,855)	–	–
Merger reserve	21(b)	(17,453,646)	(17,453,646)	–	–
Currency translation reserve		111,269	47,072	–	–
Retained earnings/(Accumulated losses)		20,293,156	18,312,362	(3,840,118)	(4,043,544)
Equity attributable to equity holders of the Company, total		52,535,986	51,401,377	47,099,944	47,806,900
Non-controlling interest		822,925	112,358	–	–
<b>Total equity</b>		<b>53,358,911</b>	<b>51,513,735</b>	<b>47,099,944</b>	<b>47,806,900</b>
<b>Non-current liabilities</b>					
Borrowings	22	–	145,129	–	–
Lease liabilities	12	898,033	–	–	–
Deferred tax liabilities	23	4,566	13,283	–	–
<b>Total non-current liabilities</b>		<b>902,599</b>	<b>158,412</b>	<b>–</b>	<b>–</b>
<b>Current liabilities</b>					
Trade and other payables	24	14,033,627	21,150,734	328,113	360,061
Contract liabilities	18	2,407,551	3,626,007	–	–
Borrowings	22	–	49,640	–	–
Lease liabilities	12	1,163,505	–	–	–
Tax payable		1,000,227	602,548	–	–
<b>Total current liabilities</b>		<b>18,604,910</b>	<b>25,428,929</b>	<b>328,113</b>	<b>360,061</b>
<b>Total liabilities</b>		<b>19,507,509</b>	<b>25,587,341</b>	<b>328,113</b>	<b>360,061</b>
<b>Total equity and liabilities</b>		<b>72,866,420</b>	<b>77,101,076</b>	<b>47,428,057</b>	<b>48,166,961</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

	Note	Share capital RM	Treasury shares 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 interest RM	Total equity RM
<b>Group</b>										
<b>At 1 June 2019</b>		51,850,444	-	(1,354,855)	(17,453,646)	47,072	18,312,362	51,401,377	112,358	51,513,735
Profit for the year		-	-	-	-	-	2,963,984	2,963,984	668,902	3,632,886
<b>Other comprehensive income</b>										
Currency translation differences arising from consolidation		-	-	-	-	64,197	-	64,197	41,665	105,862
Other comprehensive income for the year, net of tax		-	-	-	-	64,197	-	64,197	41,665	105,862
Total comprehensive income for the year		-	-	-	-	64,197	2,963,984	3,028,181	710,567	3,738,748
<i>Transactions with owners recognised directly in equity</i>										
Purchase of treasury shares	20	-	(910,382)	-	-	-	-	(910,382)	-	(910,382)
Dividends paid	25	-	-	-	-	-	(983,190)	(983,190)	-	(983,190)
<b>At 31 May 2020</b>		<b>51,850,444</b>	<b>(910,382)</b>	<b>(1,354,855)</b>	<b>(17,453,646)</b>	<b>111,269</b>	<b>20,293,156</b>	<b>52,535,986</b>	<b>822,925</b>	<b>53,358,911</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020 (cont'd)

	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 interest RM	Total equity RM
<b>Group</b>									
At 1 June 2018		51,850,444	(1,354,855)	(17,453,646)	(5,753)	15,196,882	48,233,072	(222,799)	48,010,273
Profit for the year		-	-	-	-	5,185,187	5,185,187	218,724	5,403,911
Other comprehensive income		-	-	-	52,825	-	52,825	35,233	88,058
Currency translation differences arising from consolidation		-	-	-	52,825	-	52,825	35,233	88,058
Other comprehensive income for the year, net of tax		-	-	-	52,825	-	52,825	35,233	88,058
Total comprehensive income for the year		-	-	-	52,825	5,185,187	5,238,012	253,957	5,491,969
<i>Transactions with owners recognised directly in equity</i>									
Capital contribution from non-controlling interest in a subsidiary		-	-	-	-	-	-	81,200	81,200
Dividends paid	25	-	-	-	-	(2,069,707)	(2,069,707)	-	(2,069,707)
At 31 May 2019		51,850,444	(1,354,855)	(17,453,646)	47,072	18,312,362	51,401,377	112,358	51,513,735

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

	Note	Share capital RM	Treasury shares RM	Accumulated losses RM	Total equity RM
<b>Company</b>					
At 1 June 2019		51,850,444	–	(4,043,544)	47,806,900
Profit and total comprehensive income for the year		–	–	1,186,616	1,186,616
Purchase of treasury shares	20	–	(910,382)	–	(910,382)
Dividends paid	25	–	–	(983,190)	(983,190)
<b>At 31 May 2020</b>		<b>51,850,444</b>	<b>(910,382)</b>	<b>(3,840,118)</b>	<b>47,099,944</b>
At 1 June 2018		51,850,444	–	(4,451,359)	47,399,085
Profit and total comprehensive income for the year		–	–	2,477,522	2,477,522
Dividends paid	25	–	–	(2,069,707)	(2,069,707)
At 31 May 2019		51,850,444	–	(4,043,544)	47,806,900

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

# CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

	Note	Group 2020 RM	2019 RM
<b>Cash flows from operating activities</b>			
Profit before tax		7,042,824	7,772,872
Adjustments for:			
Amortisation for club membership		8,279	8,279
Impairment losses on trade receivables and contract assets		804,858	657,171
Depreciation of property, plant and equipment		2,072,288	2,080,338
Depreciation of right-of-use assets		1,345,011	–
Interest income		(287,719)	(282,607)
Interest expenses		175,602	10,012
Gain on disposal of property, plant and equipment		(48,777)	–
Property, plant and equipment written off		10,296	4,836
Share of results of associated company		5,977	134,669
Unrealised foreign exchange losses		56,918	24,581
Operating cash flow before movement in working capital		11,185,557	10,410,151
Trade and other receivables and contract assets		4,906,914	(4,687,984)
Trade and other payables and contract liabilities		(8,249,720)	2,858,749
Currency translation adjustments		114,006	97,645
Cash generated from operations		7,956,757	8,678,561
Income tax paid		(2,276,683)	(3,801,617)
<b>Net cash from operating activities</b>		<b>5,680,074</b>	<b>4,876,944</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(809,348)	(1,283,639)
Interest received		287,719	282,607
Proceeds from disposal of property, plant and equipment		137,600	–
Placement of financial assets at fair value through profit or loss		(1,018,143)	(34,740)
<b>Net cash used in investing activities</b>		<b>(1,402,172)</b>	<b>(1,035,772)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		–	(67,881)
Repayment of lease liabilities		(1,253,574)	–
Capital contribution from non-controlling interest in a subsidiary		–	81,200
Dividends paid to owners of the Company		(983,190)	(2,069,707)
(Repayment to)/advance from non-controlling interest		(87,191)	468,651
Repayment of amount due to immediate and ultimate holding Company		–	(3,072)
Purchase of treasury shares		(910,382)	–
Interest paid		(174,254)	(10,012)
<b>Net cash used in financing activities</b>		<b>(3,408,591)</b>	<b>(1,600,821)</b>
<b>Net increase in cash and cash equivalents</b>		<b>869,311</b>	<b>2,240,351</b>
Cash and cash equivalents at beginning of the financial year		21,242,006	19,026,236
Effects of exchange rate changes on cash and cash equivalents		(56,920)	(24,581)
<b>Cash and cash equivalents at end of the financial year</b>	19	<b>22,054,397</b>	<b>21,242,006</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

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

	Amount due to non- controlling interest RM	Borrowings RM	Lease liabilities RM	Total RM
Balance at 1 June 2019	549,256	194,769	–	744,025
Adoption of SFRS(I) 16	–	–	3,041,568	3,041,568
Reclassification on adoption of SFRS(I) 16	–	(194,769)	194,769	–
Changes from financing cash flows:				
- Repayments	(87,191)	–	(1,253,574)	(1,340,765)
- Interest paid	–	–	(174,254)	(174,254)
Non-cash changes:				
- Interest expense	–	–	174,254	174,254
- Additions of new leases	–	–	78,775	78,775
Payments on behalf	61,965	–	–	61,965
<b>Balance at 31 May 2020</b>	<b>524,030</b>	<b>–</b>	<b>2,061,538</b>	<b>2,585,568</b>
Balance at 1 June 2018	80,605	62,650	–	143,255
Changes from financing cash flows:				
- Proceeds	468,651	–	–	468,651
- Repayments	–	(67,881)	–	(67,881)
- Interest paid	–	(10,012)	–	(10,012)
Non-cash changes:				
- Interest expense	–	10,012	–	10,012
- New finance leases	–	200,000	–	200,000
Balance at 31 May 2019	549,256	194,769	–	744,025

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

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

### 1 Corporate information

shopper360 Limited (the "Company") (Co. Reg. No. 201634929Z) was incorporated in Singapore. 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 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 Singapore Financial Reporting Standards (International) ("SFRS(I)"). 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 SFRS(I) 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.

#### *Use of estimates and judgements*

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 2(w) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### a) Basis of preparation (cont'd)

##### *New and revised standards*

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") 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 SFRS(I) and SFRS(I) INT.

The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as disclosed in Note 3.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 May 2020 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.

#### b) Revenue recognition

##### *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 from in-store advertising and digital marketing are recognised over the period of the advertisement based on the number of days which the customers simultaneously receive and consume the benefits from the services provided by the Group. The Group bills the customer in accordance with the terms of the contract, i.e. on the first day of each booking cycle. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. A contract liability is recognised when the Group has not yet performed under the contract but bills customers in advance or receives advanced payments from the customer.

The Group also provides banner and poster printing services upon request of customers. The Group transfers control and recognises a sale at the point in time when they deliver products to their customers with no unfulfilled obligation that could affect the customer's acceptance of the products and that the consideration is unconditional because only the passage of time is required before the payment is due.

##### *Field force management*

The Group provides manpower and manages the retail field force human resources functions for its customers. Revenue from field force management is recognised over time as performance obligation is satisfied by reference to the Group's progress towards completion of the services, using the input method based on the proportion of contract costs incurred to date to the estimated total costs. Revenue is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs and it has an enforceable right to payment for performance completed to date. A contract asset is recognised over the period in which the services are performed, representing the entity's right to consideration for the services performed to date which have not yet been billed to the customers. A contract liability is recognised when the Group has not yet performed the services under the contract but receives advanced payments from the customer. Customers are required to pay within 30 to 90 days from the invoice date. No element of financing is deemed present.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### b) Revenue recognition (cont'd)

##### *Sampling activities and events management*

The Group organises and manages its customers' in-store sampling, promotional booths and events. Revenue is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs and it has an enforceable right to payment for performance completed to date. Revenue recognised over time is measured by reference to the Group's progress towards completion of the contract works based on the proportion of contract costs incurred to date to the estimated total costs and this generally coincides with the period of the events. A contract asset is recognised when the Group has performed under the contract but has not yet been billed to the customers. A contract liability is recognised when the Group has not yet performed the services under the contract but receives advanced payments from the customers. Customers are required to pay within 60 days from the invoice date. No element of financing is deemed present.

##### *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.

#### c) 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.

#### d) Basis of consolidation

The consolidated 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*

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### d) Basis of consolidation

##### *Business combinations involving entities under common control (cont'd)*

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; and
- 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 combination 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.

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 2(f). 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### d) Basis of consolidation (cont'd)

##### *Business combination using acquisition method (cont'd)*

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.

For non-controlling interest 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 interest' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interest 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 (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interest 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 SFRS(I).

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.

#### e) Associated company

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### e) Associated company (cont'd)

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associated company are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

In the Company's financial statements, investment in associated company is carried at cost less accumulated impairment loss. On disposal of investment in associated company, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### f) 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.

The Group policy for goodwill arising on the acquisition of an associate is described in Note 2(e).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### g) 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.

#### h) 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### h) Intangible assets (other than goodwill) (cont'd)

##### *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.

#### i) 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.

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.

#### j) Financial assets

##### *Recognition and derecognition*

Regular way 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.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### j) Financial assets (cont'd)

##### *Classification and measurement*

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

##### *Subsequent measurement*

##### *Debt instruments*

Debt instruments include cash and cash equivalents, trade receivables and other receivables (excluding prepayments). These are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristic of the asset.

##### *Amortised cost*

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

##### *Fair value through profit or loss ("FVTPL")*

The Group's investments in short-term funds are classified as FVTPL. Movements in fair values and interest income are recognised in profit or loss in the period in which it arises and presented in "other income".

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### j) Financial assets (cont'd)

##### *Impairment*

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

##### *Offset*

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

#### k) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### l) Financial liabilities

Financial liabilities include trade and other payables, lease liabilities 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.

#### m) 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 reporting 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.

#### n) Share capital

##### *Ordinary shares*

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.

##### *Treasury shares*

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of the capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### o) Leases

*The accounting policy for leases before 1 June 2019 are as follows:*

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.

*The accounting policy for leases after 1 June 2019 are as follows:*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### ***When a Group entity is the lessee***

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### *Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### o) Leases (cont'd)

*The accounting policy for leases after 1 June 2019 are as follows (cont'd):*

##### *Lease liabilities (cont'd)*

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The estimated useful lives are as follows:

	Years
Office spaces and store	1 - 5
Warehouse	2 - 3
Motor vehicles	5

The right-of use assets are presented as a separate line in the statements of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(i).

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient of its leases of office spaces, stores and warehouses.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### p) 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.

#### q) 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.

#### r) 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### s) 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.

##### *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.

#### t) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### u) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

#### v) 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.

#### w) Critical accounting judgements and key sources of estimation uncertainty

##### *Critical judgements in applying the entity's accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the subsequent paragraphs).

##### *Investment in associated company*

Management considered the contractual terms in the shareholders agreement and the Group's representation on the board of Instanture Holdings Sdn. Bhd.. Management has determined that it has significant influence on Instanture Holdings Sdn. Bhd. even though the Group's shareholding is 11%. Accordingly, this investment has been classified as an associated company (Note 15).

##### *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.

##### *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, the implications of the COVID-19 pandemic on the assumptions and the carrying amount of the goodwill are disclosed in Note 13 to the financial statements. The carrying amounts of property, plant and equipment, right-of-use assets and club memberships are disclosed respectively in Notes 11, 12 and 13 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 2 Summary of significant accounting policies (cont'd)

#### w) Critical accounting judgements and key sources of estimation uncertainty (cont'd)

##### *Key sources of estimation uncertainty (cont'd)*

##### *Impairment of investment in associated company*

The Group assesses at each balance sheet date whether there are any indicators of impairment for investment in associated company. Investment in associated company is tested for impairment when there are indicators that the carrying amount may not be recoverable. An impairment exists when the carrying amount of the investment 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 calculation is undertaken, management is required to estimate the expected future cash flows from the business and a suitable terminal growth rate and discount rate, in order to determine the present value of those cash flows. As the value in use calculation is subject to assumptions and forecasts, any changes to these estimations will affect the results of the impairment assessment. The carrying amount of investment in associated company is disclosed in Note 15.

##### *Provision for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will assess the historical credit loss experience by considering current and forecast economic conditions..

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions as well as the implications of the COVID-19 pandemic on the assumptions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 27(b).

The carrying amount of the Group's trade receivables as at 31 May 2020 was RM31,075,221 (2019: RM35,194,667)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 3 New standards effective in 2020

#### SFRS(I) 16 Leases

##### *When the Group is the lessee*

SFRS(I) 16 replaces the existing SFRS(I) 1-17 Leases for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position 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.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under SFRS(I) 1-17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 June 2019. The Group's incremental borrowing rate applied to the lease liabilities on 1 June 2019 was 6.80%.

	RM
Operating lease commitments as at 31 May 2019	498,600
Discounted using the lessee's incremental borrowing rate	(268,891)
Less: Lease modification	(74,788)
Less: Low value asset leases recognised on a straight-line basis as an expense	(74,200)
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 31 May 2019	2,960,847
Add: Finance lease liabilities recognised as at 31 May 2019	194,769
	<hr/>
Lease liability recognised as at 1 June 2019	<u>3,236,337</u>

The associated right-of-use assets were measured at the amount equal to the lease liability (adjusted for any prepaid or accrued lease payment) on adoption. Arising from the adoption of SFRS(I) 16, rights-of-use asset and lease liability of RM3,223,043 and RM3,236,337 respectively was recognised on the consolidated statements of financial position on 1 June 2019. The carrying value of motor vehicles and the associated finance lease liability previously included under property, plant and equipment and borrowings respectively were reclassified as rights-of-use assets and lease liabilities accordingly on adoption of SFRS(I) 16.

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 4 Revenue

	Group	
	2020 RM	2019 RM
In-store advertising and digital marketing	32,051,416	38,921,209
Field force management	106,986,682	97,587,305
Sampling activities and events management	23,640,001	24,576,488
	<b>162,678,099</b>	<b>161,085,002</b>
<i>Timing of revenue recognition</i>		
At a point in time	4,922,489	5,627,940
Over time	157,755,610	155,457,062
	<b>162,678,099</b>	<b>161,085,002</b>

Revenue recognised during the financial year from:

	Group	
	2020 RM	2019 RM
Amounts included in contract liability at the beginning of the financial year	3,626,007	4,321,448

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

### 5 Other income

	Group	
	2020 RM	2019 RM
Gain on foreign exchange	63,924	70,443
Gain on disposal of property, plant and equipment	48,777	–
Management fees	–	4,000
Interest income	287,719	282,607
Rental income	–	2,600
Government grant	175,198	–
Miscellaneous income	66,157	14,917
	<b>641,775</b>	<b>374,567</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 6 Finance costs

	Group	
	2020 RM	2019 RM
Interest expense		
- lease liabilities/finance leases (Note 12)	174,254	10,012
- others	1,348	-
	175,602	10,012

### 7 Profit before tax

	Group	
	2020 RM	2019 RM
Profit before tax is arrived at after charging:		
Audit fees payable/paid to:		
- auditor of the Company	206,244	186,521
- other auditors*	122,059	100,312
Fees for non-audit services payable/paid to:		
- auditor of the Company	6,108	2,370
- other auditors*	26,131	39,896
Amortisation for club memberships	8,279	8,279
Commission	674,697	1,003,907
Depreciation of property, plant and equipment	2,072,288	2,080,338
Depreciation of right-of-use assets	1,345,011	-
Bad debts written off	89,047	-
Allowance for impairment of contract assets (Note 27(b))	385,245	-
Allowance for impairment of trade receivables (Note 27(b))	330,566	657,171
Loss on foreign exchange	222,597	118,015
Rental expense (Note 12)	422,931	1,694,511
Staff costs (Note 8)	117,052,726	109,581,033
Supermarket fees	5,269,404	4,226,706
Printing and design	76,972	949,933
Property, plant and equipment written off	10,296	4,836
Public performance fees	446,195	507,986
	117,052,726	109,581,033

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

### 8 Staff costs

	Group	
	2020 RM	2019 RM
Salaries, allowances, bonuses and commissions	101,981,953	95,681,027
Contributions to defined contribution plans	11,541,623	10,981,693
Other benefits	3,529,150	2,918,313
	117,052,726	109,581,033

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 9 Tax expense

	Group	
	2020 RM	2019 RM
Tax expense attributable to profits is made up of:		
Current income tax		
- current year	2,725,356	2,492,166
- under/(over) provision in respect of previous financial years	32,136	(78,219)
Deferred tax (Note 23)		
- current year	13,094	(2,931)
- prior year	(1,084)	(42,055)
- reversal of deferred tax assets	640,436	-
	3,409,938	2,368,961

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	
	2020 RM	2019 RM
Profit before tax	7,042,824	7,772,872
Tax at domestic rates applicable to profit in countries where the Group operates	1,666,790	1,860,167
Singapore statutory stepped income exemption	(33,158)	-
Expenses not deductible for tax purposes	601,979	393,729
Income not subject to tax	(163,352)	(131,234)
Under/(over) provision of current tax in prior years	32,136	(78,219)
Over provision of deferred tax in prior year	(1,084)	(42,055)
Reversal of deferred tax assets	640,436	-
Deferred tax assets not recognised	779,767	442,654
Utilisation of previously unrecognised deferred tax assets	(99,011)	(76,081)
Others	(14,565)	-
	3,409,938	2,368,961

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% (2019: 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% (2019: 24%).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 10 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	
	2020 RM	2019 RM
Net profit attributable to equity holders of the Company	2,963,984	5,185,187
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at 1 June	114,400,000	114,400,000
Effect of treasury shares held	(1,257,156)	–
Weighted average number of ordinary shares during the year	113,142,844	114,400,000
Earnings per share (sen per share) - Basic and diluted	2.62	4.53

There were no dilutive equity instruments for 2020 and 2019.

### 11 Property, plant and equipment

	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Office renovation RM	Total RM
<b>Group 2020 Cost</b>					
At 1.6.2019	5,034,947	2,163,250	1,780,281	2,564,266	11,542,744
Reclassification to right-of-use assets on initial application of SFRS(I) 16	–	–	(304,970)	–	(304,970)
Additions	573,811	39,261	181,289	14,987	809,348
Disposal	(649)	–	(514,315)	–	(514,964)
Write-off	(325,095)	–	–	–	(325,095)
Currency translation differences	(10,740)	6,754	–	6,340	2,354
<b>At 31.5.2020</b>	<b>5,272,274</b>	<b>2,209,265</b>	<b>1,142,285</b>	<b>2,585,593</b>	<b>11,209,417</b>
<b>Accumulated depreciation</b>					
At 1.6.2019	3,419,929	1,185,332	1,357,518	1,430,551	7,393,330
Reclassification to right-of-use assets on initial application of SFRS(I) 16	–	–	(123,495)	–	(123,495)
Depreciation charge	1,031,970	420,500	111,062	508,756	2,072,288
Disposal	(361)	–	(425,780)	–	(426,141)
Write-off	(314,799)	–	–	–	(314,799)
Currency translation differences	5,622	2,878	–	1,996	10,496
<b>At 31.5.2020</b>	<b>4,142,361</b>	<b>1,608,710</b>	<b>919,305</b>	<b>1,941,303</b>	<b>8,611,679</b>
<b>Net carrying value At 31.5.2020</b>	<b>1,129,913</b>	<b>600,555</b>	<b>222,980</b>	<b>644,290</b>	<b>2,597,738</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 11 Property, plant and equipment (cont'd)

	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Office renovation RM	Total RM
<b>Group</b>					
2019					
Cost					
At 1.6.2018	4,504,014	2,068,671	1,481,152	2,502,906	10,556,743
Additions	1,027,045	97,936	303,791	54,867	1,483,639
Write-off	(483,706)	–	(4,662)	–	(488,368)
Currency translation differences	(12,406)	(3,357)	–	6,493	(9,270)
At 31.5.2019	5,034,947	2,163,250	1,780,281	2,564,266	11,542,744
Accumulated depreciation					
At 1.6.2018	2,926,237	772,890	1,177,580	919,500	5,796,207
Depreciation charge	972,575	412,502	184,600	510,661	2,080,338
Write-off	(478,870)	–	(4,662)	–	(483,532)
Currency translation differences	(13)	(60)	–	390	317
At 31.5.2019	3,419,929	1,185,332	1,357,518	1,430,551	7,393,330
Net carrying value					
At 31.5.2019	1,615,018	977,918	422,763	1,133,715	4,149,414

#### *Assets held under finance leases*

At 31 May 2019, the net carrying value of motor vehicles held under finance lease agreements amounted to RM181,475. Leased assets are pledged as security for the related finance lease liabilities.

Additions in the financial year ended 31 May 2019 included RM200,000 of motor vehicles acquired under finance leases (Note 22).

### 12 Right-of-use assets and lease liabilities

#### *The Group as a lessee*

#### Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

- The Group leases various office spaces and stores, warehouses and motor vehicles from immediate and ultimate holding company and non-related parties. The leases have an average tenure of between one to five years;
- In addition, the Group leases certain office spaces, equipment and vehicles with contractual terms up to one year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

No restrictions are imposed on dividends of further leasing.

The maturity analysis of the lease liabilities is disclosed in Note 27(b).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 12 Right-of-use assets and lease liability (cont'd)

*The Group as a lessee (cont'd)*

Information about leases for which the Group is a lessee is presented below:

#### Amounts recognised in Statements of Financial Position

	31.5.2020 RM	Group 1.6.2019 RM
<u>Carrying amounts of right-of-use assets</u>		
Office spaces and stores		
- immediate and ultimate holding company	1,089,288	1,633,931
- non-related parties	608,999	1,117,303
Warehouses	120,599	290,334
Motor vehicles	137,921	181,475
	<b>1,956,807</b>	<b>3,223,043</b>
<u>Carrying amounts of lease liabilities</u>		
Current		
- immediate and ultimate holding company	556,657	481,562
- non-related parties	606,848	771,784
	<b>1,163,505</b>	<b>1,253,346</b>
Non-current		
- immediate and ultimate holding company	595,712	1,152,368
- non-related parties	302,321	830,623
	<b>898,033</b>	<b>1,982,991</b>
	<b>2,061,538</b>	<b>3,236,337</b>

	<b>Group 2020 RM</b>
Additions to right-of-use assets	<b>78,775</b>

#### Amounts recognised in Profit or Loss

<u>Depreciation charge for the year</u>	
Office space and stores	1,131,721
Warehouses	169,736
Motor vehicles	43,554
Total (Note 7)	<b>1,345,011</b>
<u>Lease expense not included in the measurement of lease liabilities</u>	
Lease expense - short term leases	395,519
Lease expense - low value assets leases	27,412
Total (Note 7)	<b>422,931</b>
Interest expense on lease liabilities (Note 6)	<b>174,254</b>

During the current financial year, total Group's cash flow for leases amounted to RM1,850,759.

As at 31 May 2020, the Group is committed to RM166,627 for short term leases.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 12 Right-of-use assets and lease liabilities (cont'd)

#### Future cash outflows which are not capitalised in lease liabilities

##### *Extension options*

The leases of certain office space and stores contain extension options, for which the related lease payments had not been included in the lease liabilities as the Group are not reasonably certain to extend the lease. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group.

### 13 Intangible assets

	Goodwill RM	Club memberships RM	Total RM
<b>Group</b>			
<b>2020</b>			
<b>Cost</b>			
At 1.6.2019 and 31.5.2020	2,007,651	583,997	2,591,648
<b>Accumulated amortisation</b>			
At 1.6.2019	–	101,981	101,981
Amortisation	–	8,279	8,279
At 31.5.2020	–	110,260	110,260
<b>Net carrying value</b>			
At 31.5.2020	2,007,651	473,737	2,481,388
<b>2019</b>			
<b>Cost</b>			
At 1.6.2018 and 31.5.2019	2,007,651	583,997	2,591,648
<b>Accumulated amortisation</b>			
At 1.6.2018	–	93,702	93,702
Amortisation	–	8,279	8,279
At 31.5.2019	–	101,981	101,981
<b>Net carrying value</b>			
At 31.5.2019	2,007,651	482,016	2,489,667

##### *Amortisation expense*

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 13 Intangible assets (cont'd)

#### *Impairment test for 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.

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

	Group	
	2020 RM	2019 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 calculations. 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 (2019: Nil).

Revenue is estimated to grow at 5% per annum (2019: average rate of 17%) for the three-year period. The pre-tax rate used to discount the forecast cash flows from the Group's sampling activities and events management segment is 19.7% (2019: 19.6%). Gross margins are estimated based on past performances.

#### *Sensitivity to changes in assumptions*

These key inputs and assumptions were estimated by Management based on prevailing market, economic and other conditions at the end of the reporting period, and based on Management's estimations of the expected orders and recovery in business conditions amidst the current COVID-19 pandemic.

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. However, the uncertainties surrounding the impact of the COVID-19 pandemic on the global economy may affect the actual outcome of these estimates and assumptions.

### 14 Investment in subsidiaries

	Company	
	2020 RM	2019 RM
Unquoted equity shares, at cost		
Balance at beginning of the financial year	37,013,629	36,891,829
Additions	-	121,800
Balance at end of the financial year	37,013,629	37,013,629

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

## 14 Investment in subsidiaries (cont'd)

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

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %
<i>Held by the Company</i>				
shopper360 Sdn. Bhd. <sup>(1)</sup>	Malaysia	Investment holding	100	100
ShopperPlus Singapore Pte Ltd <sup>(2)</sup>	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	100
ShopperPlus Myanmar Co., Ltd <sup>(3)</sup>	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	60
<i>Held by shopper360 Sdn. Bhd.</i>				
Pos Ad Sdn. Bhd. <sup>(1)</sup>	Malaysia	Providing advertising media services	100	100
Jump Retail Sdn. Bhd. <sup>(1)</sup>	Malaysia	Retail specialist in field operations management	100	100
Gazelle Activation Sdn. Bhd. <sup>(1)</sup>	Malaysia	Providing project management, outsourcing manpower to provide digital imaging training, subletting of property and related services	100	100
ShopperPlus Sdn. Bhd. <sup>(1)</sup>	Malaysia	Providing digital mobile marketing solutions and services	100	100
Tristar Synergy Sdn. Bhd. <sup>(1)</sup>	Malaysia	Providing project management, outsourcing manpower to provide digital imaging training, subletting of property and related services	100	100
Retail Galaxy Sdn. Bhd. <sup>(1)</sup>	Malaysia	Retail specialist in field operations management	100	100

<sup>(1)</sup> Audited by independent member firm of the Baker Tilly International network

<sup>(2)</sup> Audited by Baker Tilly TFW LLP

<sup>(3)</sup> Audited by other firm of certified public accountants

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 14 Investment in subsidiaries (cont'd)

#### (b) Summarised financial information of subsidiary with material non-controlling interest ("NCI")

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

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI	
		2020 %	2019 %
ShopperPlus Myanmar Co., Ltd	Myanmar	40	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	
	2020 RM	2019 RM
Non-current assets	148,489	142,933
Current assets	6,321,245	3,906,610
Current liabilities	(4,412,422)	(3,768,648)
Net assets	<u>2,057,312</u>	<u>280,895</u>
Net assets attributable to NCI	<u>822,925</u>	<u>112,358</u>

#### Summarised Statement of Comprehensive Income

	ShopperPlus Myanmar Co., Ltd	
	2020 RM	2019 RM
Revenue	7,563,107	5,541,057
Profit before tax	<u>2,259,742</u>	<u>546,809</u>
Profit after tax	1,672,256	546,809
Other comprehensive income	104,164	88,082
Total comprehensive income	<u>1,776,420</u>	<u>634,891</u>
Profit allocated to NCI	<u>710,567</u>	<u>253,957</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 14 Investment in subsidiaries (cont'd)

#### (b) Summarised financial information of subsidiary with material non-controlling interest ("NCI") (cont'd)

##### Summarised Cash Flows

	ShopperPlus Myanmar Co., Ltd	
	2020 RM	2019 RM
Cash flows generated from operating activities	606,946	2,344,759
Cash flow used in investing activities	(54,214)	(49,887)
Cash flows generated from financing activities	–	195,910
Net increase in cash and cash equivalents	552,732	2,490,782

### 15 Investment in associated company

The Group's investment in associated company is summarised below:

	Group	
	2020 RM	2019 RM
<u>Carrying amount:</u> Instanture Holdings Sdn. Bhd. and its subsidiary	959,354	965,331

The following information relates to associated company of the Group:

Name of Company	Principal place of business/Country of incorporation	Principal of activity	Group's effective equity interest held	
			2020 %	2019 %
<u>Held through subsidiary</u>				
<u>Unquoted equity shares</u>				
Instanture Holdings Sdn. Bhd.*	Malaysia	Investment holding company	11	11
<u>Subsidiary held by</u>				
<u>Instanture Holdings</u>				
<u>Sdn. Bhd.</u>				
Boostorder Sdn Bhd*	Malaysia	Cross platform business to business commerce solutions provider	11	11

\* Audited by other firm of certified public accountants

The associated company is measured using the equity method of accounting. The activities of the associated company are strategic to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 15 Investment in associated company (cont'd)

Summarised financial information for Instanture Holdings Sdn. Bhd. based on its SFRS(I) financial statements (not adjusted for the Group's share of those amounts) and a reconciliation to the carrying amounts of the investment in the consolidated financial statements are as follows:

	2020 RM	2019 RM
Revenue	1,928,564	760,129
Loss after tax	(54,338)	(1,224,265)
Total comprehensive loss	(54,388)	(1,224,265)
<hr/>		
Non-current assets	242,498	228,780
Current assets	1,522,761	919,534
Current liabilities	(942,067)	(270,784)
<hr/>		
<b>Net assets</b>	<b>823,192</b>	<b>877,530</b>
<hr/>		
Group's share of net assets based on proportion of ownership interest	90,551	96,528
Goodwill on acquisition	868,803	868,803
<hr/>		
<b>Carrying amount of investment</b>	<b>959,354</b>	<b>965,331</b>
<hr/>		

### 16 Financial assets at fair value through profit or loss

	2020 RM	Group	2019 RM
Investments in short-term fund	1,067,590		49,447
<hr/>			

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 17 Trade and other receivables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<i>Non-current</i>				
Staff loan	76,596	156,596	–	–
<i>Current</i>				
Trade receivables				
- Third parties	31,405,787	35,851,838	–	–
Less allowance for impairment				
- Third parties	(330,566)	(657,171)	–	–
	<b>31,075,221</b>	<b>35,194,667</b>	<b>–</b>	<b>–</b>
Deposits	517,835	539,005	–	–
Prepayments	1,143,415	1,334,010	50,664	50,278
Staff loan	114,707	239,784	–	–
Sundry receivables	378,797	111,479	40,175	–
Amounts due from subsidiaries	–	–	8,273,410	10,389,368
	<b>33,229,975</b>	<b>37,418,945</b>	<b>8,364,249</b>	<b>10,439,646</b>
	<b>33,306,571</b>	<b>37,575,541</b>	<b>8,364,249</b>	<b>10,439,646</b>

Impairment loss on trade receivables recognised as an expense amounted to RM330,566 (2019: RM657,171).

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 value measurement is categorised within Level 3 of the fair value hierarchy.

### 18 Contract assets and contract liabilities

The Group receives payments from customers based on billing terms as established in contracts. Contract assets relate to the Group's rights to consideration for services delivered but not billed at the reporting date. Contract liabilities relate to advance consideration received from customers, billings in excess of revenue recognised to-date and deferred revenue. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 18 Contract assets and contract liabilities (cont'd)

The following table provides information about contract assets and contract liabilities from contracts with customers.

	31.5.2020	Group 31.5.2019	1.6.2018
	RM	RM	RM
Trade receivables	31,075,221	35,194,667	30,136,727
Contract assets	5,882,880	7,325,682	7,851,593
Contract liabilities	2,407,551	3,626,007	4,321,448

Significant changes in the contract assets and the contract liabilities balances during the financial year are as follows:

	Contract assets		Contract liabilities	
	2020	2019	2020	2019
	RM	RM	RM	RM
Revenue recognised that was included in the contract liability balance at the beginning of the financial year	–	–	3,626,007	4,321,448
Increases due to advances received, excluding amounts recognised as revenue during the financial year	–	–	2,407,551	3,626,007
Contract asset reclassified to trade receivables	7,325,682	7,851,593	–	–

### 19 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Bank and cash balances	20,939,147	18,177,675	2,050,179	713,686
Short term cash investments with fund management company	1,115,250	3,064,331	–	–
Cash and cash equivalents	22,054,397	21,242,006	2,050,179	713,686

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 investments which have an insignificant risk of changes in value and bore effective interest rates at the end of the reporting period ranging from 1.89% to 3.51% (2019: 2.28% to 2.90%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 20 Share capital

	Group and Company	
	Number of ordinary shares	Issued share capital RM
<b>2020</b>		
Issued and paid up:		
At the beginning of the year	114,400,000	51,850,444
Less: Treasury shares purchased	(2,717,700)	–
At the end of financial year	<b>111,682,300</b>	<b>51,850,444</b>
<b>2019</b>		
At the beginning/end of the year	114,400,000	51,850,444

All issued shares are fully paid ordinary shares with no par value.

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.

#### *Treasury shares*

During the financial year, the Company purchased 2,717,700 (2019: Nil) of its ordinary shares by way of on-market purchases. The total amount paid to acquire the shares was RM910,382 and has been deducted from shareholders' equity.

At the reporting date, the Company held 2,717,700 (2019: Nil) ordinary shares as treasury shares.

### 21 Reserves

#### (a) *Capital reserve*

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

#### (b) *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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 22 Borrowings

#### *Finance lease liabilities*

Finance lease liabilities were reclassified to lease liabilities on 1 June 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Notes 3 and 12.

	Minimum lease payments RM	Group 2019 Present value RM
Not later than one financial year	59,808	49,640
Later than one financial year but not later than five financial years	158,264	145,129
Total minimum lease payments	218,072	
Less: Future finance charges	(23,303)	-
Present value of finance lease liabilities	194,769	194,769
Representing finance lease liabilities:		
Current	49,640	
Non-current	145,129	
	194,769	
Effective interest rate	5.96%	

The net carrying value of motor vehicles acquired under finance lease agreements in the previous financial year is disclosed in Note 11.

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 approximated their carrying amounts as the market interest rate at the end of the reporting period was close to the effective interest rate of the Group's existing finance lease liabilities. This fair value measurement for disclosures purpose was categorised in Level 3 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 23 Deferred tax (assets)/liabilities

	Group	
	2020 RM	2019 RM
Deferred tax assets	(79,238)	(740,401)
Deferred tax liabilities	4,566	13,283
	<b>(74,672)</b>	<b>(727,118)</b>
Balance at beginning of the year	(727,118)	(682,132)
Tax charged/(credited) to: - profit or loss (Note 9)	652,446	(44,986)
<b>Balance at end of the year</b>	<b>(74,672)</b>	<b>(727,118)</b>

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	Right-of-use assets RM	Others RM	Total RM
<b>Group</b>					
Balance at 1 June 2018	7,645	(689,777)	–	–	(682,132)
(Credit)/charge to profit or loss for the year	(109,263)	181,005	–	(116,728)	(44,986)
Balance at 31 May 2019	(101,618)	(508,772)	–	(116,728)	(727,118)
Charge/(credit) to profit or loss for the year	44,220	497,764	(6,266)	116,728	652,446
<b>Balance at 31 May 2020</b>	<b>(57,398)</b>	<b>(11,008)</b>	<b>(6,266)</b>	<b>–</b>	<b>(74,672)</b>

### Unrecognised deferred tax assets

Deferred tax asset has not been recognised in respect of the following deductible temporary differences:

	Group	
	2020 RM	2019 RM
Tax losses	7,489,000	7,584,000
Capital allowances	602,000	138,000
Property, plant and equipment	599,000	–
Deferred income	1,748,000	1,175,000
Accrued expenses	1,322,000	538,000
Others	524,000	–
	<b>12,284,000</b>	<b>9,435,000</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 23 Deferred tax (assets)/liabilities (cont'd)

#### Unrecognised deferred tax assets (cont'd)

Deferred tax asset totalling RM2,937,000 (2019: RM2,247,000) has not been recognised with respect of the above as it is not probable that future taxable profits will be available and/or sufficient to allow the related tax benefits to be realised.

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

With effect from year of assessment 2019, unutilised tax losses in a year of assessment can only be carried forward for a maximum period of 7 conservative years of assessment. Accumulated unutilised tax loss brought forward from year of assessment 2019 can be utilised for another 7 years of assessment and will be disregarded in year of assessment 2026.

### 24 Trade and other payables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables	3,487,667	4,483,504	–	–
Other payables	2,813,678	4,936,647	77,785	77,531
Deposits	644,491	655,725	–	–
Accrued operating expenses	6,533,041	10,474,402	250,328	282,530
Amount due to immediate and ultimate holding company	30,720	51,200	–	–
Amount due to non-controlling interest	524,030	549,256	–	–
	<b>14,033,627</b>	<b>21,150,734</b>	<b>328,113</b>	<b>360,061</b>

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

### 25 Dividends paid

	Group	
	2020 RM	2019 RM
Ordinary dividends:		
Interim single tier tax exempt dividend of SGD0.006 per share, on the 114,400,000 ordinary shares, was declared on 27 September 2018 and paid on 12 October 2018	–	2,069,707
Final single tier tax exempted dividend of SGD0.0028 per share, on the 114,400,000 ordinary shares, was declared on 26 September 2019 and paid on 21 October 2019 in respect of the financial year ended 31 May 2019	983,190	–
Dividends paid to equity holders of the Group	<b>983,190</b>	<b>2,069,707</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 26 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:

	2020 RM	Group 2019 RM
<b>With immediate and ultimate holding company</b>		
Rental payment/expenses	(547,940)	(614,000)
Dividends paid	(185,789)	(391,102)
<b>With non-controlling interest</b>		
Payments on behalf	61,965	–
Advances	–	468,651

- (b) Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	2020 RM	Group 2019 RM
Salaries, allowances, bonuses	3,768,726	3,917,786
Contributions to defined contribution plans	706,500	712,251
Fees and other benefits	194,849	320,881
Benefit in kind	96,995	81,215
	<b>4,767,070</b>	<b>5,032,133</b>

### 27 Financial instruments

- a) Categories of financial instruments

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	1,067,590	49,447	–	–
Financial assets at amortised cost	54,205,579	57,407,765	10,363,764	11,103,054
	<b>55,273,169</b>	<b>57,457,212</b>	<b>10,363,764</b>	<b>11,103,054</b>
<i>Financial liabilities</i>				
At amortised cost	15,284,220	20,388,722	328,113	360,061

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 27 Financial instruments (cont'd)

#### 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.

#### *Foreign currency risk*

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).

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

<i>Denominated in:</i>	USD RM	SGD RM
<b>Group</b>		
<b>2020</b>		
Trade and other receivables	–	259,617
Cash and cash equivalents	1,496,288	2,575,102
Trade and other payables	–	(328,112)
<b>Net financial assets denominated in foreign currencies</b>	<b>1,496,288</b>	<b>2,506,607</b>
<b>2019</b>		
Cash and cash equivalents	773,804	1,283,354
Trade and other payables	–	(360,061)
<b>Net financial assets denominated in foreign currencies</b>	<b>773,804</b>	<b>923,293</b>
<b>Company</b>		
<b>2020</b>		
Trade and other receivable	–	259,617
Cash and cash equivalents	–	2,006,694
Trade and other payables	–	(328,112)
<b>Net financial assets denominated in foreign currencies</b>	<b>–</b>	<b>1,938,198</b>
<b>2019</b>		
Trade and other receivable	–	273,960
Cash and cash equivalents	–	713,686
Trade and other payables	–	(360,061)
<b>Net financial assets denominated in foreign currencies</b>	<b>–</b>	<b>627,585</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 27 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Foreign currency risk (cont'd)*

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:

	Group Increase/(decrease) in profit after tax	
	2020 RM	2019 RM
USD against RM		
- strengthened 10% (2019: 10%)	113,718	58,809
- weakened 10% (2019: 10%)	(113,718)	(58,809)
SGD against RM		
- strengthened 10% (2019: 10%)	190,502	70,170
- weakened 10% (2019: 10%)	(190,502)	(70,170)

#### Company

If the SGD exchange rate against RM strengthened/weakened by 10% with all other variables held constant, the Company's profit after tax will be higher/lower by approximately RM161,000 (2019: RM52,000).

##### *Interest rate risk*

The Group's exposure to interest rate risk arises primarily from their borrowings. Liabilities bearing 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). Liabilities 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.

##### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the directors based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the directors.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 27 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Credit risk (cont'd)*

The Group does not have significant concentration of credit risk except that the Group's trade receivables comprise 2 debtors (2019: 2 debtors) that individually represented 9% to 33% (2019: 10% to 27%) of the trade receivables. As at the end of the reporting period, 91% (2019: 97%) of the Group's trade receivables are all due from debtors located in Malaysia.

The Company has no significant concentration of credit risk except for the amounts due from subsidiaries as disclosed in Note 17.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

##### *Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 27 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Credit risk (cont'd)*

##### *Significant increase in credit risk (cont'd)*

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

##### *Definition of default*

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 27 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Credit risk (cont'd)*

##### *Trade receivables and contract assets*

The Group has applied the simplified approach by using a provision matrix to measure the expected credit loss ("ECL") allowance for trade receivables and contract assets. Under the simplified approach, for trade receivables and contract assets that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables. In view of the current COVID-19 pandemic, the Group has considered the impact of the pandemic on the performance and liquidity of its trade receivables and in particular, whether there are significant decline in the repayment ability of its debtors. There has been no change in the estimation techniques or significant assumptions made during the current financial year except for reassessments made of the current COVID-19 effects on the historical default rates of each past due category of its trade receivables and contract assets. The Group's trade receivables and contract assets are substantially in the category of not past due to 30 days where credit loss experience is insignificant.

The movements in the allowance for impairment loss on trade receivables and contract assets are as follows:

	Trade receivables RM	Contract assets RM	Total RM
<b>Group</b>			
Balance at 1 June 2018	-	-	-
Loss allowance measured:			
Lifetime ECL			
- credit-impaired	657,171	-	657,171
Balance at 31 May 2019	657,171	-	657,171
Receivables written off as uncollectable	(657,171)	-	(657,171)
Loss allowance measured:			
Lifetime ECL			
- simplified approach	261,492	-	261,492
- credit impaired	69,074	385,245	454,319
	330,566	385,245	715,811
<b>Balance at 31 May 2020</b>	<b>330,566</b>	<b>385,245</b>	<b>715,811</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 27 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Credit risk (cont'd)*

##### *Credit quality of financial assets*

2020 Group	12-month or lifetime ECL	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Trade receivables	Lifetime	31,405,787	(330,566)	31,075,221
Contract assets	Lifetime	6,268,125	(385,245)	5,882,880
Other receivables	12-month	558,126	–	558,126
Deposits	12-month	517,835	–	517,835
Cash and cash equivalents	Not applicable (Exposure limited)	22,054,397	–	22,054,397
<b>2019</b>				
Trade receivables	Lifetime	35,851,838	(657,171)	35,194,667
Contract assets	Lifetime	7,325,682	–	7,325,682
Other receivables	12-month	432,087	–	432,087
Deposits	12-month	539,005	–	539,005
Cash and cash equivalents	Not applicable (Exposure limited)	21,242,006	–	21,242,006
<b>2020 Company</b>				
Other receivables	12-month	40,175	–	40,175
Amounts due from subsidiaries	12-month	8,273,410	–	8,273,410
Cash and cash equivalents	Not applicable (Exposure limited)	2,050,179	–	2,050,179
<b>2019</b>				
Amounts due from subsidiaries	12-month	10,389,368	–	10,389,368
Cash and cash equivalents	Not applicable (Exposure limited)	713,686	–	713,686

##### *Amounts due from subsidiaries*

For the amounts due from subsidiaries where impairment loss allowance is measured using 12 months ECL, the Group and the Company assessed the latest performance and financial position of the respective counterparties, adjusted for COVID-19 impact consideration and the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 27 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *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
<b>Group</b>			
<b>2020</b>			
Trade and other payables	13,222,682	–	13,222,682
Lease liabilities	1,255,816	928,879	2,184,695
	<b>14,478,498</b>	<b>928,879</b>	<b>15,407,377</b>
<b>2019</b>			
Trade and other payables	20,193,953	–	20,193,953
Borrowings	59,808	158,264	218,072
	<b>20,253,761</b>	<b>158,264</b>	<b>20,412,025</b>
<b>Company</b>			
<b>2020</b>			
Trade and other payables	328,113	–	328,113
<b>2019</b>			
Trade and other payables	360,061	–	360,061

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 28 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:

- a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) 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
- c) 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 2020 and 2019.

#### 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
<i>Recurring fair value measurements</i>				
<b>Group</b>				
<b>2020</b>				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	1,067,590	–	–	1,067,590
<hr/>				
2019				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	49,447	–	–	49,447
<hr/>				

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 28 Fair values of assets and liabilities (cont'd)

#### 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 investments in short-term fund) are based on quoted 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 22 respectively.

### 29 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.

- (i) 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.
- (ii) Field force management segment provides merchandiser, sales force and supervisory, and talent management services.
- (iii) 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.
- (iv) Investment holding segment provides management and corporate services to its subsidiaries. It also derives dividend from its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

## 29 Segment information (cont'd)

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	Eliminations RM	Consolidation total RM
<b>2020</b>						
<b>Segment revenue</b>						
Sales to external customers	32,051,416	106,986,682	23,640,001	–	–	162,678,099
Intersegment sales	53,107	–	1,336,087	11,592,136	(12,981,330)	–
Total revenue	32,104,523	106,986,682	24,976,088	11,592,136	(12,981,330)	162,678,099
Tax expense	1,066,163	1,624,196	502,221	217,358	–	3,409,938
Segment (loss)/profit	(1,911,995)	5,273,545	405,071	(133,735)	–	3,632,886
Depreciation and amortisation	1,478,114	896,419	570,862	480,183	–	3,425,578
Property, plant and equipment written off	6,659	987	2,245	405	–	10,296
Impairment losses on trade receivables and contract assets	46,763	561,267	196,828	–	–	804,858
Interest income	(414,778)	(133,269)	(24,551)	(91,366)	376,245	(287,719)
Interest expenses	310,309	162,093	60,782	18,663	(376,245)	175,602
Gain on disposal of property, plant and equipment	(31,460)	–	–	(17,317)	–	(48,777)
Share of results of associated company	–	–	–	5,977	–	5,977
<b>Assets and liabilities:</b>						
Total segment assets	29,271,462	31,848,250	11,753,846	96,439,056	(96,446,194)	72,866,420
Segment assets include:						
Additions to non-current assets	58,836	263,698	144,557	421,032	–	888,123
Investment in associated company	–	–	–	959,354	–	959,354
Total segment liabilities	(18,299,245)	(9,893,068)	(4,340,506)	(8,229,696)	21,255,006	(19,507,509)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

## 29 Segment information (cont'd)

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

	In-store advertising and digital marketing RM	Field Force Management RM	Sampling activities and events management RM	Investment holding RM	Eliminations RM	Consolidation total RM
2019						
Segment revenue						
Sales to external customers	38,921,209	97,587,305	24,576,488	–	–	161,085,002
Intersegment sales	18,509	209,438	2,206,852	11,020,712	(13,455,511)	–
Total revenue	38,939,718	97,796,743	26,783,340	11,020,712	(13,455,511)	161,085,002
Tax expense	371,337	1,251,383	600,826	145,416	–	2,368,961
Segment (loss)/profit	(515,774)	4,717,405	1,342,022	(139,742)	–	5,403,911
Depreciation and amortisation	1,053,227	524,178	182,749	328,463	–	2,088,617
Property, plant and equipment written off	1,562	462	2,807	5	–	4,836
Impairment losses on trade receivables	486,368	–	170,803	–	–	657,171
Interest income	(526,448)	(92,362)	(26,123)	(158,811)	521,137	282,607
Interest expenses	221,355	167,874	113,638	28,282	(521,137)	10,012
Share of results of associated company	–	–	–	134,669	–	134,669
Assets and liabilities:						
Total segment assets	36,249,034	31,183,268	12,224,054	98,068,611	(100,623,891)	77,101,076
Segment assets include:						
Additions to non-current assets	684,477	295,556	83,250	420,356	–	1,483,639
Investment in associated company	–	–	–	965,331	–	965,331
Total segment liabilities	(21,692,770)	(12,748,776)	(6,078,764)	(10,612,646)	25,545,615	(25,587,341)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 29 Segment information (cont'd)

#### *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.

#### *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 is derived from 3 external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

	Attributable segments	Group	
		2020 RM	2019 RM
Customer 1	In-store advertising and digital marketing	5,698,183	5,742,251
	Field force management	12,406,306	11,534,216
	Sampling activities and events management	10,851,568	14,259,894
Customer 2	Field force management	26,388,414	24,935,314
Customer 3	Field force management	14,417,717	16,168,770
		<b>69,762,188</b>	<b>72,640,445</b>

# NOTES TO THE FINANCIAL STATEMENTS

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## FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

### 30 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 the Group's overall strategy remains unchanged from financial year ended 31 May 2019.

### 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 2020 were authorised for issue in accordance with a resolution of the directors dated 28 August 2020.

# STATISTICS OF SHAREHOLDINGS

## AS AT 20 AUGUST 2020

NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)	: 111,668,800
ISSUED AND FULLY PAID-UP CAPITAL	: RM51,850,444
NUMBER OF TREASURY SHARES AND AS A PERCENTAGE OF TOTAL NUMBER OF SHARES OUTSTANDING (EXCLUDING TREASURY SHARES)	: 2,731,200 (2.45%)
NUMBER OF SUBSIDIARY HOLDINGS AND AS A PERCENTAGE OF TOTAL NUMBER OF SHARES OUTSTANDING (EXCLUDING TREASURY SHARES)	: NIL
CLASS OF SHARES	: ORDINARY SHARES
VOTING RIGHTS	: ONE VOTE PER SHARE (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	0	0.00	0	0.00
100 - 1,000	11	9.24	6,500	0.01
1001 - 10,000	22	18.49	169,100	0.15
10,001 - 1,000,000	73	61.35	8,032,134	7.19
1,000,001 and above	13	10.92	103,461,066	92.65
<b>TOTAL</b>	<b>119</b>	<b>100.00</b>	<b>111,668,800</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

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

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
REKAWEB.COM SDN BHD <sup>(1)</sup>	43,235,250	38.72	-	-
KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	23,207,750	20.78	-	-
YAP PHAIK KWAI <sup>(2)</sup>	-	-	43,235,250	38.72

Notes:

<sup>(1)</sup> The Shares are held through a nominee, Morgan Stanley Asia (Singapore) Securities Pte Ltd.

<sup>(2)</sup> 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 20 August 2020, approximately 33.14% 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 20 AUGUST 2020

### TOP TWENTY SHAREHOLDERS AS AT 20 AUGUST 2020

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	44,886,416	40.20
KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	23,207,750	20.78
RAFFLES NOMINEES (PTE) LIMITED	11,599,400	10.39
PHILLIP SECURITIES PTE LTD	4,907,100	4.40
UOB KAY HIAN PTE LTD	3,867,900	3.46
ANGELINA OOI GAIK CHENG	2,475,000	2.22
CHOOT EWE HIN	2,450,000	2.19
OOI LOON KUM	2,450,000	2.19
LEE CHEE SENG	1,925,400	1.72
DBS NOMINEES PTE LTD	1,788,600	1.60
TAN BIN CHEE	1,450,000	1.30
HSBC (SINGAPORE) NOMINEES PTE LTD	1,306,300	1.17
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,147,200	1.03
MAYBANK KIM ENG SECURITIES PTE. LTD	861,700	0.77
OCBC SECURITIES PRIVATE LTD	523,600	0.47
JAMES ALVIN LOW YIEW HOCK	455,600	0.41
ABN AMRO CLEARING BANK N.V.	413,300	0.37
OSC INVESTMENTS CAPITAL PRIVATE LIMITED	350,000	0.31
CHOW SIEW BEE	305,666	0.27
QUAH TEIK JIN	300,000	0.27
	<b>106,670,932</b>	<b>95.52</b>

## NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the 2020 Annual General Meeting (“AGM”) of SHOPPER360 LIMITED (the “Company”) will be held by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Tuesday, 29 September 2020 at 2:00 p.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 2020 (“FY2020”) together with the Auditors’ Report thereon. (Resolution 1)
2. To re-elect the following directors of the Company (“Directors”) retiring pursuant to Regulation 112 of the Constitution of the Company (“Constitution”) and who, being eligible, offered themselves for re-election as a Director:
  - (a) Ms Margaret Au Yong [See Explanatory Note (i)] (Resolution 2)
  - (b) Ms Wong Chin Chin [See Explanatory Note (ii)] (Resolution 3)
3. To approve the payment of Directors’ fees of S\$63,455 for the financial year ending 31 May 2021, to be paid quarterly in arrears (2020: S\$68,600). (Resolution 4)
4. 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 5)
5. To transact any other ordinary business which may be properly transacted at an AGM of the Company.

## NOTICE OF ANNUAL GENERAL MEETING

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### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without modifications:

**6. Authority to allot and issue shares in the capital of the Company (Resolution 6)**

“That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the 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
- (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:

## NOTICE OF ANNUAL GENERAL MEETING

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- (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;

## NOTICE OF ANNUAL GENERAL MEETING

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(b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards, provided that such share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of Shares,

adjustments in accordance with sub-paragraph (ii)(a) or sub-paragraph (ii)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(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 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 (iii)]

## NOTICE OF ANNUAL GENERAL MEETING

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7. Authority to grant awards and to allot and issue Shares under the shopper360 Performance Share Plan (Resolution 7)

“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 (iv)]

8. Proposed Renewal of the Share Buy-back Mandate (Resolution 8)

That:

- (a) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein) (“Share Buy-back”), whether by way of:

## NOTICE OF ANNUAL GENERAL MEETING

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- (i) on-market purchases, transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed and quoted ("**Market Purchase**"); and/or
  - (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) which shall satisfy all the conditions prescribed by the Companies Act, as may be determined or formulated by the Directors as they may consider fit ("**Off-Market Purchase**"), and otherwise in accordance with all other laws, regulations and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally;
- (b) the authority conferred on the Directors pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of passing of this resolution and expiring on the earliest of:
  - (i) the date on which the next AGM is held or required by law to be held;
  - (ii) the date on which Share Buy-back is carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by the shareholders in a general meeting;

## NOTICE OF ANNUAL GENERAL MEETING

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(c) in this resolution:

“**Prescribed Limit**” means not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings that may be held by the Company from time to time) as at the date of passing of this resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered, by special resolution of the Company or the order of the Court, as the case may be (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase or acquisition price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the Share Buy-back.

## NOTICE OF ANNUAL GENERAL MEETING

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“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Day period and the day on which the purchases are made; and

“**date of the making of the offer**” means the date on which the Company makes an offer for the Share Buy-back from Shareholders, stating the purchase or acquisition price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[See Explanatory Note (v)]

By Order of the Board of shopper360 Limited  
Chua Kern  
Company Secretary  
Singapore, 14 September 2020

## NOTICE OF ANNUAL GENERAL MEETING

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### Explanatory Notes:

- (i) Ms Margaret Au-Yong will, upon re-election as a Director, remain as an Independent Director and Chairman of the Remuneration Committee and a member of the Audit Committee. There are no relationships (including family relationships) between Ms Margaret Au-Yong and the other Directors, the Company, its related corporation, its officer or its substantial shareholders, which may affect her independence. The Board considers Ms Margaret Au-Yong to be independent for the purpose of Rule 704(7) of the Catalist Rules. Further detailed information on Ms Margaret Au-Yong can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's 2020 Annual Report.
  
- (ii) 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. There are no relationships (including family relationships) between Ms Wong Chin Chin and the other Directors, the Company, its related corporation, its officer or its substantial shareholders, which may affect her independence. The Board considers Ms Wong Chin Chin to be independent for the purpose of Rule 704(7) of the Catalist Rules. Further detailed information on Ms Wong Chin Chin can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's 2020 Annual Report.
  
- (iii) Ordinary Resolution 6 proposed in item 6 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.

## NOTICE OF ANNUAL GENERAL MEETING

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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.

- (iv) Ordinary Resolution 7 proposed in item 7 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.
- (v) The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate, on the audited consolidated financial statements of the Group for the financial year ended 31 May 2020, are set out in greater detail in the Addendum to the Notice of AGM.

### Notes:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM of the Company to be held on Tuesday, 29 September 2020 at 2:00 p.m. (the "**Meeting**") are set out in the Company's announcement dated 14 September 2020 (the "**Announcement**"), which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Announcement may also be accessed at the URL <https://shopper360.com.my/announcements/>. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of AGM in respect of the Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

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In particular, the Meeting will be held by way of electronic means and a member of the Company will be able to observe the proceedings of the Meeting through a “live” webcast (“LIVE WEBCAST”) via his/her/its mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed (“AUDIO ONLY MEANS”). In order to do so, a member of the Company who wishes to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must register by **2:00 p.m. on 26 September 2020** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting), at the URL <https://globalmeeting.bigbangdesign.co/shopper360>. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive email instructions on how to access the LIVE WEBCAST and AUDIO ONLY MEANS to observe the proceedings of the Meeting by **27 September 2020**.

A member of the Company who registers to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS may also submit questions related to the resolutions to be tabled for approval at the Meeting. To do so, all questions must be submitted by **2:00 p.m. on 26 September 2020** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) at the URL <https://globalmeeting.bigbangdesign.co/shopper360>.

2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
  - a. if sent personally or by post, be lodged 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; or

## NOTICE OF ANNUAL GENERAL MEETING

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- b. if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at [main@zicoholdings.com](mailto:main@zicoholdings.com),

in either case, by **2:00 p.m. on 26 September 2020** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.**

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.

A corporation which is a member may authorise by resolution of its director or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

### Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the Meeting via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the Meeting in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents) of proxy forms appointing the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof);

## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the Meeting and if necessary, following up with the relevant members in relation to such questions;
- (iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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*This notice has been prepared by shopper360 Limited and its contents have been reviewed by the Company's sponsor (the "Sponsor"), ZICO Capital Pte. Ltd., in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.*

*This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*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**

Company Registration No. 201634929Z  
(Incorporated in the Republic of Singapore)

## ANNUAL GENERAL MEETING PROXY FORM

*(Please see notes overleaf before completing this form)*

This proxy form has been made available on SGXNet and the Company's website at the URL <https://shopper360.com.my/announcements/>. A printed copy of this proxy form will NOT be despatched to members of the Company.

**IMPORTANT**

- Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM (as defined herein) are set out in the Company's announcement dated 14 September 2020 (the "Announcement"), which has been uploaded together with the Notice of AGM dated 14 September 2020 on SGXNet on the same day. The Announcement may also be accessed at the URL <https://shopper360.com.my/announcements/>. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 14 September 2020 in respect of the AGM.
- A member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- Please read the notes to this proxy form.

\*I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)

of \_\_\_\_\_ (Address)

being a \*member/members of SHOPPER360 LIMITED (the "Company", and together with its subsidiaries, the "Group"), hereby appoints the Chairman of the Annual General Meeting of the Company (the "AGM") as \*my/our proxy to vote for \*me/us on \*my/our behalf at the AGM to be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) on Tuesday, 29 September 2020 at 2:00 p.m. and at any adjournment thereof. \*I/We direct the Chairman of the AGM to vote for or against, or abstain from voting on the Resolutions to be 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 appointment of the Chairman of the AGM as \*my/our proxy will be treated as invalid.

All resolutions put to the vote at the AGM shall be decided by way of poll.

*If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that Resolution.*

No.	Resolution relating to:	For	Against	Abstain
1.	The Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 May 2020, together with the Auditors' Report thereon			
2.	Re-election of Ms Margaret Au Yong as a Director of the Company			
3.	Re-election of Ms Wong Chin Chin as a Director of the Company			
4.	Approval of Directors' fees amounting to S\$63,455 for the current financial year ending 31 May 2021, to be paid quarterly in arrears			
5.	Re-appointment of Messrs Baker Tilly TFW LLP as the independent auditors of the Company and to authorise the Directors to fix their remuneration			
6.	Authority to allot and issue shares in the capital of the Company			
7.	Authority to grant awards, allot and issue shares under the shopper360 Performance Share Plan			
8.	Proposed Renewal of the Share Buy-back Mandate			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

\_\_\_\_\_  
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 in the capital of the Company (“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 of the Company, 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 the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This instrument appointing the Chairman of the AGM as proxy must:
  - (a) if sent personally or by post, be lodged 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; or
  - (b) if submitted by email, be received by the Company’s Share Registrar, B.A.C.S. Private Limited at [main@zicoholdings.com](mailto:main@zicoholdings.com),
 in either case, **by 2:00 p.m. on 26 September 2020** (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.
4. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.
  - (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.
  - (ii) 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, failing which the instrument of proxy may be treated as invalid.
5. A corporation which is a member of the Company 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 (Cap. 50) of Singapore, the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
6. For investors who hold Shares under the Supplementary Retirement Scheme (“SRS Investors”), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS Investors who wish to appoint the Chairman of the AGM to act as their proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 2:00 p.m. on 18 September 2020).

### General:

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, 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/her/its name in the Depository Register as at seventy-two (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 14 September 2020.

# shopper360



Company Registration Number: 2016634929Z  
Incorporated in the Republic of Singapore  
on 27 December 2016

[www.shopper360.com.my](http://www.shopper360.com.my)



shopper360 group of companies



Affiliate



International

