shopper360

CREATE THE FUTURE

Annual Report 2019

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, develops expertise and celebrates success.

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

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

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

CONTENTS

1

Chairman's Statement

"Unless the Lord builds the house, they labour in vain to build it."

Dear Shareholders,

A very famous phrase said by King Solomon of the biblical times, the wisest man that ever lived, and one who was tasked to build God's temple. Solomon was known for his wisdom and his wealth, which was evident by the numerous horses and chariots, and tons of gold that he enmassed during his reign. But his greatest legacy was the spectacular temple he built, which was the centrepiece of Jerusalem and represented that God was with him. It was King Solomon's God-given destiny to build the temple.

I draw two lessons from this story.

As a Christian CEO, my desire is to build a business that is guided and led by an all-knowing and powerful God, so that the business I build with my team cannot be shaken and can withstand the seasons of time. This is not easy because after all, I am imperfect; but I am continuously reminded to acknowledge that God is the true owner of the business and that we labour in vain if we do not include Him in business decisions or be sensitive to His leading on opportunities and business trends that will make a positive impact to the business.

Secondly, with God, even the most impossible task can be accomplished. During King Solomon's time, materials and resources such as craftsmen and cedar wood were needed from other nations to build the temple. Without the right people and the right resources available to King Solomon, the temple would not have been completed. Similarly, I believe that as an organization, we need to have the right people, with the right talents and the right values to run this service business. Without God's providence for all of these, a business cannot be successful.

The past year has been somewhat challenging for our founding business – in-store advertising. We faced a reduction in business by one of our largest retailers, GCH Retail (Malaysia) Sdn. Bhd., which owns hypermarkets and supermarkets such as Giant, Cold Storage and Mercato. Furthermore, we did not anticipate the slow response towards advertising on the new platform Spotify, and retail networks such as Shell and myNEWS.com that we added to Pos Ad Media. We had invested in a new team to match our ambitions for the new businesses, but the sales were not forthcoming, resulting in the discontinuation of our partnership with Spotify, and a decline in profitability for this segment. Whilst Shell and myNEWS.com continue to be part of the Pos Ad retail network for advertising, in general, advertising expenditure in Malaysia has declined for the 5th consecutive year since 2013.[1] Popular advertisers within our retail channels are seeing a contraction in sales and have therefore reduced their expenditure and diverted some of their marketing expenditure to events and product sampling.

Hence, our hero segment for this past financial year is the sampling activities and events management segment. Instead of just one company contributing to this segment, we now have two: Tristar Synergy and Gazelle Activation. We were able to grow this service by 'upselling' to existing clients, and aggressively diversifying our client base so that we are not heavily reliant on just one or two major brands.

Finally, our stable and staple business of providing manpower in our field force management segment, saw an 11% growth in profit. Our focus for the coming years is to optimize our resources and keep our team lean, and automate certain functions so that we can improve our project margins to compete more effectively. Under very challenging market conditions, I am very proud of the team for driving revenue growth and preserving our profitability through teamwork, grit and service excellence.

We will continue to innovate our services, look at companies which we can acquire to grow in strength, and continue to own the space of shopper marketing, engaging with shoppers online, on-ground and in-store.

I look forward to continuing the task of building a 'strong house' and creating a lasting impact for all of our stakeholders.

CHEW SUE ANN
Executive Chairman and Group Managing Director

[1]http://www.malaysiaadvertisers.com.my/malaysia-adex-fy-2018-report/

Board Of Directors

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

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 from July 2004 to November 2005, and her role as a category assistant manager at Kraft Foods Singapore Pte Ltd (now known as Mondelez Singapore Pte Ltd), from April to November 2011.

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

JAMES LING WAN CHYE
EXECUTIVE DIRECTOR – CORPORATE FINANCE AND STRATEGY

James Ling is our Executive Director and was appointed on 8 January 2018. Mr Ling came on board the family-founded business to help bring his regional FMCG corporate experience to the Group as the Group moves towards becoming a regional shopper agency. 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 the last fourteen years in Fonterra Brands across New Zealand, Singapore and Malaysia, holding various positions in its finance department at global, regional and local levels. Mr Ling has also worked with PriceWaterhouseCoopers (New Zealand) and Anlene regional brands team, piloting its CRM marketing in Indonesia.

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

HEW KOON CHAN
LEAD INDEPENDENT DIRECTOR

Hew Koon Chan is our Lead Independent Non-Executive Director and was appointed on 19 May 2017. Mr Hew began working as a process engineer in 1986 for Texas Instruments Singapore Pte Ltd. 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 another Company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

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).

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 ("ABC"). Ms Au-Yong served as the president of the Malaysia Advertisers Association (MAA) from 2016 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.

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.

Senior Management Team

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

MATTHEW HO
GROUP CHIEF EXECUTIVE OFFICER

Matthew Ho has over 15 years of experience in business strategy, project management, sales and marketing, working across the Asia Pacific region and the United States.

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 was selected for the prestigious global exchange program which involved working on project strategy at Facebook in 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, in 2012, he was a general manager at MEC Global (now known as Wavemaker Malaysia) a leading global media agency, where he focused on new business development and led the digital practice.

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

LEE JUN LING
GENERAL MANAGER OF OPERATIONS AND BUSINESS DEVELOPMENT

Jun Ling joined our Group as General Manager of Business Development and Operations in May 2017. She is responsible for the business development and operations of our Group, 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.

CHOW SIEW BEE
GROUP FINANCIAL CONTROLLER

Siew Bee, the Financial Controller of our Group, has been with our Group for more than fourteen 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 Diplomas certification for accounting, business statistics and cost accounting as well as for advanced business calculations and management accounting. She is a member of the Association of Chartered Certified Accountants and a member of the Malaysia Institute of Accountants.

MAY KIM HUI YEE
GENERAL MANAGER OF GAZELLE ACTIVATION

May Kim has been a part of Pos Ad for over twelve years. For the last three years, she has worked as the Client Service and Marketing Director, responsible for the sales, marketing and client servicing side of the business of Pos Ad and Gazelle Activation. As shopper360 looks to expand, May Kim has progressed to General Manager of Gazelle Activation, the latest company under the shopper360 umbrella. She has worked for clients such as Heineken Malaysia and Goodyear.

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

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.

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.

2

Group Financial Highlights

(A) KEY DATA OF OPERATING RESULTS

	FY2015	*FY2016*	*FY2017*	*FY2018*	*FY2019*
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Revenue	89,600	113,520	132,452	142,377	**161,085**
Profit before taxation from continuing operations	9,204	17,285	12,591	9,341	**7,773**
Profit after taxation from continuing operations	6,206	13,690	8,371	5,713	**5,404**
Net profit attributable to equity holders of the company	6,736	13,306	5,147	6,010	**5,185**
Normalization adjustments[1]	–	(4,724)	5,218	–	**–**
Net profit attributable to equity holders of the company (After Normalization)	6,736	8,582	10,365	6,010	**5,185**

(B) FINANCIAL INDICATORS

Return on equity	19%	35%	18%	13%	**10%**
Return on equity (After Normalization)	19%	23%	37%	13%	**10%**
Earnings per share[2] (RM cents)	5.89	11.63	4.50	5.25	**4.53**
Earnings per share (RM cents) (After Normalization)	5.89	7.50	9.06	5.25	**4.53**

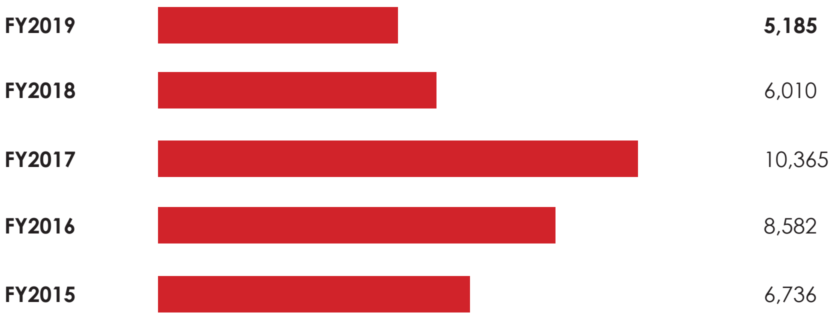
Notes:

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

(2) For comparative purpose, the earnings per share for FY2015 to FY2017 had been computed based on the Company's post-IPO issued and paid-up share capital of 114,400,000 shares.

REVENUE RM'000

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



REVIEW OF THE GROUP'S PERFORMANCE IN FY2019

REVENUE

Revenue increased by 13% or RM18.7 million, from RM142.4 million in FY2018 to RM161.1 million in FY2019 due mainly to the following:–

- revenue from Sampling Activities and Events Management segment increased by approximately RM8.6 million or 54% in FY2019. The increase was attributable to higher sampling activities by customers in driving their sales, as well as increase in new events and roadshows undertaken by Gazelle Activation;
- revenue from Field Force Management segment increased by approximately RM6.6 million or 7% in FY2019, mainly contributed by new customers and additional field force management service required by existing customers as they expand their business scope and coverage; and
- revenue from In-store Advertising and Digital Marketing segment increased by approximately RM3.6 million or 10% in FY2019, mainly contributed by new business in Myanmar, as well as new retail consultancy and contest management offerings in FY2019. The increase was partially offset by lower media and lower media production revenue as a result of the cautious economic outlook during FY2019.

COST OF SALES

Cost of sales increased by 14% or RM14.1 million, from RM104.4 million in FY2018 to RM118.5 million in FY2019. The increase in cost of sales was mainly attributable to higher people investment and operating cost of RM6.0 million to support the business growth in the Field Force Management segment. The increase in cost of sales was in line with the increase in revenue.

GROSS PROFIT

Gross profit increased by approximately RM4.6 million or 12%, from RM38.0 million in FY2018 to RM42.6 million in FY2019, with a slight decline in gross profit margin from 26.7% in FY2018 to 26.4% in FY2019. This was due to a change in revenue mix in the In-store Advertising and Digital Marketing segment as a result of lower revenue from the higher gross margin media business, being replaced by new retail consultancy and contest management revenue, which had lower profit margins.
The decrease was partially offset by the increased gross profit in Sampling Activities and Events Management segment.

OTHER INCOME

Other income increased by approximately RM0.1 million or 31%, from RM0.3 million in FY2018 to RM0.4 million in FY2019, due to increase in interest income from deposits.

Group Financial Highlights

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately RM5.7 million or 20%, from RM28.6 million in FY2018 to RM34.3 million in FY2019. The increase was mainly due to (i) expenses incurred by the three new subsidiaries, namely ShopperPlus Myanmar Co., Ltd (RM2.0 million), Retail Galaxy Sdn. Bhd. (RM1.3 million) and ShopperPlus Singapore Pte. Ltd. (RM0.6 million); (ii) increase in depreciation of property, plant and equipment due to replacement of computer and motor vehicles of RM0.5 million; and (iii) increase in rental expenses of RM0.2 million.

FINANCE COST

Finance costs decreased by RM0.03 million or 76%, from RM0.04 million in FY2018 to RM0.01 million in FY2019, mainly due to interest expense on advances from a director of a subsidiary in FY2018.

OTHER OPERATING EXPENSE

Other operating expenses decreased by approximately RM0.3 million or 89%, from RM0.3 million in FY2018 to RM0.03 million in FY2019, mainly due to lower foreign exchange loss incurred in FY2019, as a result of the strengthening of Myanmar Kyat (which is the functional currency of a subsidiary) against the United States Dollar.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Net impairment losses on financial assets increased by approximately RM0.6 million, from RM0.01 million in FY2018 to RM0.6 million in FY2019, mainly due to impairment loss on long outstanding receivables.

SHARE OF RESULTS OF ASSOCIATE COMPANY

Share of results of associate company amounted to approximately RM0.1 million in FY2019 (FY2018: Nil). This relates to losses incurred by Instanture Holdings Sdn. Bhd. and its subsidiary, Boostorder Sdn. Bhd. (the "Instanture Group"), which is 11% owned by the Company. In FY2018, the Instanture Group was accounted for by the Group as an available-for-sale financial asset, and was classified as an associate in FY2019.

PROFIT BEFORE TAX

As a result of the above, profit before tax decreased by approximately RM1.5 million or 16%, from RM9.3 million in FY2018 to RM7.8 million in FY2019.

REVIEW OF THE GROUP'S FINANCIAL POSITION

NON-CURRENT ASSETS

The Group's non-current assets decreased by RM0.8 million, from RM9.3 million as at 31 May 2018 to RM8.5 million as at 31 May 2019. This was mainly due to decrease in (i) property, plant and equipment of RM0.7 million; (ii) available-for-sale financial assets of RM1.1 million; and (iii) trade and other receivables of RM0.01 million, partially offset by increase in investment in associate company of RM1.0 million.

Property, plant and equipment decreased by RM0.7 million, mainly due to depreciation charge for FY2019.

Available-for-sale financial assets of RM1.1 million as at 31 May 2018 relates to the Company's investment in the Instanture Group. During FY2019, there was an increase in the Group's involvement in and transactions with the Instanture Group. As such, the Group's 11% shareholding in the Instanture Group qualifies for a classification as an investment in associate company as at 31 May 2019.

CURRENT ASSETS

The Group's current assets increased by RM7.7 million, from RM60.9 million as at 31 May 2018 to RM68.6 million as at 31 May 2019, mainly due to the increase in cash and cash equivalents of RM2.2 million, trade and other receivables of RM4.6 million, and tax recoverable of RM1.4 million, partially offset by the decrease in contract assets of RM0.5 million.

Trade and other receivables increased by RM4.6 million, mainly due to increase in revenue, as well as contribution from the new subsidiary, ShopperPlus Myanmar Co., Ltd.

Contract assets decreased by RM0.5 million, mainly due to decrease in provision of revenue relating to unbilled services rendered.

Tax recoverable increased by RM1.4 million, mainly due to tax instalments 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.

NON-CURRENT LIABILITIES

The Group's non-current liabilities increased by RM0.1 million, from RM0.1 million as at 31 May 2018 to RM0.2 million as at 31 May 2019, due to increase in borrowings on finance lease liabilities which relates to motor vehicles, partially offset by reduction in deferred tax liabilities.

CURRENT LIABILITIES

The Group's current liabilities increased by RM3.3 million, from RM22.1 million as at 31 May 2018 to RM25.4 million as at 31 May 2019, mainly due to increase in other payables as a result of provision for employees' bonuses.

EQUITY

The Group's equity attributable to equity holders of the Company increased from RM48.2 million as at 31 May 2018 to RM51.4 million as at 31 May 2019, mainly due to an increase in retained earnings of RM3.1 million, attributable to profit for the year of RM5.3 million, offset by dividend distribution of RM2.1 million.

WORKING CAPITAL

The Group reported a positive net working capital of RM43.2 million as at 31 May 2019, as compared to RM38.8 million as at 31 May 2018.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash generated from operating activities in FY2019 was RM4.9 million, due to operating cash flow before changes in working capital of RM10.4 million, changes in working capital of RM1.7 million, and payment of income tax expense of RM3.8 million. Changes in working capital were due to increase in trade and other receivables, and contract assets of RM4.6 million and increase in trade and other payables, and contract liabilities of RM2.9 million.

Net cash used in investing activities in FY2019 was RM1.0 million, mainly due to purchase of property, plant and equipment of RM1.3 million, partially offset by interest received from bank of RM0.3 million.

Net cash used in financing activities of RM1.6 million mainly relates to dividend payments of RM2.1 million, partially offset by capital contribution from non-controlling interest in a subsidiary of RM0.1 million, and advance from non-controlling interest of RM0.5 million.

As a result of the above, net cash and cash equivalents increased by RM2.2 million in FY2019.

Dugro LED Banner

Maggi LED Banner

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.

Dutch Lady PosBanner with Spinning Gadget

Sunsilk LED Banner

myNEWS External Glass Frontage Window Decal

CREATIVE SPECIALIST

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


Site Visit on Compliance and Coaching

Site Visit

Retail Coaching Site Visit

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.

Merchandiser Replenishing P&G Stocks

FIELD FORCE MANAGEMENT

Jump Retail Sdn Bhd and Retail Galaxy Sdn Bhd are 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.

LEGO Display at 1Utama

Merchandiser replenishing stocks of Milo

Merchandiser Replenishing Stocks of Enfagrow

ACTIVATION AND EVENTS

Tristar Synergy Sdn Bhd and Gazelle Activation Sdn Bhd 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.

Danone Dumex AptaGro Roadshow

Thermomix Annual Dinner

Nescafe International Coffee Month

Milo Breakfast Day

3

Calendar Of Events 2018

June

Ooi Chee Kee was appointed as CEO of Jump Retail and Retail Galaxy.

shopper360 hosted "Mission Impossible: Fallout" dinner and movie screening attended by C-suite level clients and retail business partners.

July

shopper360 held its annual dinner at One World Hotel, Petaling Jaya, with the theme "The Greatest Showman". It was an entertaining night with various performances, lucky draws, and selection of the best dressed costumes.

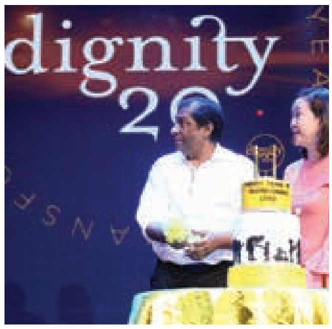
August

Pos Ad's operation team participated in a team building trip at Janda Baik, Pahang, Malaysia.

shopper360 hosted "Crazy Rich Asians" dinner and movie screening attended by over 300 clients and retail business partners.

September

shopper360 held its Annual General Meeting in Singapore.



Our activation team organised and hosted Dignity For Children Foundation's Annual Dinner. We reached out to our network to fill 1,000 goodie bags for attendees of the fundraising event and provided special gifts to the children who performed at the dinner.

September

Shopperplus Malaysia, Gazelle Activation, Tristar Synergy and Jump Retail were involved in launching "Hari Kopi Sedunia" with NESCAFE, held at 3 locations – Sunway Pyramid Mall, Queensbay Mall and Tebrau City.

shopper360 sponsored and hosted a CSR bowling event with a charitable organization called Best Buddies, giving staff the opportunity to engage with those who have learning difficulties.

October

shopper360 sponsored the World Federation of Advertisers (WFA) and Malaysian Advertisers Association (MAA) Digital Governance Forum where shopper360's staff also had the opportunity to interact with marketing and advertising professionals at the event.

Lee Jun Ling (General Manager of Operations and Business Development for shopper360) and Ooi Chee Kee (CEO of Jump Retail and Retail Galaxy) jointly presented at the Federation of Malaysian Manufacturers (FMM) Marketing and Branding Conference, on how shopper360 are helping our clients execute retail marketing and in-store sales.

October

ShopperPlus Singapore was awarded the contract to sell in-store media with NTUC Fairprice, opening up the door to the Singapore market since our listing in 2017.

December

shopper360 sets up a new office and a new team in Singapore.

shopper360's second quarter staff meeting cum Christmas party was held at shopper360's office with a Christmas tree decoration competition and gift exchange programme.

Calendar Of Events 2019

January

Matthew Ho was appointed as the Group Chief Executive Officer to accelerate growth of shopper360 and its strategic offerings.

shopper360 celebrated Chinese New Year with a big feast and a special lion dance performance.

Tristar held its annual Promoter Appreciation Night with over 300 long term and best performing promoters together with the senior management team of shopper360 and Nestle stakeholders.

February

ShopperPlus Myanmar launches the first retail creative fair in Citymart Holdings' upmarket retail 'Marketplace' in Yangon, hosting more than 500 marketing professionals to witness interactive and innovative in-store media formats.

Jump Retail had its annual strategy meeting at Tanjung Jara Resort, Terengganu. The agenda included strategic planning for the next three years, review of client projects and team bonding games.

March

Tristar held its annual strategy meeting at Aloft Hotel, Bangkok, Thailand. The agenda included team building activities and strategic planning for the next three years.

Pos Ad and ShopperPlus had its joint annual strategy meeting at Janda Baik, Pahang, Malaysia. Over the two days, the team got to know each other better, and worked together on the business strategy and plans for the next three years.

ShopperPlus Myanmar held its very first staff team building trip at Ngwe Saung, a beach side town in Myanmar.

May

shopper360 hosted 'Avengers: Endgame" dinner and movie screening, which was attended by over 300 customers, clients and retail business partners.

June

shopper360's fourth quarter staff meeting cum Raya and durian party was held at shopper360's office.

July

shopper360 held its Annual Strategy Meeting in the regional offices of East Malaysia, Penang, Johor, Kuantan as well as overseas branches, Singapore and Myanmar.

shopper360 relaunched its Retail Lab with brand new in-store Innovations.

4

Media Highlights

ADVERTISING | DIGITAL | MARKETING

NTUC FairPrice inks exclusive ad agreement with shopper360

NTUC FairPrice has partnered with Malaysian marketing services provider, shopper360's subsidiary, ShopperPlus for in-store advertising services.

As part of the agreement, ShopperPlus Singapore will be the exclusive provider of in-store advertising to FMCG brands by securing media space from NTUC FairPrice. ShopperPlus will installing and maintaining in-store advertising mediums for FMCG customers, including digit and non-digital media formats.

This is in a bid to create multiple touch points in driving sales through increasing brand awareness, trial and conversion to loyalty, retention and repeat purchase amongst shoppers also looks to promote NTUC FairPrice as the "preferred" retail chain for consumers.

shopper360 will be deploying a team from Malaysia to support its local team to facilitate

shopper360 names Matthew Ho group CEO

Shopper marketing firm shopper360 has appointed Matthew Ho (pictured) as group CEO. As group CEO, he will assume the responsibility for driving the growth of the group, including accelerating the development of shopper360's strategic offerings.

... experience in business development and marketing, most recently as ...ook (Malaysia) where he managed the local and regional businesses. He ...perience working in different industries across the Asia Pacific region and ... to his time with Facebook, Ho was the South Pacific regional director ...uawei Technologies from August 2015 to January 2017, and between ... a general manager at MEC, a leading global media agency, where he ...ss development and led the digital practice.

...oup CEO will allow current executive chairman and managing director, ... exclusively on her role as the executive chairman. Chew will continue to

Shopper360 enters into Myanmar market

Shopper marketing firm shopper360 has entered into Myanmar via a joint venture with Pahtama Group. Known as ShopperPlus Myanmar, the new company allows brands to gain effective presence and visibility in supermarkets via in-store point-of-sale banners, product sampling and promoters.

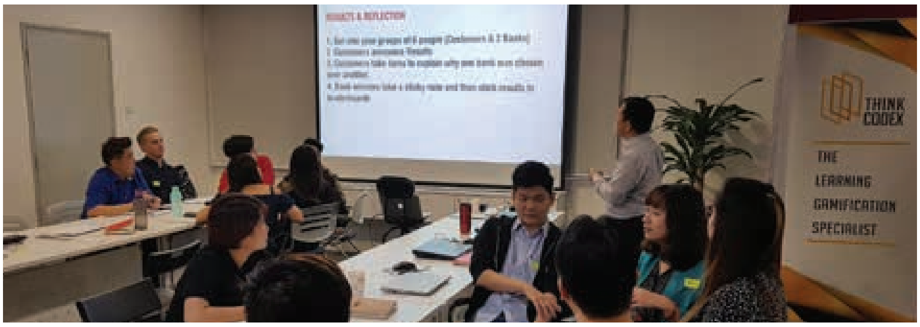
ShopperPlus Myanmar was officially launched in conjunction with "Retail – The New Era", a creative fair by retail chain City Mart, which was also founded by the owner of Pahtama Group Win Win Tint. The retail chain has been working with ShopperPlus Myanmar since 2018 to improve shopper experience by reaching shoppers with more engaging and relevant content.

A+M has reached out to shopper360 for additional information about the joint venture.

Executive chairman of shopper360, Sue Ann Chew, said while the team has organised several

Corporate Social Responsibility

LESSONS FOR LIFE



Here at shopper360, we believe in continuous learning and improvement for our staff, in line with our core values, (1) be expert (2) forward thinking, forward doing (3) collaboration (4) do what's right.

Oh, my English!
As part of our goal to improve the lives of our employees, English classes were held all-year round for staff members who wished to improve their confidence in speaking and writing in English.

Cultivating leaders
Selected members of our staff were sent to a Business Communication Skills Programme where they were taught six highly effective, no-nonsense modules on the necessary skills to succeed, such as cultivating a proactive mindset and how to inspire and motivate their subordinates.

The story of success
Selected ShopperPlus Singapore staff joined a learning trip to Sheng Shiong, a Singapore public listed company in the business of retail. It was organized by the Singapore Institute of Management and the chief executive officer of Sheng Shiong Group, Mr. Lim Hock Chee showed the participants the inner workings of his successful business, as well as the philosophy that made it possible.

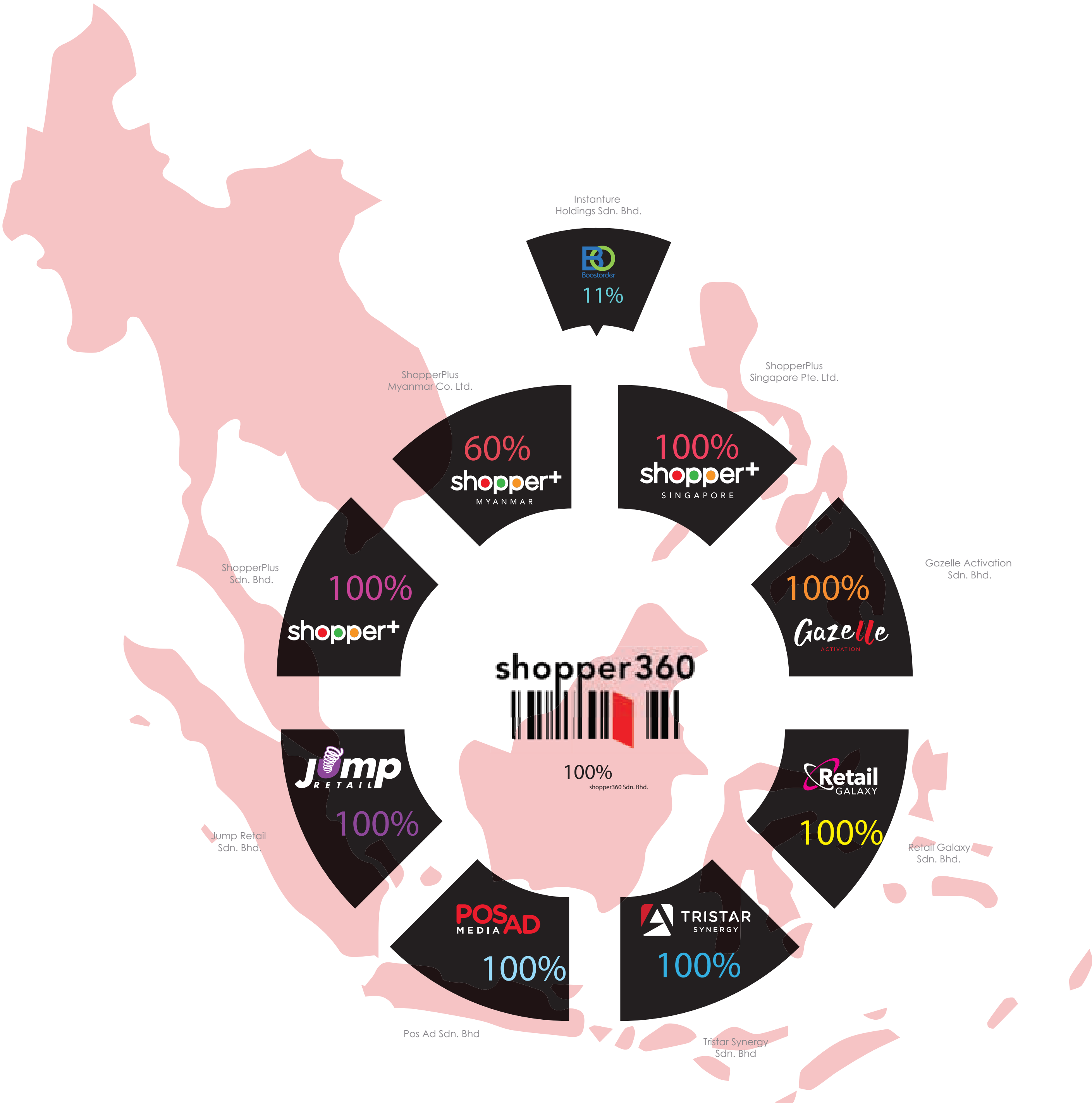
GIVING BACK

Through various programs, we work towards bringing a positive and lasting impact to certain communities.

Best bowling
Best Buddies Malaysia is a non-profit organization that seeks to create opportunities for people with intellectual and developmental disabilities to develop friendships, get employed, and learn leadership skills. We collaborated with the organization to host a social bowling night for our staff to mingle with the special needs community and their families.

Care for the young
Dignity of Children Foundation is an organization that provides education and care to underprivileged children, from preschool to secondary age, whether Malaysians, stateless and/or refugees. Each year, the organisation supports more than 1,500 students to help break the cycle of poverty through education. Gazelle Activation contributed in terms of time and resources to help organise a fundraising and 20th anniversary celebratory dinner for 1,000 attendees. shopper360 also reached out to our network to fill 1,000 goodie bags for attendees of the fundraising event and provided special gifts to children who performed at the dinner.

Group Structure



Corporate Information

BOARD OF DIRECTORS

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

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

NOMINATIONS 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

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

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

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

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

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

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

5

Financial Contents

Corporate Governance Report

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

This report sets out the Group's corporate governance structures and practices in place during the financial year ended 31 May 2019 ("**FY2019**") with specific references made to the principles and guidelines of the then Code of Corporate Governance 2012 (the "**Code**"). The Board confirms that the Group has complied substantially with the principles and guidelines of the Code for FY2019. Where there are deviations from the Code, appropriate explanations have been provided.

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

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

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

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

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

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

Formal Board meetings are held at least two (2) times a year to approve the half-year and full year results announcement and to oversee the business affairs of the Group. Board meetings are planned in advance on a yearly basis. This enables the Board to meet on a regular basis without interfering with the Company's operations. The Board may request for further clarification and information from Management on all matters

Corporate Governance Report

within its purview. Ad-hoc meetings will be convened as and when circumstances require. The Company's Constitution provides for meetings of the Board to be conducted by way of telephone conference or other methods of simultaneous communications by electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

The table below sets out the number of Board and Board Committee meetings held during FY2019 and the attendance of each Director at these meetings:

Name of Directors	Board		AC		NC		RC	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
	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	2	2	2	2*	1	1*	1	1*
Mr Zaffary Bin Ab Rashid	2	1	2	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*

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

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

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

Newly-appointed Directors will receive appropriate training in areas such as accounting, legal and industry-specific training, if required. Appropriate briefings and orientations will be arranged for newly appointed Directors to acquaint them with background information on the Group's history, mission and values, its business operations, strategic directions, corporate governance practices, as well as their duties and responsibilities as a Director. They will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's business. A formal letter of appointment will also be sent to newly appointed Directors explaining their duties and obligations upon their appointment.

The Directors attended seminars and receive training to improve themselves in the discharge of the Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company will continue to provide opportunities for ongoing education and training on Board processes and best practices, as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Catalist Rules that affect the Company and/or the Directors in the discharge of their duties. During FY2019, the Directors have attended the following courses:

- Audit Committee Seminar 2019 "The Audit Committee in the New Normal" jointly organised by Accounting and Corporate Regulation Authority ("**ACRA**"), SGX-ST and Singapore Institute of Directors ("**SID**");

Corporate Governance Report

- SID Director Conference organised by SID; and
- LCD Module – Listed Company Director Essentials organised by SID.

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

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

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

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

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

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

Corporate Governance Report

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

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

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

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

A description of the background of each Director, including directorships he/she presently hold and those held over the preceding three (3) years in other listed companies and other principal commitments, are set out under "Principle 4 – Board Membership" in this Corporate Governance Report and the "Board of Directors" section of this Annual Report.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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

The Chairman and MD is the most senior executive in the Company and bears executive responsibility for the Company's business, as well as the responsibility for the workings of the Board. The Chairman and MD ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the Directors. The Chairman and MD reviews Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. As a general rule, Board papers are sent to Directors in advance in order for Directors to be adequately prepared for the meeting. Directors who are unable to attend any of the Board or Board Committees meetings can discuss the matters in the meeting agendas with the Chairman and MD, 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.

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

Corporate Governance Report

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

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 Mathew Ho assumed the responsibility of driving the operations and growth of the Group, focusing on all of 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 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.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re- appointment of directors to the Board.

The NC comprises the following members:

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

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

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

- recommending to the Board relevant matters relating to (i) the review of board succession plans for the Directors; (ii) the review of training and professional development programs for the Directors; and (iii) the appointment and re-appointment of the Directors;
- determining on an annual basis the independence of directors;
- assessing the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board;
- reviewing regularly the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the directors as a group; and
- recommending Directors who are retiring by rotation to be put forward for re-election.

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

In its deliberations on the re-election and re-appointment of existing Directors, the NC takes into consideration the relevant Director's competency, commitment, contribution and performance (including, if applicable, his/her contribution and performance as a Director). The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as

Corporate Governance Report

well as the quality of input and contributions. The Chairman of the Board will give feedback to the NC on the appointment of new Directors or retirement or resignation of existing Directors, following the outcome of an annual performance evaluation of individual Directors, and the NC will take into consideration his/her views in this regard. In the NC's deliberations on the re-election and re-appointment of existing Directors, the NC will also consider other important factors such as composition of and succession plans for the Board.

The Company's Constitution provides that one-third of the Board, or the number nearest to one-third, is to retire by rotation at every AGM. In addition, the Company's Constitution also provides that new Directors appointed during the year, either to fill a vacancy or as an addition to the Board, are required to submit themselves for re-election at the next AGM of the Company. The NC has recommended, and the Board has agreed that at the forthcoming AGM, Ms Chew Sue Ann and Mr Hew Koon Chan, 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 Chew Sue Ann and Mr Hew Koon Chan. Each member of the NC is required to abstain from voting, approving or making a recommendation on any resolutions of the NC in which he/she has a conflict of interest in the subject matter under consideration.

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

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

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

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

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

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

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

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

Corporate Governance Report

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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

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

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

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

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

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises the following members:

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

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

Corporate Governance Report

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

- reviewing and recommending to the Board for endorsements, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and executive officers;
- reviewing and recommending to the Board for endorsement the specific remuneration packages for each of the Directors and executive officers;
- reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans;
- reviewing the remuneration of employees related to the Directors and/or substantial shareholders of the Company to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities; and
- in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the executive Directors' or executive officers' contracts of service, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance.

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

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

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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

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

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

The Independent Directors receive Directors' fees appropriate to the level of their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors are not over-compensated to the extent that their independence may be compromised. The Directors' fees are endorsed by the RC and recommended by the Board for Shareholders' approval at the AGM of the Company. Directors' fees of S$104,000 for FY2019 had been approved by Shareholders at the last AGM held on 27 September 2018. Director's fees of S$68,600 for FY2020 have been recommended by the Board and will be subjected to the approval of Shareholders at the forthcoming AGM of the Company.

There were no termination or retirement benefits and post-employment benefits that are granted to the Directors and key management personnel in FY2019. The Company does not intend to use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the executive Directors in the event of such breach of fiduciary duties.

Corporate Governance Report

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

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

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

The remuneration paid to or accrued to each individual Director and the Group Chief Executive Officer for FY2019 is as follows:

Name	Salary(1)	Variable Bonus	Directors' Fee	Share Options	Benefits-In-Kind	Total
	%	%	%	%	%	%
Between S$100,000 and S$250,000						
Chew Sue Ann	78	21	0	0	1	100
James Ling Wan Chye	88	11	0	0	1	100
Matthew Ho(2)	93	6	0	0	1	100
Below S$50,000						
Hew Koon Chan	0	0	100	0	0	100
Zaffary Bin Ab Rashid	0	0	100	0	0	100
Wong Chin Chin	0	0	100	0	0	100
Margaret Au-Yong	0	0	100	0	0	100

Notes:

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

(2) Appointed with effect from 9 January 2019.

For FY2019, the remuneration paid to or accrued for the top five (5) key management personnel (who are not Directors or the Group Chief Executive Officer is as follows:

Name of Key Management Personnel	Salary(1)	Bonus	Share Options	Benefits-In-Kind	Total
	%	%	%	%	%
Below S$250,000					
Lee Jun Ling	91	7	0	2	100
Angelina Ooi	77	16	0	7	100
Tan Swee Seng(2)	99	0	0	1	100
Ooi Chee Kee(3)	92	6	0	2	100
May Kim Hui Yee	89	10	0	1	100

Notes:

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

(2) Ceased to be the chief executive officer of Pos Ad Sdn Bhd and ShopperPlus Sdn Bhd with effect from 12 June 2019.

(3) Appointed with effect from 23 July 2018.

Corporate Governance Report

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

For FY2019, the aggregate total remuneration paid/payable to the aforesaid top five (5) key management personnel amounted to S$0.77 million (equivalent to RM2.34 million, based on an exchange rate of RM3.04 to S$1.00).

Immediate Family Member of Directors or the Group Chief Executive Officer

Save for Ms Chew Sue Ann and Mr James Ling Wan Chye who are spouses, there are no employees who are immediate family members of a Director or the Group Chief Executive Officer and whose remuneration exceeds S$50,000 in FY2019.

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

(C) ACCOUNTABILITY AND AUDIT Accountability

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

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

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

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

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

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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

Corporate Governance Report

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

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

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

For FY2019, the Board has received assurance from the Chairman and MD, and the Financial Controller that:

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

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

Based on the existing internal controls in place and the aforesaid, as well as the work carried out by the internal auditors and the review undertaken by the external auditors, the Board with the concurrence of the AC, is of the opinion that, for FY2019, the internal controls of the Group which are in place to address risks relating to financial, operational, compliance, information technology controls and risk management systems are adequate and effective.

Audit Committee

Principle 12: The Board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The AC comprises the following members:

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

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

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

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

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

Corporate Governance Report

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

- assisting the Board in the discharge of its statutory responsibilities on financial and accounting matters;

- reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

- reviewing the periodic financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards, as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;

- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

- reviewing the external auditors' audit plan and audit report, and the external auditors' evaluation of the system of internal accounting controls, including financial, operational, compliance and information technology controls;

- reviewing and discussing with auditors any suspected fraud or irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

- reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

- reviewing the adequacy and effectiveness of the Group's risk management and internal controls systems, including financial, operational, compliance controls, information technology controls and risk management sections and discuss issues and concerns, if any, arising from the internal auditors;

- reviewing and approving transactions falling within the scope of Chapter 10 of the Catalist Rules (if any);

- reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy and effectiveness of the Group's internal audit function;

- approving the hiring, removal, evaluation and compensation of the accounting/auditing firm or corporation to which the internal audit function is outsourced;

- appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors;

- making recommendations to the Board on the proposals to Shareholders on the appointment, reappointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors; and

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

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

The AC will meet with the external auditors and internal auditors without the presence of the Management, at least once annually, and as and when necessary, to review the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors and internal auditors. In July 2019, the AC met once with the external auditors, and once with the internal auditors, without the presence of the Management.

Corporate Governance Report

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 FY2019. A breakdown of the audit and non-audit fees paid to the Company's auditors is disclosed on page 93 of this Annual Report. The aggregate amount of fees paid or payable by the Group to the external auditors for FY2019 amounted to RM287,028 for audit services and RM42,266 for non-audit services. The AC is satisfied that the nature and extent of such non-audit services would not prejudice the independence and objectivity of the external auditors.

The Group appointed Baker Tilly TFW LLP as the auditors of the Company and its Singapore-incorporated subsidiary, and the independent member firms of Baker Tilly International as auditors for the Group's significant Malaysian-incorporated subsidiaries. Please refer to Note 12 of the Financial Statements of this Annual Report for further details. Accordingly, the Company is in compliance with Rules 712 and 715 of the Catalist Rules in appointing the audit firms for the Group. The AC had assessed the external auditors of the Company based on factors such as performance, adequacy of resources and experience of their audit engagement partners and audit team assigned to the Group's audit as well as the size and complexity of the Group. Having reviewed and been satisfied that the external auditors of the Company, Baker Tilly TFW LLP, an audit firm registered with the Accounting and Corporate Regulatory Authority, is independent, the AC has recommended the re-appointment of Baker Tilly TFW LLP as external auditors of the Company for the current financial year ending 31 May 2020 at the forthcoming AGM of the Company.

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

In the review of the financial statements, the AC had 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 was reviewed by the AC:

Matter considered	**How the AC reviewed the matter and what decisions were made**
Revenue Recognition – RM161.09 million	The AC considered the audit procedures performed by the external auditors to address this key audit matter, including the accounting policies over revenue recognition, evaluating SFRS(I) 15 implementation and compliance with the new accounting standard, performing substantive audit procedures to address risk of material misstatement over recognition of revenue and for compliance with Group accounting principles and disclosures in respect of the accounting policies on revenue recognition. 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 FY2019. 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 FY2019. Please refer to pages 65 to 66 of this Annual Report.

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

Corporate Governance Report

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has outsourced its internal audit function to RSM Corporate Consulting (Malaysia) Sdn Bhd ("**RSM**"), a company within RSM Malaysia (a member firm of the international RSM network of auditing firms). In FY2019, an internal audit review was carried out by RSM. RSM performs its work in accordance with the RSM Internal Audit Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing established by The Institute of Internal Auditors.

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

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

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

(D) COMMUNICATION WITH SHAREHOLDERS Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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

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

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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

Corporate Governance Report

For FY2019, the Board has proposed a final dividend (one-tier tax exempt) of S$0.0028 per ordinary share (the aggregate of which represents 19% of profit attributable to equity holders of the Company in respect of FY2019, based on an exchange rate of RM3.02 to S$1.00) which will be subject to Shareholders' approval at the forthcoming AGM.

Conduct of Shareholder Meeting

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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

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

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

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

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

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

(E) DEALINGS IN COMPANY'S SECURITIES

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

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

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

Corporate Governance Report

(F) INTERESTED PERSON TRANSACTIONS

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

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

There were no interested person transactions which were more than S$100,000 entered into for FY2019.

(G) MATERIAL CONTRACTS

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

(H) USE OF IPO PROCEEDS

Pursuant to the Company's Listing, the Company received net proceeds of approximately S$5.22 million (the "Net Proceeds"). As at 30 July 2019, the Net Proceeds have been utilised as follows:

Use of Net Proceeds	**Amount Allocated S$'000**	**Amount Utilised S$'000**	**Amount Balance S$'000**
Expansion of (i) our service offerings; (ii) our network of customers and retail partners; and (iii) expansion into new geographical locations such as Myanmar and Singapore	2,300	(2,266)	34
Acquisition, strategic alliances and/or joint ventures	600	(600)	–
General working capital purposes	536	(536)	–
Listing expense to be borne by the Company	1,784	(1,784)	–
Total	5,220	(5,186)	34

(I) CATALIST SPONSOR

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsorship fees were paid to the Sponsor, ZICO Capital Pte. Ltd. in FY2019.

Additional Information On Directors Nominated For Re-Election – Appendix 7F To The Catalist Rules

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Ms Chew Sue Ann and Mr Hew Koon Chan, 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 Chew Sue Ann ("Ms Chew")**	**Mr Hew Koon Chan ("Mr Hew")**
Date of appointment	27 December 2016	19 May 2017
Date of last re-appointment (if applicable)	28 September 2017	28 September 2017
Age	40	58
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Chew as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Chew's qualifications, skills, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Hew as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Hew's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Yes Ms Chew leads the Board, while accelerating shopper360's expansion into international markets and deepening relationships with strategic partners.	No
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Chairman and Group Managing Director	Lead Independent Director, Chairman of the Audit Committee, and member of the Nominating Committee and the Remuneration Committee.
Professional qualifications	Nil	Bachelor of Engineering; Certified Diploma in Accounting and Finance from the Chartered Association of Certified Accountants (UK)
Working experience and occupation(s) during the past 10 years	Ms Chew is responsible for overseeing the overall business development and general management of the Group, and formulating our Group's strategic directions and expansion plans. December 2011 – November 2016 IACT College, Executive Chairman April 2011 – November 2011 Kraft Foods Singapore Pte Ltd (now known as Mondelez Singapore Pte Ltd), Category Assistant Manager	December 2004 – Current Integer Capital Pte Ltd, Managing Director

Additional Information On Directors Nominated For Re-Election – Appendix 7F To The Catalist Rules

Name of Director	Ms Chew	Mr Hew
Shareholding interest in the listed issuer and its subsidiaries	325,000 Ordinary Shares representing 0.28% of the total number of ordinary shares in the Company	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	Ms Chew is the daughter of a controlling shareholder of the Company, Ms Yap Phaik Kwai, who has a total interest of 37.79% (direct and deemed) of the issued share capital of the Company as at 11 September 2019. Ms Chew is also the wife of the Executive Director of the Company, Mr James Ling Wan Chye.	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 Listing Rule 704(8)		
Past (for the last 5 years)	**Past Directorships:** <u>Other Companies</u> – Foster Marketing Sdn. Bhd. – IACT College	**Past Directorships:** <u>Other Companies</u> December 2007 – April 2018 Roxy-Pacific Holdings Ltd, Lead Independent Director April 2010 – June 2017 Plasmotech Pte Ltd, Non-Executive Director September 2010 – April 2019 Nordic Group Ltd, Independent Director September 2012 – April 2019 Declout Limited, Independent Director

Additional Information On Directors Nominated For Re-Election – Appendix 7F To The Catalist Rules

Name of Director	Ms Chew	Mr Hew
Present	**Present Directorships:** shopper360 Limited Group Companies – Shopper360 Sdn. Bhd. – ShopperPlus Singapore Pte. Ltd. – Jump Retail Sdn. Bhd. – Pos Ad Sdn. Bhd. – Tristar Synergy Sdn. Bhd. – Gazelle Activation Sdn. Bhd. – ShopperPlus Sdn Bhd – Retail Galaxy Sdn Bhd Other Companies – Rekaweb.Com Sdn Bhd – Zencall Holdings Sdn. Bhd. – Paragon Premiums Sdn. Bhd. – Dimensi Kasturi Sdn. Bhd.	**Present Directorships:** shopper360 Limited Other Companies July 2019 – Current Ardmore Medical Group Ltd, Independent Director May 2017 – Current shoppper360 Limited, Lead Independent Director December 2004 – Current Integer Capital Pte Ltd, Managing Director May 2009 – Current SP Manufacturing Pte Ltd, Non-Executive Director May 2011 – Current SEA Family Trust Pte Ltd, Non-Executive Director June 2011 – Current Far East Group Ltd, Lead Independent Director March 2013 – Current AXL Invest Pte Ltd, Non-Executive Director
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.		
(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?	No	No

Additional Information On Directors Nominated For Re-Election – Appendix 7F To The Catalist Rules

Name of Director	Ms Chew	Mr Hew
(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?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(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?	No	No
(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

Additional Information On Directors Nominated For Re-Election – Appendix 7F To The Catalist Rules

Name of Director	Ms Chew	Mr Hew
(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
(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

Additional Information On Directors Nominated For Re-Election – Appendix 7F To The Catalist Rules

Name of Director	Ms Chew	Mr Hew
(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 Chew**	**Mr Hew**
(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
Disclosure applicable to the appointment of Director only.		
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 Chew is currently a Director of the Company.	Yes Mr Hew is currently a director of the following companies listed on the SGX-ST: – Shopper360 Limited – Far East Group Ltd
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.

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of shopper360 Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2019.

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 69 to 119 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 2019 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
James Ling Wan Chye
Margaret Au-Yong
Wong Chin Chin
Hew Koon Chan
Zaffary Bin Ab Rashid

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

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

	Number of ordinary shares Shareholdings registered in her own name		
	At 1.6.2018	**At 31.5.2019**	**At 21.6.2019**
Name of Director and Companies in which interest are held			
Company			
Chew Sue Ann	325,000	325,000	325,000
Immediate and ultimate holding company			
Rekaweb.Com Sdn. Bhd.			
Chew Sue Ann	12,750	12,750	12,750

Directors' Statement

Share options

The shopper360 Limited's Performance Shares Plan ("PSP") is administered by the Remuneration Committee of the Company, comprising Margaret Au-Yong, 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 (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;

(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.

Directors' Statement

Audit Committee (Continued)

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

James Ling Wan Chye
Director

30 August 2019

Independent Auditor's Report

TO THE MEMBERS OF SHOPPER360 LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of shopper360 Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 69 to 119, which comprise the statements of financial position of the Group and of the Company as at 31 May 2019, 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Revenue recognition

Refer to Notes 2(b) and 3 to the financial statements.

Description of key audit matter:

The Group recognised revenue of RM161,085,002 during the financial year. The Group has three major business segments, with different revenue recognition processes for the respective revenue streams and varying contractual terms with the customers. The new accounting standard SFRS(I) 15 has been implemented starting from 1 June 2018. As a consequence, the Group analysed its various sales contracts and concluded on the principles for deciding in which period or periods the Group's sales transactions should be recognised as revenue. Disclosure note 2(b) and the accounting policies provide additional information on how the Group accounts for its revenue and how the implementation of the standard SFRS(I) 15 has affected the Group's financial reporting.

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

Independent Auditor's Report

TO THE MEMBERS OF SHOPPER360 LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Revenue recognition (Continued)

Our procedures to address key audit matter:

- Assessing the appropriateness of the Group's accounting polices over revenue recognition.
- Evaluating the design and implementation of key internal controls over the revenue cycle and recognition processes.
- Evaluating management's SFRS(I) 15 implementation and assessed whether the Group's accounting principles comply with the new accounting standard.
- Performing 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.
- Assessing the Group's disclosures in respect of the accounting policies on revenue recognition.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and 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.

Independent Auditor's Report

TO THE MEMBERS OF SHOPPER360 LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

TO THE MEMBERS OF SHOPPER360 LIMITED

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 Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

30 August 2019

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	Group 2019 RM	Group 2018 RM
Revenue	3	**161,085,002**	142,376,618
Cost of sales		**(118,517,661)**	(104,379,605)
Gross profit		**42,567,341**	37,997,013
Other income	4	**374,567**	286,310
Expenses			
Administrative expenses		**(34,334,600)**	(28,586,346)
Other operating expenses		**(32,584)**	(304,696)
Net impairment losses on financial assets		**(657,171)**	(10,011)
Finance costs	5	**(10,012)**	(41,508)
Share of results of associated company		**(134,669)**	–
Profit before tax	6	**7,772,872**	9,340,762
Tax expense	8	**(2,368,961)**	(3,627,977)
Profit for the year		**5,403,911**	5,712,785
Other comprehensive income/(loss):			
Item that is or may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**88,058**	(9,589)
Other comprehensive income/(loss) for the year, net of tax		**88,058**	(9,589)
Total comprehensive income for the year		**5,491,969**	5,703,196
Profit attributable to:			
Equity holders of the Company		**5,185,187**	6,010,468
Non-controlling interest		**218,724**	(297,683)
Profit for the year		**5,403,911**	5,712,785
Total comprehensive income attributable to:			
Equity holders of the Company		**5,238,012**	6,004,715
Non-controlling interest		**253,957**	(301,519)
		5,491,969	5,703,196
Earnings per share (cents per share) – Basic and diluted	9	**4.53**	5.25

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

Statements of Financial Position

AT 31 MAY 2019

	Note	Group 31.5.2019 RM	Group (Restated) 31.5.2018 RM	Group (Restated) 1.6.2017 RM	Company 31.5.2019 RM	Company 31.5.2018 RM	Company 1.6.2017 RM
ASSETS							
Non-current assets							
Property, plant and equipment	10	**4,149,414**	4,760,536	5,622,200	**–**	–	–
Intangible assets	11	**2,489,667**	2,497,946	2,506,225	**–**	–	–
Investment in subsidiaries	12	**–**	–	–	**37,013,629**	36,891,829	–
Investment in associated company	13	**965,331**	–	–	**–**	–	–
Available-for-sale financial assets	14	**–**	1,100,000	–	**–**	–	–
Trade and other receivables	16	**156,596**	176,560	200,036	**–**	–	–
Deferred tax assets	22	**740,401**	735,120	–	**–**	–	–
Total non-current assets		**8,501,409**	9,270,162	8,328,461	**37,013,629**	36,891,829	–
Current assets							
Financial assets at fair value through profit or loss	15	**49,447**	14,707	24,231	**–**	–	–
Trade and other receivables	16	**37,418,945**	32,842,257	34,401,668	**10,439,646**	9,378,625	538,935
Contract assets	17	**7,325,682**	7,851,593	5,791,295	**–**	–	–
Cash and cash equivalents	18	**21,242,006**	19,026,236	7,511,886	**713,686**	1,482,512	3
Tax recoverable		**2,563,587**	1,182,427	1,607,740	**–**	–	–
Total current assets		**68,599,667**	60,917,220	49,336,820	**11,153,332**	10,861,137	538,938
Total assets		**77,101,076**	70,187,382	57,665,281	**48,166,961**	47,752,966	538,938
EQUITY AND LIABILITIES							
Equity							
Share capital	19	**51,850,444**	51,850,444	38,550,103	**51,850,444**	51,850,444	3
Capital reserve	20(a)	**(1,354,855)**	(1,354,855)	(1,354,855)	**–**	–	–
Merger reserve	20(b)	**(17,453,646)**	(17,453,646)	(19,230,000)	**–**	–	–
Currency translation reserve		**47,072**	(5,753)	–	**–**	–	–
Retained earnings		**18,312,362**	15,196,882	10,318,559	**(4,043,544)**	(4,451,359)	(4,144,724)
Equity attributable to equity holders of the Company, total		**51,401,377**	48,233,072	28,283,807	**47,806,900**	47,399,085	(4,144,721)
Non-controlling interest		**112,358**	(222,799)	–	**–**	–	–
Total equity		**51,513,735**	48,010,273	28,283,807	**47,806,900**	47,399,085	(4,144,721)
Non-current liabilities							
Borrowings	21	**145,129**	19,611	62,650	**–**	–	–
Deferred tax liabilities	22	**13,283**	52,988	117,006	**–**	–	–
Total non-current liabilities		**158,412**	72,599	179,656	**–**	–	–
Current liabilities							
Trade and other payables	23	**21,150,734**	17,130,965	24,664,088	**360,061**	353,881	4,683,659
Contract liabilities	17	**3,626,007**	4,321,448	4,051,994	**–**	–	–
Borrowings	21	**49,640**	43,039	77,581	**–**	–	–
Tax payable		**602,548**	609,058	408,155	**–**	–	–
Total current liabilities		**25,428,929**	22,104,510	29,201,818	**360,061**	353,881	4,683,659
Total liabilities		**25,587,341**	22,177,109	29,381,474	**360,061**	353,881	4,683,659
Total equity and liabilities		**77,101,076**	70,187,382	57,665,281	**48,166,961**	47,752,966	538,938

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	Share capital RM	Capital reserve RM	Merger reserve RM	Currency translation reserve RM	Retained earnings RM	Equity attributable to equity holders of the Company RM	Non-controlling interests RM	Total equity RM
Group									
At 1 June 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									
Currency translation differences arising from consolidation		–	–	–	52,825	–	52,825	35,233	88,058
Other comprehensive income for the financial 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
Transactions with owners recognised directly in equity									
Capital contribution from non-controlling interest in a subsidiary		–	–	–	–	–	–	81,200	81,200
Dividends paid	24	–	–	–	–	(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.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

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

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	Share capital RM	Retained earnings RM	Total equity RM
Company				
At 1 June 2018		51,850,444	(4,451,359)	47,399,085
Profit and total comprehensive income for the financial year		–	2,477,522	2,477,522
Dividends	24	–	(2,069,707)	(2,069,707)
At 31 May 2019		**51,850,444**	**(4,043,544)**	**47,806,900**
At 1 June 2017		3	(4,144,724)	(4,144,721)
Profit and total comprehensive income for the financial year		–	825,510	825,510
Issuance of shares, representing transactions with owners recognised directly in equity	19	51,850,441	–	51,850,441
Dividends	24	–	(1,132,145)	(1,132,145)
At 31 May 2018		51,850,444	(4,451,359)	47,399,085

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	Group 2019 RM	2018 RM
Cash flows from operating activities			
Profit before tax		**7,772,872**	9,340,762
Adjustments for:			
Amortisation for club membership		**8,279**	8,279
Impairment loss on financial assets		**657,171**	10,011
Depreciation		**2,080,338**	1,611,351
Interest income		**(282,607)**	(233,649)
Interest expenses		**10,012**	41,508
Property, plant and equipment written off		**4,836**	23,011
Share of results of associated company		**134,669**	–
Unrealised foreign exchange losses		**24,581**	228,891
Operating cash flow before movement in working capital		**10,410,151**	11,030,164
Trade and other receivables and contract assets		**(4,687,984)**	(487,422)
Trade and other payables and contract liabilities		**2,858,749**	389,197
Currency translation adjustments		**97,645**	(12,622)
Cash generated from operations		**8,678,561**	10,919,317
Income tax paid		**(3,801,617)**	(3,800,899)
Net cash from operating activities		**4,876,944**	7,118,418
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,283,639)**	(769,665)
Acquisition of available-for-sale investment		**–**	(1,100,000)
Interest received		**282,607**	233,649
(Placement)/redemption of financial assets at fair value through profit or loss		**(34,740)**	9,524
Net cash used in investing activities		**(1,035,772)**	(1,626,492)
Cash flows from financing activities			
Repayment of borrowings		**(67,881)**	(77,581)
Capital contribution from non-controlling interest in a subsidiary		**81,200**	78,720
Dividends paid to owners of the Company/subsidiaries		**(2,069,707)**	(7,932,145)
Dividends paid to non-controlling interest		**–**	(765,000)
Advance from a key management personnel		**–**	2,000,000
Repayment of amount due to a key management personnel		**–**	(2,007,960)
Advance from non-controlling interest		**468,651**	42,514
Repayment of amount due to immediate and ultimate holding company		**(3,072)**	(122,420)
Proceeds from issuance of share capital, net of share issue expenses	19	**–**	15,076,695
Interest paid		**(10,012)**	(41,508)
Net cash (used in)/from financing activities		**(1,600,821)**	6,251,315
Net increase in cash and cash equivalents		**2,240,351**	11,743,241
Cash and cash equivalents at beginning of the financial year		**19,026,236**	7,511,886
Effects of exchange rate changes on cash and cash equivalents		**(24,581)**	(228,891)
Cash and cash equivalents at end of the financial year	18	**21,242,006**	19,026,236

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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 12 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(v) to the financial statements.

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

New and revised standards

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 June 2018. These financial statements for the year ended 31 May 2019 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 May 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 June 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

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

New and revised standards (Continued)

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 May 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group and the Company have also presented statement of financial position as at 1 June 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements, except for SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments*.

A. SFRS(I)

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) with 1 June 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The application of SFRS(I) did not have any significant impact on the financial statements.

B. SFRS(I) 15

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

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application. Updates to the Group's accounting policy have been made as required.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

Presentation of contract assets and contract liabilities

Upon adoption of SFRS(I) 15, the Group has changed the presentation of the following amounts:

(i) Accrued income classified as trade and other receivables of RM5,791,295 as at 1 June 2017 and RM7,851,593 as at 31 May 2018 were reclassified to contract assets; and

(ii) Deferred income of RM4,051,994 as at 1 June 2017 and RM4,321,448 as at 31 May 2018 were reclassified to contract liabilities.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

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

New and revised standards (Continued)

C. **SFRS(I) 9**

SFRS(I) 9 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 June 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. At the date of initial application and 31 May 2019, the Group has assessed that the adoption of SFRS(I) 9 does not have any significant impact to the financial position and results of the Group and the Company.

The impact upon adoption of SFRS(I) 9 as at 1 June 2018 was as follows:

(i) Classification and measurement

Under SFRS(I) 9, the Group and the Company classify its financial assets based on their business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 June 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest were made based on the facts and circumstances as at the initial recognition of the assets.

The following were the changes in classification and measurement arising from adopting SFRS(I) 9:

- Loans and receivables including trade and other receivables (excluding prepayments), and cash and cash equivalents as at 31 May 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 June 2018;

- Investment held for trading continues to be measured at fair value through profit or loss, hence no change to the classification and measurement;

- Investment in unquoted equity shares classified as AFS financial assets, at cost as at 31 May 2018 are classified and measured as equity instrument designated at FVOCI beginning 1 June 2018. The Group elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold these investments on a long-term basis.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

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

New and revised standards (Continued)

C. **SFRS(I) 9** (Continued)

(i) *Classification and measurement* (Continued)

The following summarises the Group and the Company's required or elected reclassifications as at 1 June 2018 upon adoption on SFRS(I) 9:

		SFRS (I) 9 measurement category		
	Original carrying amount RM	**Amortised cost RM**	**FVTPL RM**	**FVOCI RM**
Group				
FRS 39 measurement category				
Loans and receivables				
Trade and other receivables	31,169,440	31,169,440	–	–
Cash and cash equivalents	19,026,236	19,026,236	–	–
Financial assets at fair value through profit or loss				
Investments in short-term fund investments	14,707	–	14,707	–
Available-for-sale financial assets				
Unquoted equity shares	1,100,000	–	–	1,100,000
Company				
Loans and receivables				
Trade and other receivables	9,329,408	9,329,408	–	–
Cash and cash equivalents	1,482,512	1,482,512	–	–

(ii) *Impairment*

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis. Upon adoption of SFRS(I) 9, there is no additional impairment required on the Group's financial assets at amortised cost. The retained earnings remain unchanged as at 1 June 2018.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 May 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

(a) Basis of preparation (Continued)

New and revised standards (Continued)

SFRS(I) 16 Leases

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

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening retained earnings as at 1 June 2019. Right-of-use assets that are property leases will be measured on transition as if the standard had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. All other leases are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. Short term leases and leases of low value items amounted to approximately RM450,000 will be recognised on a straight-line basis as expense in profit or loss. For the lease commitments, the Group expects to recognise right-of-use assets and lease liabilities of approximately RM1,960,000 on 1 June 2019.

The Group is currently finalising the quantum of the final transition adjustments, which may be different upon finalisation.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required in the financial statements upon adoption of the standard.

(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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

(b) **Revenue recognition** (Continued)

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 deemed present.

Sampling activities and events management

The Group organises and manages its customers' in-store sampling, promotional booths and events. Revenue is 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. 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. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are expensed as incurred. 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 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 comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

(d) **Basis of consolidation** (Continued)

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

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

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

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 11. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

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

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 (ie 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 FRS.

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

2 Summary of significant accounting policies (Continued)

(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.

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.

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

2 Summary of significant accounting policies (Continued)

(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.

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

(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

The accounting policy for financial assets before 1 June 2018 is as follows:

Classification

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

Financial assets, at fair value through profit or loss

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

Loans and receivables

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

(j) **Financial assets** (Continued)

Classification (Continued)

Financial assets, available-for-sale

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

Recognition and derecognition

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

Initial measurement

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

Subsequent measurement

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

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

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

Impairment

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

Loans and receivables

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

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

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

2 Summary of significant accounting policies (Continued)

(j) Financial assets (Continued)

Impairment (Continued)

Financial assets, available-for-sale

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

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

The accounting policy for financial assets from 1 June 2018 onwards is as follows:

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.

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

2 Summary of significant accounting policies (Continued)

(j) Financial assets (Continued)

Subsequent measurement (Continued)

Debt instruments (Continued)

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")

Debts instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI 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".

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

2 Summary of significant accounting policies (Continued)

(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.

(l) Financial liabilities

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

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

(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

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.

(o) Leases

When a Group entity is the lessee:

Finance leases

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

Operating leases

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

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

(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.

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 2019

2 Summary of significant accounting policies (Continued)

(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 2019

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

(u) 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.

(v) 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.. During the financial year, the Group has entered into a material commercial transaction with Boostorder Sdn. Bhd., a wholly owned subsidiary of Instanture Holdings Sdn. Bhd.. Consequently, 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.

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 and the carrying amount of the goodwill are given in Note 11 to the financial statements. The carrying amounts of property, plant and equipment and club memberships are disclosed respectively in Note 10 and Note 11 to the financial statements.

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. The carrying amount of investment in associated company is disclosed in Note 13.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

(v) **Critical accounting judgements and key sources of estimation uncertainty** (Continued)

Key sources of estimation uncertainty (Continued)

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables. Details of ECL measurement and carrying value of trade and other receivables at reporting date are disclosed in Note 16.

3 **Revenue**

	Group	
	2019	**2018**
	RM	**RM**
In-store advertising and digital marketing	**38,921,209**	35,369,020
Field force management	**97,587,305**	91,031,439
Sampling activities and events management	**24,576,488**	15,976,159
	161,085,002	142,376,618
Timing of revenue recognition		
At a point in time	**5,627,940**	7,196,185
Over time	**155,457,062**	135,180,433
	161,085,002	142,376,618

Revenue recognised during the financial year from:

	Group	
	2019	**2018**
	RM	**RM**
Amounts included in contract liability at the beginning of the financial year	**4,321,448**	4,051,994

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4 Other income

	Group	
	2019 RM	2018 RM
Gain on foreign exchange	**70,443**	4,137
Waiver of debt – third parties	**–**	3,302
Management fees	**4,000**	–
Interest income – bank	**282,607**	233,649
Rental income	**2,600**	5,200
Miscellaneous income	**14,917**	40,022
	374,567	286,310

5 Finance costs

	Group	
	2019 RM	2018 RM
Interest expense		
– finance leases	**10,012**	6,488
– others	**–**	35,020
	10,012	41,508

6 Profit before tax

	Group	
	2019 RM	2018 RM
Profit before tax is arrived at after charging:		
Audit fees payable/paid to:		
– auditor of the Company	**186,521**	207,775
– other auditors*	**100,312**	71,496
Fees for non-audit services payable/paid to:		
– auditor of the Company	**2,370**	2,432
– other auditors*	**39,896**	18,628
Amortisation for club memberships	**8,279**	8,279
Commission	**1,003,907**	1,157,136
Depreciation of property, plant and equipment	**2,080,338**	1,611,351
Net impairment losses on financial assets	**657,171**	10,011
Loss on foreign exchange	**118,015**	296,741
Rental expense		
– third parties	**993,955**	843,226
– immediate and ultimate holding company	**614,400**	614,400
– vehicle and equipment	**86,156**	–
Staff costs (Note 7)	**109,581,033**	95,566,430
Supermarket fees	**4,226,706**	4,344,199
Printing and design	**949,933**	1,281,103
Property, plant and equipment written off	**4,836**	23,011
Public performance fees	**507,986**	203,410

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

7 Staff costs

	Group	
	2019 RM	2018 RM
Salaries, allowances, bonuses and commissions	**95,681,027**	84,740,086
Contributions to defined contribution plan	**10,981,693**	9,661,307
Other benefits	**2,918,313**	1,165,037
	109,581,033	95,566,430

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

8 Tax expense

	Group	
	2019 RM	2018 RM
Tax expense attributable to profits is made up of:		
Current income tax	**2,492,166**	3,086,024
(Over)/under provision of income tax in respect of previous financial years	**(78,219)**	1,341,091
Deferred tax (Note 22)		
– current year	**(2,931)**	152,049
– prior year	**(42,055)**	(951,187)
	2,368,961	3,627,977

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	
	2019 RM	2018 RM
Profit before tax	**7,772,872**	9,340,762
Tax at domestic rates applicable to profit in countries where the Group operates	**1,860,167**	2,176,555
Expenses not deductible for tax purposes	**393,729**	475,729
Income not subject to tax	**(131,234)**	–
(Over)/under provision of taxation in prior year	**(78,219)**	1,341,091
Over provision of deferred tax in prior year	**(42,055)**	(951,187)
Deferred tax assets not recognised	**442,654**	585,789
Utilisation of previously unrecognised deferred tax assets	**(76,081)**	–
	2,368,961	3,627,977

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% (2018: 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% (2018: 24%).

9 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	
	2019 RM	2018 RM
Net profit attributable to equity holders of the Company	**5,185,187**	6,010,468
Weighted average number of ordinary shares for purpose of earnings per share	**114,400,000**	114,400,000
Earnings per share (cents per share)		
– Basic and diluted	**4.53**	5.25

There were no dilutive equity instruments for 2019 and 2018.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

10 Property, plant and equipment

	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Office renovation RM	Total RM
Group					
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**
2018					
Cost					
At 1.6.2017	4,898,867	2,061,664	1,476,145	2,515,473	10,952,149
Additions	626,496	106,418	5,007	31,744	769,665
Write-off	(1,022,380)	(100,699)	–	(45,118)	(1,168,197)
Currency translation differences	1,031	1,288	–	807	3,126
At 31.5.2018	4,504,014	2,068,671	1,481,152	2,502,906	10,556,743
Accumulated depreciation					
At 1.6.2017	3,393,090	471,957	1,013,061	451,841	5,329,949
Depreciation charge	535,586	398,491	164,519	512,755	1,611,351
Write-off	(1,002,477)	(97,591)	–	(45,118)	(1,145,186)
Currency translation differences	38	33	–	22	93
At 31.5.2018	2,926,237	772,890	1,177,580	919,500	5,796,207
Net carrying value					
At 1.6.2017	1,505,777	1,589,707	463,084	2,063,632	5,622,200
At 31.5.2018	1,577,777	1,295,781	303,572	1,583,406	4,760,536

Assets held under finance leases

At the end of the reporting period, the net carrying value of motor vehicles held under finance lease agreements amounted to RM181,475 (2018: RM96,666; 2017: RM152,421). Additions include RM200,000 (2018: RMNil; 2017: RMNil) of motor vehicles acquired under finance leases (Note 21).

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

11 Intangible assets

	Goodwill RM	Club memberships RM	Total RM
Group			
2019			
Cost			
At 1.6.2018 and 31.5.2019	**2,007,651**	**583,997**	**2,591,648**
Accumulated amortisation			
At 1.6.2018	–	93,702	93,702
Amortisation	–	8,279	8,279
At 31.5.2019	**–**	**101,981**	**101,981**
Net carrying value			
At 31.5.2019	**2,007,651**	**482,016**	**2,489,667**
2018			
Cost			
At 1.6.2017 and 31.5.2018	2,007,651	583,997	2,591,648
Accumulated amortisation			
At 1.6.2017	–	85,423	85,423
Amortisation	–	8,279	8,279
At 31.5.2018	–	93,702	93,702
Net carrying value			
At 1.6.2017	2,007,651	498,574	2,506,225
At 31.5.2018	2,007,651	490,295	2,497,946

Amortisation expense

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

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:

	31.5.2019 RM	Group 31.5.2018 RM	1.6.2017 RM
Sampling activities and events management – Tristar Synergy Sdn. Bhd.	**2,007,651**	2,007,651	2,007,651

Key assumptions used in value-in-use calculation

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

The Group's value-in-use calculation was computed based on the cash flow forecasts derived from the most recent financial budgets approved by management covering a three-year period. Estimated growth rate for extrapolation of cash flows beyond the three-year period was assumed to be Nil (2018: Nil; 2017: Nil).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

11 Intangible assets (Continued)

Impairment test for goodwill (Continued)

Key assumptions used in value-in-use calculation (Continued)

Revenue is estimated to grow at the average rate of 17% (2018: 19%; 2017: 11%) 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 19.6% (2018: 19.2%; 2017: 23.3%). Gross margins are estimated based on past performances.

Sensitivity to changes in assumptions

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

12 Investment in subsidiaries

		Company	
	31.5.2019 RM	**31.5.2018 RM**	**1.6.2017 RM**
Unquoted equity shares, at cost			
Balance at beginning of the financial year	**36,891,829**	–	–
Pursuant to the Restructuring Exercise	**–**	36,773,746	–
Additions	**121,800**	118,083	–
Balance at end of the financial year	**37,013,629**	36,891,829	–

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

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest 31.5.2019 %	31.5.2018 %	1.6.2017 %
Held by the Company					
shopper360 Sdn. Bhd.[1]	Malaysia	Investment holding	**100**	100	100
ShopperPlus Singapore Pte Ltd[2]	Singapore	Providing advertising media, project management, outsourcing manpower to provide digital imaging training, subletting of property and related services and retail specialist in field operations management	**100**	100	–
ShopperPlus Myanmar Co., Ltd[3]	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	–

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

12 Investment in subsidiaries (Continued)

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

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest 31.5.2019 %	31.5.2018 %	1.6.2017 %
Held by shopper360 Sdn. Bhd.					
Pos Ad Sdn. Bhd.[(1)]	Malaysia	Providing advertising media services	**100**	100	100
Jump Retail Sdn. Bhd.[(1)]	Malaysia	Retail specialist in filed operations management	**100**	100	100
Gazelle Activation Sdn. Bhd.[(1)]	Malaysia	Providing project management, outsourcing manpower to provide digital imaging training, subletting of property and related services	**100**	100	100
ShopperPlus Sdn. Bhd.[(1)]	Malaysia	Providing digital mobile marketing solutions and services	**100**	100	100
Tristar Synergy Sdn. Bhd.[(1)]	Malaysia	Providing project management, outsourcing manpower to provide digital imaging training, subletting of property and related services	**100**	100	100
Retail Galaxy Sdn. Bhd.[(1)]	Malaysia	Retail specialist in filed operations management	**100**	100	–

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

(2) Audited by Baker Tilly TFW LLP

(3) Audited by other firm of certified public accountants

During the financial year, the Company subscribed for additional 30,000 shares in ShopperPlus Myanmar Co., Ltd for RM 121,800 (equivalent to USD30,000) for cash without any resulting change in percentage of equity interest held.

(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 31.5.2019 %	31.5.2018 %	1.6.2017 %
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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

12 **Investment in subsidiaries** (Continued)

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

Summarised Statement of Financial Position

		ShopperPlus Myanmar Co., Ltd	
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Non-current assets	**142,933**	117,069	–
Current assets	**3,906,610**	282,956	–
Current liabilities	**(3,768,648)**	(957,023)	–
Net assets/(liabilities)	**280,895**	(556,998)	–
Net assets/(liabilities) attributable to NCI	**112,358**	(222,799)	–

Summarised Statement of Comprehensive Income

	ShopperPlus Myanmar Co., Ltd	
	2019 RM	2018 RM
Revenue	**5,541,057**	285,145
Profit/(loss) before tax	**546,809**	(744,208)
Profit/(loss) after tax	**546,809**	(744,208)
Other comprehensive income/(loss)	**88,082**	(9,589)
Total comprehensive income/(loss)	**634,891**	(753,797)
Profit/(loss) allocated to NCI	**253,957**	(301,519)

Summarised Cash Flows

	ShopperPlus Myanmar Co., Ltd	
	2019 RM	2018 RM
Cash flows from/(used in) operating activities	**2,344,759**	(170,352)
Cash flow used in investing activities	**(49,887)**	(123,069)
Cash flows from financing activities	**195,910**	358,163
Net increase in cash and cash equivalents	**2,490,782**	64,742

13 **Investment in associated company**

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

		Group	
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Carrying amount:			
Instanture Holdings Sdn. Bhd. and its subsidiary	**965,331**	–	–

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

13 **Investment in associated company** (Continued)

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 31.5.2018 %	31.5.2017 %	1.6.2017 %
Held through subsidiary					
Unquoted equity shares					
Instanture Holdings Sdn. Bhd.*	Malaysia	Investment holding company	11	–	–
Subsidiary held by Instanture Holdings Sdn. Bhd.					
Boostorder Sdn Bhd*	Malaysia	Cross platform business to business commerce solutions provider	11	–	–

* Audited by other firm of certified public accountants

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

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:

	31.5.2019 RM
Revenue	**760,129**
Loss after tax	**(1,224,265)**
Total comprehensive loss	**(1,224,265)**
Non-current assets	**228,780**
Current assets	**919,534**
Current liabilities	**(270,784)**
Net assets	**877,530**
Group's share of net assets based on proportion of ownership interest	**96,528**
Goodwill on acquisition	**868,803**
Carrying amount of investment	**965,331**

14 **Available-for-sale financial assets**

	Group 31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Unquoted equity shares, at cost	**–**	1,100,000	–

The investment in unquoted equity investments represents 11% unquoted equity interest in Instanture Holdings Sdn. Bhd., a company incorporated in Malaysia.

The investment was classified as equity instrument designated at fair value through other comprehensive income ("FVOCI") beginning 1 June 2018. During the financial year, the Group has assessed that it has significant influence and classified this investment as an associated company.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

15 Financial assets at fair value through profit or loss

	Group		
	31.5.2019 RM	**31.5.2018 RM**	**1.6.2017 RM**
Financial assets measured at FVTPL			
Investments in short-term fund	**49,447**	14,707	24,231

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

16 Trade and other receivables

	Group			Company		
	31.5.2019 RM	**31.5.2018 RM**	**1.6.2017 RM**	**31.5.2019 RM**	**31.5.2018 RM**	**1.6.2017 RM**
Non-current						
Staff loan	**156,596**	176,560	200,036	**–**	–	–
Current						
Trade receivables						
– Third parties	**35,851,838**	30,136,727	31,571,994	**–**	–	–
– Subsidiary	**–**	–	–	**–**	1,161,524	–
	35,851,838	30,136,727	31,571,994	**–**	1,161,524	–
Less allowance for impairment						
– Third parties	**(657,171)**	–	–	**–**	–	–
	35,194,667	30,136,727	31,571,994	**–**	1,161,524	–
Deposits	**539,005**	484,566	416,787	**–**	–	–
Deferred expenditure	**–**	–	538,935	**–**	–	538,935
Prepayments	**1,334,010**	1,779,253	917,371	**50,278**	49,217	–
Staff loan	**239,784**	308,543	313,974	**–**	–	–
Sundry receivables	**111,479**	133,168	642,607	**–**	13,635	–
Amounts due from subsidiaries	**–**	–	–	**10,389,368**	8,154,249	–
	37,418,945	32,842,257	34,401,668	**10,439,646**	9,378,625	538,935
	37,575,541	33,018,817	34,601,704	**10,439,646**	9,378,625	538,935

Impairment loss on trade receivables recognised as an expense amounted to RM657,171 (2018: RM10,011; 2017: RMNil).

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

Staff loan

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

17 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.

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

		Group	
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Contract assets	**7,325,682**	7,851,593	5,791,295
Contract liabilities	**3,626,007**	4,321,448	4,051,994

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

		Contract assets			Contract liabilities	
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Revenue recognised that was included in the contract liability balance at the beginning of the year	**–**	–	–	**4,321,448**	4,051,994	2,549,712
Increases due to advances received, excluding amounts recognised as revenue during the year	**–**	–	–	**3,626,007**	4,321,448	4,051,994
Contract asset reclassified to trade receivables	**7,851,593**	5,791,295	5,241,103	**–**	–	–

18 Cash and cash equivalents

		Group			Company	
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Bank and cash balances	**18,177,675**	15,508,002	7,188,886	**713,686**	1,482,512	3
Short term cash investments with fund management company	**3,064,331**	3,518,234	323,000	**–**	–	–
Cash and cash equivalents	**21,242,006**	19,026,236	7,511,886	**713,686**	1,482,512	3

The short term cash investments represent investments in money market instruments. Interest received from the investments is exempted from tax. Short term cash investments are highly liquid which have an insignificant risk of changes in value which bore effective interest rates at the end of the reporting period ranging from 2.28% to 2.90% (2018 and 2017: 2.73% to 4.11%) per annum.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

19 Share capital

	Number of issued shares		Issued share capital	
	2019 RM	2018 RM	2019 RM	2018 RM
Group				
Issued and paid up:				
At the beginning of the year	**114,400,000**	385,601	**51,850,444**	38,550,103
Incorporation of Company	**–**	–	**–**	–
Adjustment pursuant to the share split	**–**	96,014,400	**–**	–
Adjustment pursuant to the Restructuring Exercise	**–**	(385,600)	**–**	(38,550,100)
Issue of shares for:				
– pursuant to the Restructuring Exercise	**–**	385,599	**–**	36,773,746
– acquisition of remaining interest in a subsidiary	**–**	–	**–**	–
– fee to professional advisor	**–**	–	**–**	–
– executive director and executive officers	**–**	–	**–**	–
– pursuant to the IPO	**–**	18,000,000	**–**	16,182,000
Capitalisation of share issue expenses	**–**	–	**–**	(1,105,305)
At the end of the year	**114,400,000**	114,400,000	**51,850,444**	51,850,444
Company				
Issued and paid up:				
At the beginning of the year	**114,400,000**	1	**51,850,444**	3
Incorporation of Company	**–**	–	**–**	–
Issue of shares	**–**	114,399,999	**–**	51,850,441
At the end of the year	**114,400,000**	114,400,000	**51,850,444**	51,850,444

In the previous financial year, a total of 18,000,000 new shares were offered to the public at SGD0.29 (equivalent to RM0.899) per share.

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.

20 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 2019

21 Borrowings

(a) Finance lease liabilities

	Group					
	31.5.2019		**31.5.2018**		**1.6.2017**	
	Minimum lease payments RM	**Present value RM**	**Minimum lease payments RM**	**Present value RM**	**Minimum lease payments RM**	**Present value RM**
Not later than one financial year	**59,808**	**49,640**	45,142	43,039	84,180	77,581
Later than one financial year but not later than five financial years	**158,264**	**145,129**	20,523	19,611	65,554	62,650
Total minimum lease payments	**218,072**		65,665		149,734	
Less: Future finance charges	**(23,303)**	**–**	(3,015)	–	(9,503)	–
Present value of finance lease liabilities	**194,769**	**194,769**	62,650	62,650	140,231	140,231
Representing finance lease liabilities:						
Current	**49,640**		43,039		77,581	
Non-current	**145,129**		19,611		62,650	
	194,769		62,650		140,231	
Effective interest rate	**5.96%**		4.63%		5.98%	

The net carrying value of motor vehicles acquired under finance lease agreements are disclosed in Note 10.

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

21 Borrowings (Continued)

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

	Dividends payable RM	Amount due to immediate and ultimate holding company RM	Amount due to non-controlling interest RM	Finance lease liabilities RM
Balance at 1 June 2018	–	54,272	80,605	62,650
Changes from financing cash flows:				
– Proceeds	–	–	468,651	–
– Repayments	(2,069,707)	(3,072)	–	(67,881)
– Interest paid	–	–	–	(10,012)
Non-cash changes:				
– Interest expense	–	–	–	10,012
– New finance leases	–	–	–	200,000
Dividends	2,069,707	–	–	–
Balance at 31 May 2019	**–**	**51,200**	**549,256**	**194,769**

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

22 Deferred tax (assets)/liabilities

	Group 31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Deferred tax assets	**(740,401)**	(735,120)	–
Deferred tax liabilities	**13,283**	52,988	117,006
	(727,118)	(682,132)	117,006
Balance at beginning of the year	**(682,132)**	117,006	235,716
Disposal of a subsidiary	**–**	–	(21,011)
Tax (credited)/charged to:			
– profit or loss (Note 8)	**(44,986)**	(799,138)	(153,395)
– other comprehensive income	**–**	–	55,696
Balance at end of the year	**(727,118)**	(682,132)	117,006

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

22 Deferred tax (assets)/liabilities (Continued)

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	Others RM	Total RM
Group				
Balance at 1 June 2017	117,006	–	–	117,006
Credit to profit or loss for the year	(109,361)	(689,777)	–	(799,138)
Balance at 31 May 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)**

Unrecognised deferred tax assets

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

	Group		
	31.5.2019 RM	(Restated) 31.5.2018 RM	1.6.2017 RM
Tax losses	**7,260,000**	5,655,000	5,900,000
Capital allowances	**308,000**	185,000	–
Property, plant and equipment	**(35,000)**	(96,000)	209,000
Deferred income	**1,175,000**	1,447,000	–

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

23 Trade and other payables

	Group			Company		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Trade payables	**4,483,504**	4,488,742	4,437,775	**–**	–	–
Other payables	**4,936,647**	3,815,719	4,210,017	**77,531**	–	2,397,517
Deposits	**655,725**	824,175	941,363	**–**	–	–
Dividends payable	**–**	–	7,565,000	**–**	–	–
Accrued operating expenses	**10,474,402**	7,867,452	7,325,281	**282,530**	282,058	905,471
Amount due to immediate and ultimate holding company	**51,200**	54,272	184,652	**–**	–	–
Amount due to a subsidiary	**–**	–	–	**–**	71,823	1,380,671
Amount due to non-controlling interest	**549,256**	80,605	–	**–**	–	–
	21,150,734	17,130,965	24,664,088	**360,061**	353,881	4,683,659

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

24 Dividends paid

	31.5.2019 RM	Group 31.5.2018 RM	1.6.2017 RM
Ordinary dividends:			
shopper360 Limited			
Final single tier tax exempted dividend of SGD0.003 per share, on the 114,400,000 ordinary shares, was declared on 26 September 2017 and paid on 13 October 2017	**–**	1,132,145	–
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**	–	–
Pos Ad Sdn. Bhd.			
Interim single tier tax exempt dividend of RM0.41 per share, on the 14,670,000 ordinary shares, was declared on 22 August 2016 and paid on 17 November 2016	**–**	–	6,014,700
shopper360 Sdn. Bhd.			
Interim single tier tax exempt dividend of RM8.85 per share, on the 339,100 ordinary shares, was declared on 2 May 2017 and paid on 5 May 2017	**–**	–	3,000,000
Interim single tier tax exempt dividend of RM20.05 per share, on the 339,100 ordinary shares, was declared on 25 May 2017 and included in dividend payable (Note 23), subsequently paid on 23 June 2017	**–**	–	6,800,000
Dividends paid/payable to equity holders of the Group	**2,069,707**	1,132,145	15,814,700
Tristar Synergy Sdn. Bhd.			
Interim single tier tax exempt dividend of RM10.00 per share, on the 51,000 ordinary shares, was declared on 31 October 2016 and paid on 17 November 2016	**–**	–	510,000
Interim single tier tax exempt dividend of RM15.00 per share, on the 51,000 ordinary shares, was declared on 31 March 2017 and paid on 28 April 2017	**–**	–	765,000
Interim single tier tax exempt dividend of RM15.00 per share, on the 51,000 ordinary shares, was declared on 3 April 2017 and included in dividend payable (Note 23), subsequently paid on 22 June 2017	**–**	–	765,000
Dividends paid/payable to non-controlling interest	**–**	–	2,040,000

25 Related party transactions

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

	Group 2019 RM	 2018 RM
With close family members of a key management personnel		
Rental expenses	**–**	(123,600)
Interest charge	**–**	(16,724)
With immediate and ultimate holding company		
Interest charges	**–**	(18,297)
Rental expenses	**(614,000)**	(614,400)
Dividends	**(391,102)**	(394,306)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

25 Related party transactions (Continued)

(b) Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	Group	
	2019 RM	2018 RM
Salaries, allowances, bonuses	**3,917,786**	3,830,494
Contributions to defined contribution plan	**712,251**	563,522
Fees and other benefits	**320,881**	340,481
Benefit in kind	**81,215**	50,477
	5,032,133	4,784,974

26 Financial instruments

(a) Categories of financial instruments

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

	Group			Company		
	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM	31.5.2019 RM	31.5.2018 RM	1.6.2017 RM
Financial assets						
Available-for-sale financial assets	**–**	1,100,000	–	**–**	–	–
Financial assets at fair value through profit or loss	**49,447**	14,707	24,231	**–**	–	–
Loans and receivables (including cash and cash equivalents)	**–**	50,195,676	40,588,658	**–**	10,811,920	3
Financial assets at amortised cost	**57,407,765**	–	–	**11,103,054**	–	–
	57,457,212	51,310,383	40,612,889	**11,103,054**	10,811,920	3
Financial liabilities						
At amortised cost	**20,388,722**	16,552,336	24,180,497	**360,061**	353,881	4,683,659

(b) Financial risk management

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

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

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:

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

26 Financial instruments (Continued)

(b) Financial risk management (Continued)

Foreign currency risk (Continued)

Denominated in:	USD RM	SGD RM
Group		
2019		
Trade and other receivables	**–**	**1,163,001**
Cash and cash equivalents	**773,804**	**1,316,309**
Trade and other payables	**–**	**(772,453)**
Net financial assets denominated in foreign currencies	**773,804**	**1,706,857**
2018		
Trade and other receivables	–	235,877
Cash and cash equivalents	89,267	1,513,232
Trade and other payables	–	(282,057)
Net financial assets denominated in foreign currencies	89,267	1,467,052
Company		
2019		
Trade and other receivable	**–**	**273,960**
Cash and cash equivalents	**–**	**713,686**
Trade and other payables	**–**	**(360,061)**
Net financial assets denominated in foreign currencies	**–**	**627,585**
2018		
Trade and other receivable	–	13,635
Cash and cash equivalents	–	1,482,512
Trade and other payables	–	(282,057)
Net financial assets denominated in foreign currencies	–	1,214,090

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	
	2019 RM	**2018 RM**
USD against RM		
– strengthened 10% (2018: 10%)	**58,809**	6,784
– weakened 10% (2018: 10%)	**(58,809)**	(6,784)
SGD against RM		
– strengthened 10% (2018: 10%)	**134,114**	119,995
– weakened 10% (2018: 10%)	**(134,114)**	(119,995)

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 RM52,000 (2018: RM101,000).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

26 Financial instruments (Continued)

(b) Financial risk management (Continued)

Interest rate risk

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

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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.

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

26 Financial instruments (Continued)

(b) Financial risk management (Continued)

Credit risk (Continued)

Significant increase in credit risk (Continued)

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;
- 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.

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 2019

26 Financial instruments (Continued)

(b) Financial risk management (Continued)

Credit risk (Continued)

Estimation techniques and significant assumptions (Continued)

As at the end of the reporting period, 97% (2018 and 2017: 100%) of the Group's trade receivables are all due from debtors located in Malaysia. The Group's trade receivables comprise 2 debtors (2018 and 2017: 2 debtors) that individually represented 10% to 27% (2018: 12% to 35%; 2017: 15% to 30%) of the trade receivables.

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.

The credit loss for cash and cash equivalents and other receivables are immaterial as at 31 May 2019.

Trade receivables and contract assets

The Group has applied the simplified approach 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.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

Credit quality of financial assets

Group	12-month or lifetime ECL	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
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

Company	12-month or lifetime ECL	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
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 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 2019

26 Financial instruments (Continued)

(b) Financial risk management (Continued)

Credit risk (Continued)

Movements in credit loss allowance are as follows:

	Trade receivables RM
Group	
Balance at 1 June 2018	–
Loss allowance measured:	
Lifetime ECL	
– credit-impaired	657,171
Balance at 31 May 2019	657,171

Previous accounting policy for impairment of financial assets

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due and/or impaired

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

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

	Group	
	31.5.2018 RM	**1.6.2017 RM**
Not past due and not impaired	21,712,769	17,928,048
Past due but not impaired	8,423,958	13,643,946
	30,136,727	31,571,994

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

	Group	
	31.5.2018 RM	**1.6.2017 RM**
Past due < 30 days	5,603,375	9,440,536
Past due 31 to 60 days	1,486,416	2,246,599
Past due 61 to 90 days	12,546	667,958
Past due over 90 days	1,321,621	1,288,853
	8,423,958	13,643,946

Other than as disclosed in Note 16, the Group has no receivables that are impaired at the reporting date.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

26 Financial instruments (Continued)

(b) Financial risk management (Continued)

Liquidity risk

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

	Repayable on demand or within 1 year RM	Within 2 to 5 years RM	Total RM
Group			
31.5.2019			
Trade and other payables	**20,193,953**	**–**	**20,193,953**
Borrowings	**59,808**	**158,264**	**218,072**
	20,253,761	**158,264**	**20,412,025**
31.5.2018			
Trade and other payables	16,489,686	–	16,489,686
Borrowings	45,142	20,523	65,665
	16,534,828	20,523	16,555,351
1.6.2017			
Trade and other payables	24,040,266	–	24,040,266
Borrowings	84,180	65,554	149,734
	24,124,446	65,554	24,190,000

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
Company			
31.5.2019			
Trade and other payables	**360,061**	**–**	**360,061**
31.5.2018			
Trade and other payables	353,881	–	353,881
1.6.2017			
Trade and other payables	4,683,659	–	4,683,659

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

27 **Fair values of assets and liabilities**

(a) Fair value hierarchy

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

(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 2019, 2018 and 2017.

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Recurring fair value measurements				
Group				
31.5.2019				
Financial assets				
Financial assets at fair value through profit or loss	**49,447**	**–**	**–**	**49,447**
31.5.2018				
Financial assets				
Financial assets at fair value through profit or loss	14,707	–	–	14,707
1.6.2017				
Financial assets				
Financial assets at fair value through profit or loss	24,231	–	–	24,231

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

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

(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 market prices at the end of the reporting period. These instruments are included in Level 1.

Non-current staff loan and borrowings

The basis of determining fair values for disclosure at the end of the reporting period is disclosed in Notes 16 and 21 respectively.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

28 Segment information

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

(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.

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
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 loss on trade receivables	**486,368**	**–**	**170,803**	**–**	**–**	**657,171**
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 2019

28 Segment information (Continued)

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

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

28 Segment information (Continued)

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:

		Group	
	Attributable segments	**2019 RM**	**2018 RM**
Customer 1	In-store advertising and digital marketing	**5,742,251**	4,898,732
	Field force management	**11,534,216**	11,387,642
	Sampling activities and events management	**14,259,894**	13,487,999
Customer 2	Field force management	**24,935,314**	25,871,301
Customer 3	Field force management	**16,168,770**	16,245,159
		72,640,445	71,890,833

29 Capital management

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

The capital structure of the Group mainly consists of equity and borrowings and the Group's overall strategy remains unchanged from financial year ended 31 May 2018.

The Group is in compliance with all externally imposed capital requirements for the financial year ended 31 May 2019 and 2018.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

30 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 2019 were authorised for issue in accordance with a resolution of the directors dated 30 August 2019.

Statistics of Shareholdings

AS AT 19 AUGUST 2019

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

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 – 99	0	0.00	0	0.00
100 – 1,000	9	7.03	5,200	0.00
1,001 – 10,000	23	17.97	154,700	0.14
10,001 – 1,000,000	81	63.28	9,473,900	8.28
1,000,001 and above	15	11.72	104,766,200	91.58
TOTAL	**128**	**100.00**	**114,400,000**	**100.00**

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

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SUBSTANTIAL SHAREHOLDER	NO. OF SHARES	%	NO. OF SHARES	%
REKAWEB.COM SDN BHD[(1)]	43,235,250	37.79	–	–
KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	23,207,750	20.29	–	–
YAP PHAIK KWAI[(2)]	–	–	43,235,250	37.79

Notes:

(1) Of the 43,235,250 Shares, 21,617,625 Shares are held through a nominee, Morgan Stanley Asia (Singapore) Securities Pte Ltd.

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

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 19 August 2019, approximately 34.23% 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 19 AUGUST 2019

TOP TWENTY SHAREHOLDERS AS AT 19 AUGUST 2019

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	23,207,750	20.29
MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	23,102,125	20.19
REKAWEB.COM SDN BHD	21,617,625	18.90
RAFFLES NOMINEES (PTE) LIMITED	11,633,600	10.17
UOB KAY HIAN PTE LTD	4,155,900	3.63
PHILLIP SECURITIES PTE LTD	4,146,400	3.63
DB NOMINEES (SINGAPORE) PTE LTD	2,735,300	2.39
ANGELINA OOI GAIK CHENG	2,475,000	2.16
CHOOT EWE HIN	2,450,000	2.14
OOI LOON KUM	2,450,000	2.14
LEE CHEE SENG	1,925,400	1.68
TAN BIN CHEE	1,450,000	1.27
HSBC (SINGAPORE) NOMINEES PTE LTD	1,200,000	1.05
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,147,200	1.00
DBS NOMINEES PTE LTD	1,069,900	0.94
MAYBANK KIM ENG SECURITIES PTE.LTD	867,700	0.76
ABN AMRO CLEARING BANK N.V.	689,500	0.60
OCBC SECURITIES PRIVATE LTD	499,500	0.44
RHB SECURITIES SINGAPORE PTE LTD	418,000	0.37
LIM SOON HUAT	404,400	0.35
	107,645,300	**94.10**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2019 annual general meeting (the "**AGM**") of SHOPPER360 LIMITED (the "**Company**") will be held at Baker Tilly Singapore, 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778 on Thursday, 26 September 2019 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 2019 ("**FY2019**") together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) cash dividend of 0.28 Singapore cents per ordinary share in the capital of the Company for FY2019. **(Resolution 2)**

3. To re-elect the following directors of the Company ("**Directors**") retiring pursuant to the constitution of the Company ("**Constitution**") and who, being eligible, offered themselves for re-election as a Director:

   Ms Chew Sue Ann (Retiring under Regulation 112) **(Resolution 3)**

   Mr Hew Koon Chan (Retiring under Regulation 112) **(Resolution 4)**

   [See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$68,600 for the financial year ending 31 May 2020, to be paid quarterly in arrears (2019: S$104,000). **(Resolution 5)**

5. To re-appoint Messrs Baker Tilly TFW LLP as the independent auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may be properly transacted at an AGM of the Company.

AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares in the capital of the Company **(Resolution 7)**

   "That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Company's Constitution and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors be and are hereby authorised to:

   (a) (i) allot and issue shares in the capital of the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

   (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

Notice of Annual General Meeting

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities outstanding at the time this Resolution is passed;

(b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided that such share options or awards (as the case may be) were granted in compliance with the Catalist Rules; and

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

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Company's Constitution for the time being in force; and

(iv) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with terms of the Instruments."

[See Explanatory Note (ii)]

Notice of Annual General Meeting

8. Authority to grant awards and to allot and issue Shares under the shopper360 Performance Share Plan **(Resolution 8)**

"That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant awards in accordance with the shopper360 Performance Share Plan (the "**PSP**") and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the awards granted under the PSP (including but not limited to allotment and issuance of Shares at any time, whether during the continuance of such authority or thereafter, pursuant to awards made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided always that the aggregate number of Shares issued and/or issuable pursuant to the PSP, and any other share option schemes of the Company shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time, and such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iii)]

9. Adoption of the Share Buy-back Mandate **(Resolution 9)**

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), whether by way of:

(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 ("**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 (the "**Share Buy-back Mandate**");

(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-backs have been carried out to the full extent mandated under the Share Buy-back Mandate; or

(iii) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by Shareholders in a general meeting;

Notice of Annual General Meeting

(c) in this resolution:

"Prescribed Limit" means 10.0% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings, if any) 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 of the Company shall be taken to be the total number of issued Shares of the Company as altered, excluding any treasury shares and subsidiary holdings, if any, 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 price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105.0% of the Average Closing Price (as defined herein); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price, where:

"Average Closing Price" means the average of the closing market prices of a share over the last five (5) Market Days, on which transactions in the shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period.

(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 (iv)]

By Order of the Board of shopper360 Limited

Chua Kern
Company Secretary
Singapore, 11 September 2019

Notice of Annual General Meeting

Explanatory Notes:

(i) Ms Chew Sue Ann will, upon re-election as a Director, remain as the Executive Chairman and Group Managing Director of the Company. Ms Chew Sue Ann is the daughter of a controlling shareholder of the Company, Ms Yap Phaik Kwai, who has a total interest of 37.79% (direct and deemed) of the issued share capital of the Company as at 11 September 2019 and the wife of the Executive Director of the Company, Mr James Ling Wan Chye.

Mr Hew Koon Chan will, upon re-election as a Director, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee. Mr Hew Koon Chan has no relationships (including immediate family relationships) with the rest of the Directors, the Company, its related corporation, its 10% shareholders or its officers.

The Board considers Mr Hew Koon Chan to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Further detailed information on the abovementioned Directors can be found under the sections entitled “Board of Directors”, “Corporate Governance Report” and “Directors’ Statement” of the 2019 Annual Report.

(ii) Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors to issue Shares and make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares pursuant to such instruments, up to a number not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), of which up to 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) may be issued other than on a pro rata basis to shareholders of the Company.

For the purpose of determining the aggregate number of Shares and Instruments that may be issued, the percentage of the aggregate number of Shares and Instruments will be calculated based on the total number of issued Shares (excluding treasury shares or subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time when this resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors to allot and issue Shares pursuant to the grant of such awards in accordance with the provisions of the PSP, provided that the aggregate number of Shares to be issued pursuant to the PSP and other share scheme which the Company may implement from time to time, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

(iv) Further detailed information on the abovementioned Adoption of the Share Buy-back Mandate and unless otherwise defined, all terms and references used shall bear the same meaning ascribed to them in the Addendum to the 2019 Annual Report in relation to the adoption of the Share Buy-back Mandate dated 11 September 2019.

Notes:

1. A member of the Company entitled to attend and vote at the AGM, and who is not a Relevant Intermediary (as defined below), is entitled to appoint no more than two (2) proxies to attend and vote on his/her/its behalf. A member of the Company who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend and vote on his/her/its behalf, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company.

   “Relevant Intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act.

2. Completion and return of the instrument appointing a proxy or proxies by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of proxy(xies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy or proxies to the AGM.

3. If a proxy or proxies is/are to be appointed, the instrument appointing a proxy or proxies must be deposited at the office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 72 hours before the time appointed for holding the AGM.

Notice of Annual General Meeting

Personal Data Privacy:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and/or representatives appointed for the AGM and/or any adjournment thereof and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM and/or any adjournment thereof, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where a member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), 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 notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

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

This page has been intentionally left blank

PROXY FORM
(Please see notes overleaf before completing this form)

SHOPPER360 LIMITED

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

IMPORTANT
1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investors") may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to this proxy form.

*I/We ______________________________ (Name) ______________ (NRIC/Passport No.)

of ____ (Address)

being a *member/members of SHOPPER360 LIMITED (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person (or failing either or both of the persons referred to above) the Chairman of the annual general meeting of the Company (the "**AGM**"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at Baker Tilly Singapore, 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778 on Thursday, 26 September 2019 at 2:00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

If you wish to exercise all your votes "For" or "Against", please tick (√) within the appropriate box provided. Otherwise, please indicate the number of votes as appropriate.

No.	Resolutions relating to:	By way of poll	
		For	Against
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 May 2019, together with the Auditors' Report thereon		
2.	Approval of declaration of a final tax exempt (one-tier) cash dividend of 0.28 Singapore cents per ordinary share in the capital of the Company for the financial year ended 31 May 2019		
3.	Re-election of Ms Chew Sue Ann as a Director of the Company		
4.	Re-election of Mr Hew Koon Chan as a Director of the Company		
5.	Approval of Directors' fees amounting to S$68,600 for the current financial year ending 31 May 2020 to be paid quarterly in arrears		
6.	Re-appointment of Messrs Baker Tilly TFW LLP as the independent auditors of the Company and to authorise the Directors to fix their remuneration		
7.	Authority to allot and issue shares in the capital of the Company		
8.	Authority to grant awards, allot and issue shares under the shopper360 Performance Share Plan		
9.	Adoption of the Share Buy-back Mandate		

Dated this __________ day of ____________________ 2019

____

Signature(s) of Member(s) or,
Common Seal of Corporate Member
* *Delete as appropriate*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES TO PROXY FORM:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Except for a member who is a relevant intermediary as defined in Section 181(6) of the Companies Act (Cap. 50) of Singapore ("**Companies Act**"), a member shall be entitled to appoint no more than two (2) proxies to attend and vote at the AGM of the Company. A proxy need not be a member of the Company.

3. A member who is a relevant intermediary (as defined in Section 181(6) of the Companies Act) and who is entitled to attend and vote at the AGM may appoint more than two (2) proxies to attend and vote on its behalf but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member (which number and class of Shares shall be specified). In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

4. Relevant intermediary means:

   a. a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   b. a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

   c. the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his/her/its Shares to be represented by each such proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his appointer and the proxy whose name appears after shall be deemed to be appointed in the alternate.

6. Completion and return of this proxy form shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this proxy form to the AGM.

7. This proxy form must be deposited at the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 72 hours before the time appointed for the AGM (or at any adjournment thereof).

8. (i) This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing.

   (ii) Where this proxy form is executed by a corporation, it must be executed either under its seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.

   (iii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form.

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

10. An investor who holds Shares under the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

General:

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 11 September 2019.