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Issuer: shopper360 Limited

Stock code: 1F0

Meeting details:

Date: 27 Sep 2023

Time: 2.00 p.m.

Venue: Boardroom, 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778

Q1. As mentioned in the chairman's statement, the group was impacted by the increase in the minimum wage, which rose from RM1,200 per month to RM1,500 per month with effect from 1 May 2022. Inclusive of the adjustments in salaries and the increase in headcount, the group's administrative expenses increased by 20% year-on-year, compared to a 11% increase in revenue.

For FY2023, profit before tax was RM12.6 million, boosted by the one-time gain of RM11.8 million from the sale of shares in Troopers Innovation Sdn. Bhd. (Troopers).

It was further stated that the global uncertainty brought about by the Russian-Ukraine war meant that the group was "unable to increase [its] fees for the services (advertising, retail services, marketing and events)" provided to its global multinational corporation customers.

- (i) **Profitability: Can management elaborate further on the strategies aimed at improving the group's profitability in FY2024?** Excluding the one-time gain on disposal of Troopers, the profit before tax was approximately RM0.8 million. **Can management also help shareholders better understand how much pricing power it has? What were the factors that prevented the group from increasing its fees, and how does management envision the group adapting its pricing strategies to regain profit margins in light of rising costs?**
- (ii) **Retail innovation: Could management provide shareholders with a demonstration of how Tokinomo Shelfobot and Motion Display (as well as any other new innovative mediums) are utilised in-store? Does the group have the ability to develop innovations in-house, or does the group rely on external sources for such solutions (such as Tokinomo)? Drawing from management's experience, what are the challenges customers face when adopting these new mediums, and could management elaborate on the strategies intended for promoting wider adoption of Tokinomo Shelfobot and Motion Display?**
- (iii) **Marvel Distribution Sdn Bhd ("MDSB"):** It was also mentioned that the group signed a term sheet with Future Fields Pte. Ltd. (FFPL) regarding the proposed share subscription(s) by FFPL in MDSB. Note 33 (page 170; Subsequent events) further discloses that, according to the term sheet dated 27 June 2023, FFPL plans to subscribe to 60%, and up to 70%, of the enlarged share capital across two potential share subscriptions. The term sheet is not legally binding and there will be no obligation to issue or subscribe for any shares in the MDSB until a legally binding definitive agreement is signed. **Did the board approve this strategic move, which could potentially result in ceding control of MDSB? Additionally, can management confirm whether the company announced the term sheet/potential share subscription(s) on SGXNet? Has management made a decision to cease further investment in the distribution business/MDSB? What progress has been made in the past three months to finalise the terms and to execute a legally binding agreement between the group and FFPL?**

Q2. Revenue for the 60%-held ShopperPlus Myanmar Co., Ltd decreased from RM7.27 million in 2022 to RM3.96 million in 2023. Profit after tax decreased from RM2.47 million to RM262,478. The total comprehensive loss was RM(193,096) in 2023.

ShopperPlus Myanmar Co., Ltd experienced a net cash outflow of RM(2.83) million in 2023 (page 147; Note 13 Investment in subsidiaries).

- (i) **In light of the considerable challenges facing Myanmar, has the board conducted a comprehensive strategic review of the group's investments in Myanmar? To what extent does the Myanmar operation align with the group's long-term growth strategy?**
- (ii) **What factors are driving the group's commitment to continue its operations in Myanmar?**
- (iii) **Has the board or management established a cap on the capital allocated for sustaining and expanding the Myanmar business?**
- (iv) **What are the key risks associated with conducting business in Myanmar amidst the present political climate? How is the group actively mitigating these risks?**

Q3. The attendance of directors at board and board committee meetings is shown on page 82 of the annual report and reproduced below.

The number of meetings of the Board and Board Committees held during FY2023 and the attendance of each Director at the said meetings are tabulated below:

	Board	AC	NC	RC
No. of meetings held	2	2	1	1
No. of meetings attended by each Director				
Ms. Chew Sue Ann	2	2*	1*	1*
Mr. James Ling Wan Chye	2	2*	1*	1*
Mr. Hew Koon Chan	2	2	1	1
Ms. Margaret Au-Yong	2	2	1*	1
Mr. Raja Singham A/L S. Sukumara ("Mr Raja Singham") ⁽¹⁾	2	2	1	1*
Mr. Zaffary Bin Ab Rashid	2	2*	1	1

* By invitation

⁽¹⁾ Appointed as Director on 27 July 2022.

(Source: company annual report)

- (i) **Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings?**

- (ii) Such board committee meetings would have included agenda items on interested party transactions, performance assessment and remuneration of the executive directors and on the audit/financial reporting/internal controls of the group. **What is the dynamic of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?**
- (iii) **Specifically, would the board committee meetings be turned into “standard” board meetings and thus negating the purpose of having independent board committees?**
- (iv) **Are the committees able to make decisions objectively and independently?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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