

**SHOPPER360 LIMITED**  
(Company Registration Number: 201634929Z)  
(Incorporated in the Republic of Singapore)

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**RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

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The Board of Directors (“**Board**”) of shopper360 Limited (“**Company**” or “**shopper360**”) refers to the questions from the Securities Investors Association (Singapore) in relation to the annual report of the Company for the financial year ended 31 May 2023 (“**FY2023**”). The Board and the Company wishes to provide its responses to the questions as follows:

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?

**shopper360 reply:**

**The revision of the minimum wage policy by the Malaysian government mid-way through the financial year ended 31 May 2023, coupled with the global uncertainties and inflationary pressures, had placed financial pressures on many businesses in Malaysia. The Company must work within the budgets set by our clients / customers which have been allocated according to budget cycles. However, as many of our clients/customers approach new budgeting cycles, we will look to having discussions with our clients/customers with regards to fee increases. We aim to continue to add value to our clients to justify any reasonable increases in our service fees while in the midst of a difficult economic climate. As for media rate cards, we have not been able to increase our fees due to competition with digital media, hence, we managed our costs through negotiated agreements with our retailer partners to opt in for a variable fee rather than a fixed minimum fee payment.**

- (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?

**shopper360 reply:**

**Some of the innovations we have introduced in the past for instore mediums require tapping into the retailer's electricity sources. Tokinomo Shelfobot can be battery operated while Motion Display is a battery-operated advertising format. Hence, it reduces barriers for adoption by our retail partners. Video demonstrations will be provided in the corporate presentation at the annual general meeting of the Company to be held on 27 September 2023. The Group (being the Company and its subsidiaries) has the ability to develop innovations in-house and have done many creative executions over the past 37 years. There is no unusual challenge to adopt these new innovations as the continuous push is to remind our customers that there is a role for instore advertising in a hyper digitalised world. Once we have more executions by different brands with these new innovations, the mediums will spread through word of mouth and through their visibility in supermarkets and hypermarkets. We will also continue to conduct joint retail visits with our customers/clients, circulate company newsletters, press coverage in relevant industry news channels and partnering with media agencies to drive awareness and adoption of our new mediums.**

- (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?

**shopper360 reply:**

**The Board was part of the decision-making and approval process in relation to the proposed share subscription by FFPL in MDSB. The details of the term sheet have been announced in the Company's FY2023 results announcement dated 28 July 2023 and included under "Subsequent events" of the Company's FY2023 annual report dated 11 September 2023. We would like to highlight that the term sheet is not legally binding and thus there will be no obligation to issue or subscribe for any shares in the MDSB until a legally binding definitive agreement is signed. The Company is still investing in the distribution business until the**

**share subscription is complete, then the distribution business will use the new funds to continue to grow the business. FFPL is currently finalising its due diligence of MDSB.**

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?

**shopper360 reply:**

**We have the privilege of having City Ventures as our shareholder and strategic partner in Shopperplus Myanmar. They have been able to provide insight into the on-ground realities of conducting business in Myanmar and have been a source of guidance for us when we needed to understand how to tackle the obstacles we faced, such as import policies that slowed down replenishment of multinational brands in the store. With low supply of stocks, brands were hesitant to invest heavily in advertising in-store. We were advised by our partners to focus on local Myanmar brands and that has sustained the Company. Despite the current challenges, we are committed for now to continue with our operations in Myanmar as the business is still generating profits.**

- (ii) What factors are driving the group's commitment to continue its operations in Myanmar?

**shopper360 reply:**

**As mentioned above.**

- (iii) Has the board or management established a cap on the capital allocated for sustaining and expanding the Myanmar business?

**shopper360 reply:**

**The Myanmar operations continue to operate with internal funds and is still profitable. There is no expected capital injection required in the immediate future.**

- (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?

**shopper360 reply:**

**We have the privilege of doing business in an industry that is seen as essential, even for a country such as Myanmar. Grocery shopping is an everyday activity and we are in the business of retail services such as instore advertising, promoter sampling and activation. We have also provided services to local brands to develop standees and promotional materials in-store. The key business risk continues to be the volatile US Dollar that impacts multinational brands and discourages them from importing their products into Myanmar. Without sufficient products on shelf to maintain their sales, this may impact advertising**

instore. As a mitigating factor, we have approached local Myanmar brands to sustain our advertising revenue.

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

	Board	AC	NC	RC
<b>No. of meetings held</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>No. of meetings attended by each Director</b>				
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 (" <b>Mr Raja Singham</b> ") <sup>(1)</sup>	2	2	1	1*
Mr. Zaffary Bin Ab Rashid	2	2*	1	1

\* By invitation

<sup>(1)</sup> 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?

**shopper360 reply:**

**It is not uncommon for non-board committee members (ie. executive directors) to attend board committee meetings.**

- (ii) The executive directors and/or non-independent directors are invited to the board committee meetings. 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?

**shopper360 reply:**

**The Group has a diverse Board that functions as an accountability partner, to provide different perspective on any matters relating to the Group's business.**

**The Company promotes active engagement and an open dialogue amongst the Directors.**

**Managing conflict of interests is critical and when the board committee members are discussing matters relating to the executive directors of the Company ("Executive Directors"), and the Executive Directors will recuse themselves from discussion and decisions where there are conflicts of interests.**

**If there are any matters to be discussed without the presence of the non-board committee members, the non-board committee members will be excused when the need arose. For example, the Audit Committee will meet with the external auditors and internal auditors without the presence of the management (including the Executive Directors), 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.

More than half of the Board consists of Non-Executive Directors, and the independent Directors also make up the full Audit Committee and majority of the Nominating Committee and Remuneration Committee, thus, the Board is of the view that there are adequate safeguards and measures to ensure that the decision making process of the board committees is independent and based on collective decisions without any individuals or groups of individuals dominating the decision making process.

Executive Directors may be invited to provide inputs and insights but the ultimate decision rests with the board committee members.

- (iii) Specifically, would the board committee meetings be turned into “standard” board meetings and thus negating the purpose of having independent board committees?

**shopper360 reply:**

The Board and board committee meetings are conducted based on separate agendas and through separate chairpersons. Hence, it will not turn into “standard” board meetings.

Executive Directors may be invited to provide inputs and insights but the ultimate decision rests with the board committee members. Executive Directors will recuse themselves from participating in discussions or decisions where there are conflicts of interest.

- (iv) Are the committees able to make decisions objectively and independently?

**shopper360 reply:**

The Board is of the opinion that the board committees are able to make decisions objectively and independently. There are adequate safeguards and measures to ensure that the decisions of the board committees are made objectively and independently, and based on collective decisions without any individuals or groups of individuals dominating the decision making process.

**By Order of the Board**

Chew Sue Ann  
Executive Chairman and Group Managing Director  
26 September 2023

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This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (“**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 announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Leong Huey Miin, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone: +65 6636 4201.

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