



XOX BHD

(900384-X)

ANNUAL REPORT 2017

OUR VISION

TO BE A

WORLD CLASS COMPANY

BY DELIVERING INNOVATIVE &
CREATIVE PRODUCTS

to every subscriber globally through
our dynamic & inspiring talents.



INNOVATIVE & CREATIVE



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XOXBHD

(900384-X)

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CORPORATE INFORMATION

Board of Directors

Dato' Seri Abdul Azim bin Mohd Zabidi
Non-Independent Non-Executive Chairman

Datuk Chai Woon Chet
Managing Director

Soo Pow Min
Senior Independent Non-Executive Director

Hew Tze Kok
Independent Non-Executive Director

Edwin Chin Vin Foong
Independent Non-Executive Director

Tan Sik Eek
Independent Non-Executive Director

Audit Committee

Hew Tze Kok (*Chairman*)
Soo Pow Min (*Member*)
Tan Sik Eek (*Member*)

Nomination and Remuneration Committee

Edwin Chin Vin Foong (*Chairman*)
Soo Pow Min (*Member*)
Hew Tze Kok (*Member*)

Share Issuance Scheme Committee

Datuk Chai Woon Chet (*Chairman*)
Soo Pow Min (*Member*)
Hew Tze Kok (*Member*)
Ng Kok Heng (*Member*)
Kong Choo Hui (*Member*)

Company Secretaries

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)

Principal Bankers

Ambank (M) Berhad (8515-D)
Public Bank Berhad (6463-H)
Hong Leong Bank Berhad (97141-X)

Registered Office

Suite 10.03, Level 10, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : (603) 2279 3080
Facsimile : (603) 2279 3090

Business Office

Lot 8.1, 8th Floor, Menara Lien Hoe
No. 8, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Telephone : (603) 7884 2388
Facsimile : (603) 7803 0778

Auditors

Messrs UHY
Suite 11.05, Level 11, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : (603) 2279 3088
Facsimile : (603) 2279 3099

Share Registrar

Shareworks Sdn Bhd (229948-U)
No 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Telephone : (603) 6201 1120
Facsimile : (603) 6201 3121

Listing

ACE Market of Bursa Malaysia Securities Berhad
Shares
Stock Name: XOX
Stock Code: 0165

Warrants
Stock Name : XOX-WA
Stock Code : 0165WA

Website www.xox.com.my

Investors Relations

Email : ir@xox.com.my
Tel : (603) 7884 2388

BOARD OF DIRECTORS



- 1 Dato' Seri Abdul Azim bin Mohd Zabidi
- 2 Datuk Chai Woon Chet
- 3 Soo Pow Min
- 4 Hew Tze Kok
- 5 Edwin Chin Vin Foong
- 6 Tan Sik Eek



PROFILE OF DIRECTORS

Dato' Seri Abdul Azim bin Mohd Zabidi

58 years of age, Malaysian, Male

Non-Independent Non-Executive Chairman

Dato' Seri Abdul Azim bin Mohd Zabidi, was appointed to the Board on 30 June 2010. He graduated with a Master of Arts in Business Law from the London Metropolitan University, United Kingdom in 1983. He is also a Fellow of The Chartered Institute of Secretaries, United Kingdom.

Dato' Seri Azim started his career in banking in 1984 and rose quickly through the ranks when in 1990 he was appointed Group Head of the Bank's Corporate Banking Department. He was then seconded to Commerce Property Trust Managers (now known as Amanah Property Trust Managers) and initiated the establishment of Commerce BT Fund Managers (today known as CIMB-Principal Asset Management). His association with the fund management industry saw him elected as President of the Federation of Malaysian Unit Trust Managers (now known as Federation of Investment Managers Malaysia) from 1998-2003. During this period, he was appointed to the Board of the International Investment Funds Association and was Chairman of its Audit Committee. He held the position of Chairman of Bank Simpanan Nasional from 1999 to 2009 and the bank has seen a steady improvement in operating profits during his tenure. He was also actively involved with the World Savings Banks Institute ("WSBI"). In 2000, he was appointed President (Asia Pacific) for WSBI and in 2003, he was elevated to its Board of Directors. Dato' Seri Azim was elected as Vice President and Treasurer of WSBI in September 2006, a position he relinquished in April 2009. He now sits on numerous local and foreign Boards of Companies, both public and private, amongst which are Anzo Holdings Berhad, Timberwell Berhad, Asia Bioenergy Technologies Berhad and Plastrade Technology Berhad.

He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offence, if any.



Profile of Directors (Cont'd)

Datuk Chai Woon Chet

*39 years of age, Malaysian, Male
Managing Director*

Datuk Chai Woon Chet was appointed to the Board on 13 January 2014 as Managing Director. He graduated with a Diploma in Business Economics (KDU).

Datuk Chai was a Marketing Manager of Sanbumi Sawmill Sdn. Bhd. (a wholly-owned subsidiary of Sanbumi Holdings Berhad which is listed on the Main Board of Bursa Malaysia Securities Berhad). He had been involved in the timber business industry with buyers from Japan, Europe, South Africa and Korea for the past eight (8) years. He also has extensive experience in property development, construction and the automotive sector.

Datuk Chai was formerly the Managing Director of Lintasan Mayang Development Sdn Bhd, which is the developer for Sabah's biggest integrated township, Alamesra, an innovative 265 acre mixed development with gross development value of RM1.3 billion. Datuk Chai was also the former Managing Director of Maxims Circle Development Sdn Bhd, which carried out property development projects at Kuala Lumpur with gross development value of RM23 million in Taman Permata, Melawati and RM66 million in Segambut.

At present, Datuk Chai also sits on the board of directors of Anzo Holdings Berhad, M3 Technologies (Asia) Berhad and various other private companies. He is the Executive Director of KL Northgate Sdn Bhd, a prime developer for eighteen (18) acres shopping mall and mixed development project at Selayang with a gross development value of RM1.6 billion.

Datuk Chai is presently the Chairman of the Share Issuance Scheme ("SIS") Committee of the Company.

He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offence, if any.



Profile of Directors (Cont'd)



Soo Pow Min

52 years of age, Malaysian, Male

Senior Independent Non-Executive Director

Soo Pow Min was appointed to the Board on 30 June 2010 as a Non-Independent Non-Executive Director and was redesignated on 5 January 2012 to an Independent Non-Executive Director. On 27 May 2016, he was appointed by the Board as Senior Independent Non-Executive Director of the Company. He graduated in 1990 with a Bachelor of Architecture in Structural Engineering from the University of Illinois, Chicago, United States of America.

He started his career in 1990 with YTL Corporation Berhad as an Architect and was responsible for overseeing the architectural work of the company. In 1994, he founded Urban Builder as a sole proprietorship but subsequently ceased business in 1999 when he was appointed Director of Pembinaan Wincon Sdn Bhd, a position which he held to date. In 2009, he founded DP Land Sdn Bhd and has been the Director of DP Land Sdn Bhd since.

Mr Soo is presently a Member of the Audit Committee, Nomination and Remuneration Committee and SIS Committee of the Company.

He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offence, if any.



Hew Tze Kok

40 years of age, Malaysian, Male

Independent Non-Executive Director

Hew Tze Kok was appointed to the Board on 21 October 2013 as an Independent Non-Executive Director. Mr Hew is a fellow member of the Association of Chartered Certified Accountants ("FCCA").

He started his career path by practising in accounting firms, namely Wong Yew Seng & Co and BDO Binder for approximately seven (7) years. Thereafter he served the Securities Commission Malaysia ("SC") for approximately five (5) years in the area of enforcement of securities law. He was then appointed as an Investigating Officer of the SC with a ranking of Senior Manager. Subsequent to that, he joined KPMG Forensic Investigation Services as an Associate Director.

Mr Hew is presently the Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee and SIS Committee of the Company.

He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offence, if any.

Profile of Directors (Cont'd)

Edwin Chin Vin Foong

*55 years of age, Malaysian, Male
Independent Non-Executive Director*

Edwin Chin Vin Foong was appointed to the Board on 21 December 2015 as an Independent Non-Executive Director. Mr Edwin graduated with Degree in Electrical Engineering from North West Missouri State University, United States of America.

On graduation, Mr Edwin started his career in the advertising and promotions industry where he was in charge of technical sales and promotional corporate product launches and was responsible for conceptualizing promotional packages to enhance his clients' product image.

In 1992, he joined Europlus Corporation Sdn Bhd ("Europlus"), a property development company in the position of Marketing and Promotions Manager and was responsible for the developing, implementing and executing strategic marketing plans and coordinating with market researchers as well as liaising with media organisations and advertising agencies for all its property development. Europlus was subsequently taken over by Larut Consolidated Berhad (now known as Kumpulan Europlus Berhad). As part of the Larut Group, Mr Edwin's scope of work in marketing and promotions was expanded to include the other development projects of the Larut Group. He was subsequently promoted to Deputy General Manager and was placed in charge of the Land Administrative/Project department and he held this position up to the date of his resignation from the Larut Group. As Deputy General Manager, he was involved in the project management and technical liaison with the various regulatory bodies and local authorities ensuring that all the necessary approvals were obtained for the smooth development of the various projects.

Towards the end of 2009, Mr Edwin had a calling to re-enter the creative field and he left the Larut Group to join Volume One Sdn Bhd, a leader in the event management industry which provides comprehensive conference and event logistics services. Mr Edwin is currently a Director of Volume One Sdn Bhd.

Mr Edwin is the Chairman of the Nomination and Remuneration Committee of the Company.

He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offence, if any.



Profile of Directors (Cont'd)



Tan Sik Eek

*41 years of age, Malaysian, Male
Independent Non-Executive Director*

Tan Sik Eek was appointed to the Board on 25 August 2016 as an Independent Non-Executive Director. He graduated with a Bachelor of Economics and Political Science from University of Sydney, Australia.

Mr Tan has more than fifteen (15) years of experiences ranging from corporate finance advisory to private equity investments. He was previously a Partner at House of Qin Ltd, a Beijing based private equity firm focused on investing in companies seeking growth funding and pre-IPO capital. Prior to that, he was the Partner of South East Asia for Value Creation Strategies Sdn. Bhd., a Kuala Lumpur based advisory firm specialising in securing funding from a series of established North America global hedge funds, for companies listed on the regional capital markets.

Mr Tan previously held positions in the companies Devonshire Capital LLC, a boutique investment bank headquartered in Hong Kong as well as in the corporate finance division of RHB Investment Bank. At present, Mr Tan also sits on the board of directors of Asia Bioenergy Technologies Berhad, Next Holdings Berhad and AT Systematization Berhad.

Mr Tan is presently a Member of the Audit Committee of the Company.

He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offence, if any.

PROFILE OF KEY SENIOR MANAGEMENT

Ng Kok Heng

*54 years of age, Malaysian, Male
Chief Executive Officer*

Ng Kok Heng graduated with a Bachelor of Computer Science (Honours) from the University Sains Malaysia, Penang in 1987. Mr Ng was appointed as Managing Director and Chief Executive Officer of the Company on 30 June 2010. On 9 December 2013, he retired as Managing Director of the Company but continue to serve the Company as Chief Executive Officer.

Under his leadership, XOX won many awards the latest being 2016 BrandLaureate Best Innovation in MVNO - XOX Mobile Season Pass. Prior to that XOX was voted as Malaysia 100 Top Brands in 2012, 2013 and 2015. The Company had grown in strength and now ranks as 5th mobile operator in Malaysia.

He was also a consultant to Teligent AB, Sweden, a telecommunications provider and has worked with key players in various South East Asian countries such as Telekom Malaysia Berhad, Singapore Telecommunications Limited and Smart Communications Inc. He leads highly specialised teams of IT integrators and implementers to implement systems for telecommunications providers. Mr Ng is also a Non-Independent Non-Executive Director of M3 Technologies (Asia) Berhad.

Mr. Ng is presently the member of SIS Committee of the Company.

He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offence, if any.



MANAGEMENT TEAM



FINANCIAL HIGHLIGHTS

GROUP FINANCIAL SUMMARY

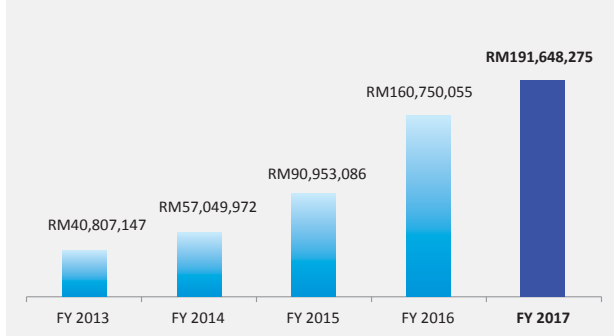
FINANCIAL ANALYSIS

DESCRIPTION	FY 2017 RM	FY 2016 RM	FY 2015 RM	FY 2014 RM	FY 2013 RM
Revenue	191,648,275	160,750,055	90,953,086	57,049,972	40,807,147
Profit/(Loss) Before Tax	2,324,846	(9,050,724)	1,628,276	(1,598,506)	4,536,110
Profit/(Loss) After Tax	1,988,649	(9,384,581)	1,171,532	(1,576,472)	4,513,776
Profit/(Loss) Attributable to Shareholders	2,027,090	(9,575,836)	756,511	(1,253,343)	4,593,177
Earnings/(Loss) Before Interest Tax Depreciation & Amortisation ("EBITDA")	8,922,006	(4,043,227)	6,189,693	2,792,177	7,821,842
Net Assets Per Share (Sen)	12.80	14.02	5.67	5.44	5.36
Net Earnings/(Loss) Per Share (Sen)	0.30	(2.66)	0.23	(0.40)	1.52

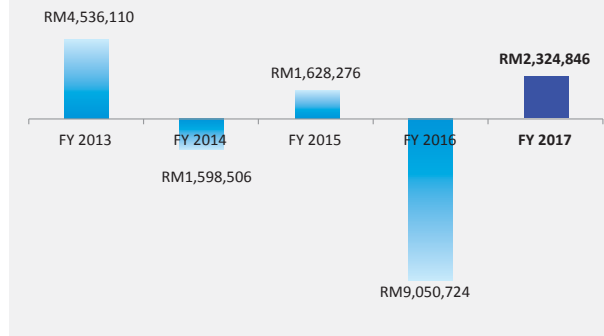
FINANCIAL POSITION	FY 2017 RM	FY 2016 RM	FY 2015 RM	FY 2014 RM	FY 2013 RM
Share Capital	107,637,181	55,641,468	33,200,000	33,200,000	30,200,000
Reserves	1,427,699	22,387,187	(14,378,231)	(15,134,742)	(14,001,639)
Shareholders' Equity	109,064,880	78,028,655	18,821,769	18,065,258	16,198,361
Non-controlling Interest	605,108	643,549	148,585	(304,530)	18,599
Total Equity	109,669,988	78,672,204	18,970,354	17,760,728	16,216,960
Non-current Liabilities	1,739,486	452,672	415,649	101,190	399,252
Current Liabilities	36,837,723	33,672,646	58,353,924	48,242,378	31,439,652
Total Equity and Liabilities	148,247,197	112,797,522	77,739,927	66,104,296	48,055,864
Non-Current Assets	76,045,755	52,707,432	32,775,601	31,382,977	33,254,129
Current Assets	72,201,442	60,090,090	44,964,326	34,721,319	14,801,735
Total Assets	148,247,197	112,797,522	77,739,927	66,104,296	48,055,864

Financial Highlights (Cont'd)

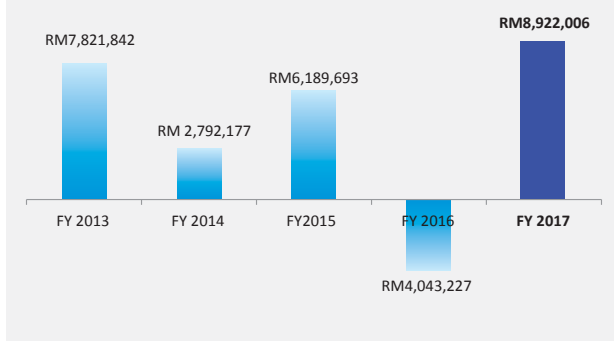
REVENUE (+19%)



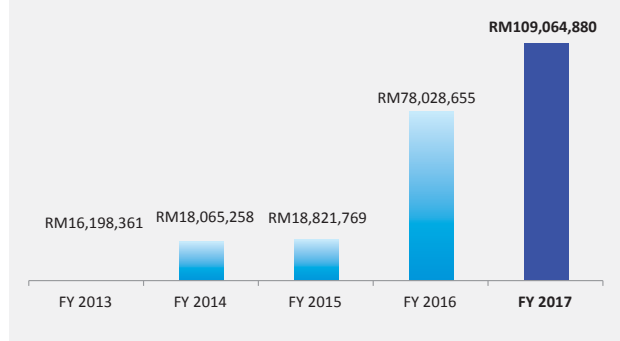
PROFIT/(LOSS) BEFORE TAX (+126%)



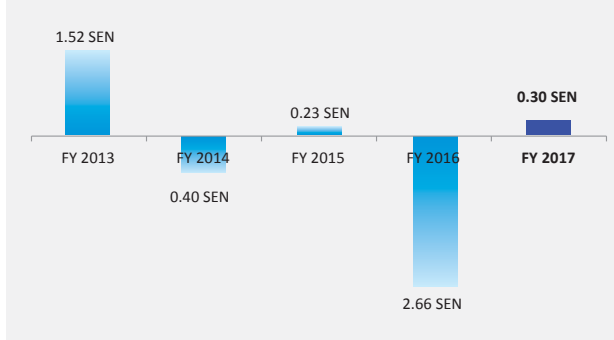
EBITDA (+321%)



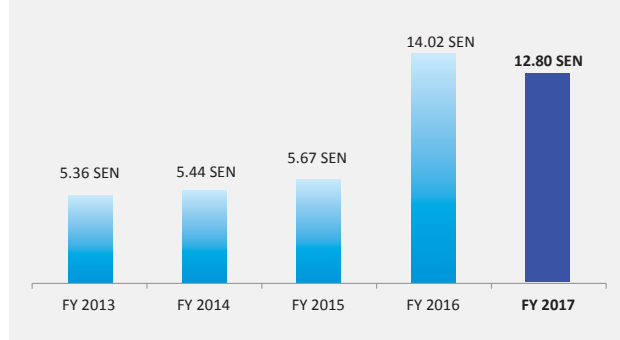
SHAREHOLDERS' EQUITY (+40%)



EPS (+112%)



NET ASSETS PER SHARE (-9%)



CORPORATE STRUCTURE

XOXBHD
(900384-X)



MANAGEMENT DISCUSSION AND ANALYSIS

For the financial year ended 30 June 2017, we are pleased to report that we achieved good results and delivered earnings despite the challenging business environment.

Revenue

We registered a 19% increase in revenue to RM191.65 million against RM160.75 million a year ago on the back of growth in subscriber base and higher data usage leverage on strategic plans amid heightened competition.

We experienced encouraging take-up of our value-for-money “Season Passes” and “Happy Hour” on data plan offerings, these products have mitigated the decline in voice and messaging services.

Data revenues continue to rise mainly driven by the continued strong uptake of mobile Internet. However, our revenue growth was not in tandem with the prominent trend in mobile internet surfing due to data pricing has fallen substantially after severe price competition; and declining demand on traditional voice and messaging services.

Profit

Profit after tax was higher at RM1.99 million compared to loss after tax of RM9.38 million a year ago despite higher depreciation on system enhancement. The net profit after tax for the financial year 2017, was not impacted by the one-off share based payment expenses recognized from share options granted under the Share Issuance Scheme as in the previous financial year (2016: RM10.60 million).

Earnings Before Interest Tax Depreciation & Amortisation (“EBITDA”)

We delivered an improved and stabled EBITDA of RM8.92 million against RM7.86 million of the previous financial year; reflecting resilience in cost management. Comparative EBITDA for the previous financial year was after excluding RM11.90 million impact on one-off share based payment expenses recognized from share options granted under the Share Issuance Scheme and impairment loss on investments in quoted shares.

Capital Expenditure

During the year, we invested RM25.27 million in capital expenditure, of which RM20.98 million on the acquisition of software and equipment in relation to telecommunication network enhancement and expansion on regional hubs.

Earnings Per Share (EPS)

We recorded an improved EPS for the year at 0.30 sen against previous year of loss per share of 2.66 sen.

Management Discussion and Analysis (Cont'd)

Cash Flow

Improved net cash inflow from operating activities for the year mainly due to working capital movements.

The increased in net cash outflow for investing activities was due to an additional investment of RM6.00 million in M3 Technologies (Asia) Berhad.

The decrease in net cash from financing activities of RM29.36 million was mainly due to lower proceeds from the issuance of share capital through corporate exercises in the current financial year.

And the overall cash balance decreased by RM3.90 million against previous financial year, with a cash balance stood at RM16.59 million as at 30 June 2017.

2018 Outlook

The global telecommunications industry continues its transformation into the industry underpinning the digital in a connected world, driven by the ongoing innovations and technological developments that are taking place.

The constantly growing competition from Over-the-top (OTT) players who offer apps that allow voice call, instant messaging, and file transfer simultaneously, all in one application over the internet is causing disruption and is putting enormous pressure on the traditional business model of telecommunications services providers. The telecommunication industry can continue to be relevant if it can provide innovations that can translate these challenges into opportunities for telecommunication companies and mobile operators.

In view of these challenges facing the telecommunication industry, we are optimistic the prospects are bright for the Group with our resilient strategies in place, and aims to change the traditional business model by transforming into a multi-platform media company where sales of content – music, concerts, live event feeds to compliment sales of SIM cards and airtime as the Company's core business.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of XOX BHD ("XOX" or "the Company"), I am pleased to present the Annual Report and the Audited Financial Statements of the Group for the financial year ended ("FYE") 30 June 2017.

Business Environment

The financial year 2017 has indeed been another challenging year for XOX, marked by global and domestic economic headwinds, coupled by the fact that the telecommunications industry seems to be reaching a plateau with regards to traditional sources of revenue. As a result, the industry faces considerable changes that have resulted in intense competition amongst industry participants where there is a continuous need for products innovation and an enhancement in service quality to meet changing trends.

The domestic market for telecommunications is approaching maturity and growth prospects may be moderating, with revenue and earnings coming under pressure from intense competition and rising costs. The phenomenal growth of mobile messaging applications has also become a serious threat to the revenue of telecommunication services providers. We are seeing an increase in dominance from over-the-top (OTT) players offering applications ("Apps") and streaming content directly to consumers through the Internet, even in core communication services such as messaging and voice. This situation has further led to steep declines in average revenue per user, minimal revenue growth and tightening margins for telecommunication services providers.

With these challenges facing the industry and industry players, telecommunication services providers understand the critical need to complement their connectivity value proposition with digital content. Following on from this, besides adopting cost effective strategies and making smart investment decisions in infrastructure improvement, telecommunication service providers have moved to establish more content and digital partnerships to provide branded content, financial services, lifestyle services and e-commerce services as ancillary businesses. These strategies lie at the heart of providing the consumer an enhanced and holistic service.

Financial Performance

The Board of Directors is pleased to state that despite the above challenges, XOX has recorded a steady financial and operational performance for the financial year 2017.

Amidst a challenging market condition, XOX Group recorded a 19% growth in revenue from RM160.75 million to RM191.65 million. This positive revenue growth was primarily attributable to the support from approximately 1.65 million active subscribers who are enjoying the mobile connectivity and data services offered by XOX and buoyed by our heightened investment in branding, marketing and trade activities.

Profit before tax of the Group however, was not in tandem with the positive growth in revenue due to the substantial fall in data pricing after severe price competition. Notwithstanding this, XOX Group managed to maintain a Profit Before Tax of RM2.32 million and Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") stood at RM8.92 million.

At the end of the financial year, Shareholders' Equity stood at RM109.06 million with a healthy cash balance of RM16.59 million to fund the Group's operations and expansion plans.

Chairman's Statement (Cont'd)

Corporate Development

During the financial year, the Company had completed the Share Issuance exercise with 250.00 million Subscription Shares being fully subscribed by Macquarie Bank raising RM23.11 million for the Company to fund Voopee's expansion plans in the region. Upon completion of this corporate exercise, coupled with 45.41 million share options exercised under Share Issuance Scheme; the issued and paid-up capital of the Company had increased to RM83.29 million from RM55.64 million.

In tandem with the completion of the fund raising exercise to support Voopee's expansion plans, and as part of the Group's regional expansion plan, a new wholly owned subsidiary company has been incorporated in Singapore with the name of "XOX Mobile Pte. Ltd" where its principal activity is to engage in the business of mobile cellular and other wireless telecommunications network operations.

Business Development

Being Malaysia's first Mobile Virtual Network Operator (MVNO) and the biggest MVNO in terms of subscriber base, we aim to change the telecommunication industry's traditional business model by transforming the Group into a multi-platform media company where sales of content, such as music, concerts, live event feeds will eventually replace sales of SIM cards and airtime as the core business for the Company.

The customized versions of Apps to meet the requirements of the local market by providing access to digital content and lifestyle products will be introduced in the coming months. This is expected to be the catalyst that will drive subscribers to embrace the company's new business model.

As part of our strategic business plans and being Malaysia's first Syariah-compliant telecommunications service provider, together with Bank Islam Malaysia Berhad, we have teamed up in bringing more rewards and benefits to OneXOX dealers by launching Bank Islam Visa Debit Card-i ONEXOX in October 2016.

Cardholders will get to enjoy amazing benefits from this partnership for a period of two years. Some of the benefits that the cardholders will enjoy include the use of TAP Mobile Banking-i (TAP), Malaysia's first mobile banking service by Bank Islam. Equipped with an innovative chip technology, TAP enables users to perform their banking needs from the comfort of their mobile phone, without using the Internet.

Reflecting on our commitment to continue gaining subscriber share, our first flagship new concept store Space@XOX, was opened on 15 December 2016 in Sunway Pyramid. At Space@XOX, we offer a one stop center for subscribers to enjoy the products and services of XOX while chilling out at the outlet in a café environment that also offers other facilities.

In addition, as part of the marketing strategy to increase the ground visibility and branding of XOX, we are in the midst of rolling out 100 location projects aimed to support our dealers in subscribers' activation as well as enhancing our services.

Our wholly owned subsidiary, XOX Media Sdn Bhd, has also entered into a Memorandum of Understanding ("MOU") with PT. Inovasi Telematika Nusantara ("PT. Inovasi") and Pengurus Besar Nahdlatul Ulama ("PBNU") for the purposes of conducting a study and planning the development and deployment of the Voopee solution under the Nahdlatul Ulama branding, coupled with all other accompanying solutions targeting PBNU members as its subscriber base. With a membership roll of 93.00 million, we are confident that this collaborative arrangement with PBNU will steer our Group into a more solid profitability trajectory.

Besides the on-going regional expansion plans for Voopee for the financial year 2018, the Group remains committed to delivering high-quality products and services to our subscribers to fulfill their digital lifestyle. We have confidently responded with a well-defined resilient strategy to compete in the new data-centric digital world.

Chairman's Statement (Cont'd)

Human Resources

In XOX, we strongly believe a great company is made up of great people. Our employees are our most valuable assets as they are the driving force pushing the Company forward. Alongside this, we continually review our commitment to developing talent and successions plans. We have continued improving our talent review process to make it more action-oriented. Employees now have a clear link between their performance and their potential for career and capability growth.

We also lay down a series of both personal and professional growth, development and training programs to widen the knowledge and sharpen the skills of our employees in order to deliver quality services and more relevant, innovative products to revolve around what our subscribers increasingly demand.

Apart from that, we also offer a promising career path to fresh graduates through our Management Trainee program. The program provides young top talent with the opportunity to become the future leaders of XOX. Employees under this program will be exposed to various areas of our business and will gain a variety of skills and capabilities.

Business Outlook

Telecommunications, one of the most fast-paced industries, has witnessed drastic changes over the years brought about by technology breakthroughs. These changes will obviously create challenges just as they will also create opportunities for the industry. One of the prominent issues facing the telecommunications industry is the growing capital expenditure requirement to provide high quality data services to customers in responding to the explosive growth in data traffic and bandwidth requirement around the globe.

Margin pressures are expected to continue, the telecommunication service provider will be striving more for efficiencies, retain customers with attractive digital propositions around entertainment and enhanced customer experience.

Revenue growth will be challenging as data pricing has fallen substantially, and the generous data quota offered by mobile operators is way above the current average data usage per subscriber. Even data consumption is rapidly rising on top of the acceleration in the substitution of voice and SMS with data.

In view of the competitive mobile landscape, telecommunication services providers are expected to establish more content and digital partnerships to complement their connectivity value proposition with digital content besides taking measures to reduce costs to be sustainable and optimize business operations.

Appreciation

On behalf of the Board, I would like to take this opportunity to thank all our subscribers for their confidence in XOX as their preferred telecommunications and digital services provider. Their continued trust inspires us to continue making improvements across all areas to deliver on their growing mobile connectivity and digital needs.

I would also like to express my most sincere thanks and appreciation to our major creditor for their continued support and encouragement, to our shareholders who continue to believe in our business strategies, to our business partners, bankers and regulatory authorities, to whom we remain grateful for their continued support and confidence in our Group.

Lastly, I would want to extend my deepest appreciation to my fellow colleagues on the Board for their guidance and contributions to the Group. The Board also wishes to acknowledge the invaluable contributions of the Management Team for their unwavering commitment and guidance in leading the Company forward. We would also like to extend our deepest gratitude to all employees for their positive attitude, commitment, efforts and dedication throughout the year.

CORPORATE SOCIAL RESPONSIBILITY



Padmasambhava Children Loving Association Klang Donation

On 18th Jan 2017 XOX made a donation and visited the Padmasambhava Children Loving Association Klang to help decorate the center. A birthday celebration was also held for the children to light up their Lunar New Year.

The Tribe of Temuan Donation



Along with a donation to help the tribe of Temuan to achieve a better life, XOX participated in the “Hari Keluarga” event organized by Desa Temuan, PIM, & the students of The Faculty of Law, University of Malaya on 14th May 2017.

“Gift of Life with XOX” Blood Donation Drive 2017



The “Gift of life with XOX” Blood Donation Drive held at SPACE, Sunway Pyramid was organized in conjunction with Malaysia Day. This was aimed to give back to society as part of the CSR initiative by XOX in order to help reduce the issue of insufficient blood supply faced by Malaysians.

EVENT HIGHLIGHTS



XOX Mobile Chinese New Year Open House 2017

XOX Mobile celebrated the auspicious Chinese New Year with its valued business partners, distributors, and dealers with an “Open House” event. The celebration featured a traditional lion dance performance as a part of the festive celebrations. The lion dance troupe executed a series of complicated and exciting movements signifying the XOX Mobile business journey with its partners.



Space@XOX Sunway Grand Opening - 1st Flagship Store Lands at Sunway Pyramid

Space@XOX was launched by XOX Mobile Brand Ambassador, Malaysian badminton legend, Datuk Wira Lee Chong Wei, XOX Bhd, Group Managing Director, Datuk Eddie Chai, and Group Chief Executive Officer, Mr. Ng Kok Heng.

The Space@XOX concept store serves as a co-working space as it is on-trend and popular with millennials as well as other users. The Space@XOX concept store provides a fun environment for subscribers and anyone at all to hangout, as well as perform minor work task, with complimentary WiFi connection available.



XOX Mobile & Universal Music Malaysia Strategic Partnership Launch

XOX Mobile and Universal Music Malaysia, the local arm of Universal Music Group (UMG), the world leader in music-based entertainment, have formed a first-of-its-kind partnership to deliver innovative digital music content as part of XOX Mobile’s focus to reward their loyal subscribers. It will give our subscribers special access and privileges to Universal Music’s stellar line-up of artistes. The brand will be launching more digital contents working with Universal Music in the near future.

Event Highlights (Cont'd)



XOX Mobile & Universal Music Malaysia Strategic Partnership Launch

XOX Bhd's Group CEO, Mr Ng Kok Heng, and Universal Music Group for Malaysia and Singapore's Managing Director, Mr. Kenny Ong, were present to launch the ONEXOX Universal Music Starter Pack (or known as ONEMUSIC Edition Starter Pack) together with ONEXOX Friends MTV VJ and singer Fazura, pop-rock group Bunkface and popular singing & acting duo ThomasJack at Sunway Pyramid Mall.

ONEXOX Gala Dinner 2017



A huge celebration was held to commemorate and thank all our dealers which have been with us throughout all these years. They're the reason why we're BIGGER, STRONGER, & MORE AWESOME THAN EVER!



Official Sponsor for Rookies Red Velvet Events

Subscribers enjoyed special offers on showcase tickets organized by Universal Music Malaysia, as well as attractive discount deals on their products at selected CD-Rama outlets and Lazada.

Event Highlights (Cont'd)



Partnership with Star Media Group - Cheerleading Competition CHEER 2017

XOX Mobile partnered with Star Media Group to support Malaysia's most prestigious cheerleading competition, CHEER. The competition was launched at Space@XOX. The contest was opened to all cheerleading teams from secondary schools nationwide, with its finals held in August.

XOX MOBILE Signs On As Main Sponsor of Petaling Badminton Club



XOX Mobile and Petaling Badminton Club will be working closely to identify, recruit, and intensify the training of next generation shuttlers through its talent development program targeted at junior and youth categories, which is in line with the aim of continuing to support and nurture the development of new badminton talents for the nation.

The brand is delighted to be able to assist in the development of new sporting talent in the country through this sponsorship collaboration with a top-ranked national league club.

ONEXOX and Bank Islam Launch Co-branded Card - Bank Islam Visa Debit Card-i ONEXOX



The brand is delighted to provide the newly launched co-branded Visa Debit Card-i ONEXOX in collaboration with Bank Islam, the pioneer in Islamic banking in Malaysia. This would offer more rewards and benefits to ONEXOX dealers through an innovative Mudharabah-based account, the first of its kind in Islamic banking.

Users get to enjoy amazing benefits from this partnership for a period of two years. Some of the benefits that cardholders would enjoy are

the use of TAP Mobile Banking-i (TAP) Malaysia's first mobile banking service by Bank Islam. Cardholders can also use the card as an ATM card, as well as a debit card with contactless payWave function.

Event Highlights (Cont'd)

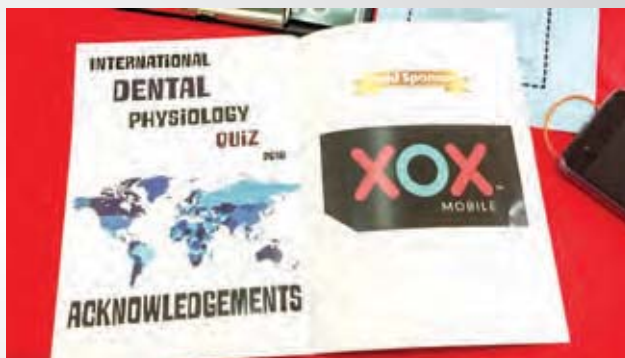


Sunway University Business Investment Society Sponsorship

XOX sponsored a Sunway Business Investment Society event for students who are interested in entrepreneurship and business. Besides that, we created a platform for students who are interested to join XOX. It was an opportunity for us to tap into younger target audience in the market.



University of Malaya- International Dental School Physiology Quiz 2016 Sponsorship



XOX sponsored the International Dental School Physiology Quiz 2016 event. It was organized for the first time by the Dental Association of University of Malaya for all dental students to challenge their knowledge and capabilities on the science of human physiology. It is an opportunity for us to tap into the younger generation and create brand awareness among them.

Event Highlights (Cont'd)

AAM Malaysian Cub Prix Championship 2017



ONEXOX is the official Telecommunication Partner of the Malaysian Cub Prix 2017. The championship was held around various locations in Malaysia, such as Tangkak (24/5), Kemaman (5-6/5), Teluk Intan (20-31/5), MAEPS (15-16/7), Melaka (5-6/8), Kelantan (8-9/9), Jempol (14-15/10), Batu Kawan (4-5/11) & Pengerang (17-18/11).



XOX Annual Dinner 2017



The XOX Annual Dinner 2017 was held on 21 January 2017. The purpose of this dinner was to show their appreciation to all staff for striving to do their best for the company.

PRODUCTS

ONEMUSIC

Personalized Digital Content Platform



What is ONEMUSIC?

The only personalized digital content platform available in Malaysia.



Social Media & Content

A personal app with profile that allows you to connect to not only your social media accounts but also to your favorite icons' feeds. It lets you keep track of them using only one app. Content is only at the tip of your finger!



It's All About You

ONEMUSIC is all about personalization. User determine what they want to see and what they don't want to see.



Microchannels, Podcasts & Radio

More than just music, you can also tune into sports, fashion, news, technologies through over more than 25,000 podcasts, radios and microchannels.



Emoji With Sound

You can send emojis that is also a GIF but even better, a GIF that has sound. Action speaks louder than words!

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ONE XOX
Out There We Are One

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GET A FAT START WITH
SEASON PASS**

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10GB*

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**The above offers valid for new (one-time) users up to 31/12/2017 onwards.

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RM90		RM100		RM150		RM250	
SP C1 10GB +333MINS RM80		SP C2 20GB +333MINS RM130					

VOOPEE


The App that meets all your needs

COMMUNICATION




The Basic. The messenger that keeps you connected and lets you express yourself with more than just text. Send voice, photos, videos and even stickers and memes right off the internet.

SOCIAL MEDIA




The Social. The feed that by nature keeps you updated with statuses from only your most current and closest friends, family members and acquaintances. After all, who wants to know what that one person, say John, you met once from that one party 5 years ago, is having for lunch today?

MICROPAYMENT




The Future. As we stride towards a digital Planet Earth, it will be Malaysia's leading digital wallet solution that is easier, faster, safer and more secure when it comes to paying for all your goods and services.

GROUP CHAT




The Productivity Booster. After a long busy day and there, in your chat group of your best friends that you named The Fabulous Five - 209 unread messages and running. You are lost and tired. Ain't nobody got the time to reread all those messages every single time to keep updated. This interface lets you have a clean, organized and accurate way of communication.

GSM FEATURE




The Life Changer. Mankind has come a long way in making our phones small and powerful. But it still isn't small enough. Carrying multiple phones and changing different SIM cards when traveling is still a hassle. This app lets you have a 2nd GSM number, SIM-free! Now you really can have 1 phone to rule them all.

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DOWNLOAD NOW



CORPORATE SUSTAINABILITY STATEMENT

XOX perceived corporate sustainability as its commitment to creating long-term value for the shareholders, environment and society through innovation and overall operational excellence.

Mindful of the need to be a corporately responsible organisation, the Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates. The Group recognises that for long-term sustainability, its strategic orientation will need to look beyond the financial parameters. Hence, the Group supports important causes such as a donation to the needy, community services, promoting a healthy and safety culture within the organisation.

Employee Welfare

The Group is constantly reviewing its workplace and policies to provide a conducive working environment and ensure proper development and utilisation of its human resources. Personal development is important and employees are encouraged to improve their knowledge through attendance at relevant seminars and workshops. Apart from that, the Group considers health and safety management to be equally important as other management functions. It is the management's responsibility to provide the framework to promote, stimulate and encourage the highest standard of safety and health at work.

Marketplace

At the marketplace, the Company and its subsidiaries maintain high integrity of corporate governance practices as well as enhancing the shareholders' value. Ensuring that the business is conducted in a fair, transparent, sustainable and professional manner. Honesty and integrity underlie all of our relationships, including those with customers, vendors, contractors, the business community at large and among employees.

Environmental Awareness

The Group is accountable for the impact of its business operations on the environment. We constantly review and monitor our operations to make a positive contribution to the environment, economic and social wellbeing of our stakeholders, employees and the broader community. In the work place, the employees have developed a culture of reducing electricity and paper usage, recycling waste plastic materials as well as reusing paper or adopting a paperless system for selected processes. Nevertheless, the employee is encouraged to set power save mode for desktops and notebooks, and switches off air-conditioning and lights during lunch time and after office hours.

Social Awareness

The Group continues its social roles to support the community by contributing to several needy and charitable organisations through donations. Employees are encouraged and supported to actively participate in social work and community service.

Corporate Sustainability Statement (Cont'd)

During the financial year, the Group has undertaken the following activities:

- i) Zoo Negara Green Project on 18 June 2016; XOX team joined as volunteers by assisting zookeepers in caring for the animals by participating in husbandry, exhibit cleaning and preparing food for the animals.
- ii) Badminton Charity Game on 27 August 2016; a badminton charity match with national men's double badminton players to raise funds that were donated to Chong Hwa Independent High School KL and Datuk Wira Lee Chong Wei's Foundation.
- iii) XOX Goes Back to School on 21 October 2016; donation to SJK© Kian Sit @ Sekinchan that was used to furnish and equip its library with books, shelves, air-conditioner, tables and chairs to provide a more conducive learning environment for its students.
- iv) XOX CNY Reunion with the Children on 18 January 2017; along with a donation , we visited Padmasambhava Children Loving Association Klang to help in decorating the center. XOX team also held a birthday celebration for the children to light up their Lunar New Year.
- v) XOX Hari Keluarga with Temuan on 14 May 2017; along with a donation for this project to help the tribe of Temuan to achieve a better life, we have joined "Hari Keluarga" organized by Desa Temuan, Pertubuhan Iqra' Malaysia ("PIM") and the students of the Faculty of Law, University of Malaya.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of XOX Bhd strives to ensure that a high standard of corporate governance practices are implemented and maintained throughout the Company and its subsidiaries in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders’ value and the financial position of the Group.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance (“MCCG”) to enhance business prosperity and maximise shareholders’ value. The Board will continuously evaluate the Group’s corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Below is a statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial year under review pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

PRINCIPLE 1: ESTABLISH CLEAR GOALS AND RESPONSIBILITIES

Clear Function Reserved for Board and Delegation to Management

The respective roles and responsibilities of the Board and management are clearly set out and understood by both parties to ensure accountability.

The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group’s corporate objectives, and the goals and targets to be met by management.

The Board has a formal schedule of matters reserved to itself for the decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The management, including the Executive Directors of the Company, is responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board. The management meets regularly to discuss and resolve operational issues. The Managing Director / Chief Executive Officer brief the Board on business performance and operations as well as the management initiatives during quarterly Board’s meetings.

Clear Roles and Responsibilities

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group’s affairs. Hence, to develop corporate objectives and position descriptions including the limits to management’s responsibilities, which the management is aware and are responsible for meeting.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long-term viability of the Group.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company’s website at www.xox.com.my.

Statement on Corporate Governance (Cont'd)

The principal roles and responsibility assumed by the Board are as follows:

i) Review and Adopt Strategic Plan of the Group

The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitors budgetary exercise which to support the Group's business plan and budget plan.

ii) Implementation of Internal Compliance Controls and Justifies Measures to Address Principal Risks

The Board is fully alert of the responsibilities to maintain a proper internal control system. The Board's responsibilities for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

iii) To formulate and Have in Place an Appropriate Succession Plan

The Board is responsible to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

iv) Developing and Implementing an Investor Relations Program or Shareholder Communications Policy for the Group

The Board recognises that shareholder and other stakeholder are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, The Company's website is the primary medium in providing information to all shareholders and stakeholders.

The Board will normally hold meetings at least four (4) times in each financial year to consider:

- i) relevant operational reports from the management;
- ii) reports on the financial performance;
- iii) specific proposals for capital expenditure and acquisitions, if any;
- iv) major issues and opportunities for the Company, if any; and
- v) quarterly financial statements for the announcement to authorities.

In addition, the Board will, at intervals of not more than one (1) year:

- i) to approve annual financial statements and other reports to shareholders;
- ii) consider and, if appropriate, declare or recommend the payment of dividends;
- iii) review the Board composition, structure and succession plan;
- iv) review the Company's audit requirements;
- v) review the performance of and composition of Board committees;
- vi) undertake Board and individual Board member evaluations;
- vii) review Board remuneration; and
- viii) review risk assessment policies and controls and compliance with legal and regulatory requirements.

Statement on Corporate Governance (Cont'd)

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgment. This offers a strong check and balance on the Board's deliberations.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Managing Director holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Managing Director, assisted by the Chief Executive Officer, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) Board Committees namely Audit Committee, Nomination and Remuneration Committee and Share Issuance Scheme Committee. All the Board Committees have its own terms of reference and have the authority to act on behalf of the Board within the authority as laid out in the terms of reference and report to the Board with the necessary recommendation.

Code of Conduct and Ethics

The Board is committed to maintaining a corporate culture which engenders ethical conduct through its Code of Conduct and Ethics, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur.

The main thrust of the Code of Conduct and Ethics for Directors are in the following areas:

- i) Corporate Governance;
- ii) Relationship with shareholders, employees, customers and creditors; and
- iii) Social Responsibilities and the Environment

The Code of Conduct and Ethics was adopted on 27 May 2016 and will be reviewed from time to time when necessary to ensure it remains relevant and appropriate. A copy of the Code of Conduct and Ethics is available on the Company's website at www.xox.com.my.

Statement on Corporate Governance (Cont'd)

Board Charter

As part of the governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board Charter addresses, among others, the following matters:

- i) General outline of the Board's purpose;
- ii) An overview of the Board's roles and responsibilities;
- iii) Structure and membership;
- iv) A position description of the role of the Chairman, the Executive Directors as well as the Independent Directors;
- v) Board process;
- vi) Directors remuneration;
- vii) Appointment of Board Committees; and
- viii) Relationship with shareholders.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available on the Company's website at www.xox.com.my.

Whistle-Blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices. The policy is a specific mean by which an employee can exercise their responsibility to report or disclose through established channels, their legitimate concerns regarding any unethical conduct, illegal acts or failure to comply with the Company's policies and regulatory requirements in a responsible and sensible manner.

The objectives of the policy are:

- i) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;
- ii) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and
- iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders.

A copy of the Whistle-Blowing Policy is available at the Company's website at www.xox.com.my.

Stakeholders, who have suspected fraud, misconduct or any integrity concerns, are encouraged to fill up a Whistle Blowing Report Form and email to:

Attention : Mr Soo Pow Min
Designation : Senior Independent Non-Executive Director
Email : whistleblower@xox.com.my

Statement on Corporate Governance (Cont'd)

Access to Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers will be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentation were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advisers or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. The Senior management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Nomination and Remuneration Committee and Share Issuance Scheme Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Memorandum and Articles of Association, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Statement on Corporate Governance (Cont'd)

Promote Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of the business which underpins sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhance investor perception and public trust.

The Group is committed to the continuous efforts in maintaining a delicate balance between its sustainability agenda and other stakeholders' interest. The details of the sustainability efforts are set out in the "Corporate Sustainability Statement" of this Annual Report.

PRINCIPLE 2: STRENGTHEN COMPOSITION

Nomination and Remuneration Committee

In line with the Best Practices of MCCG, the Board has established a Nomination and Remuneration Committee ("NRC") which comprise exclusively of Independent Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis. At the same time, the NRC is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.

The Terms of Reference of the NRC can be viewed at the Company's website at www.xox.com.my.

The present members of the NRC of the Company are:

Designation	Name	Directorship
Chairman	Edwin Chin Vin Foong	Independent Non-Executive Director
Member	Soo Pow Min	Senior Independent Non-Executive Director
Member	Hew Tze Kok	Independent Non-Executive Director

The NRC shall meet at least once a year unless otherwise determined by the NRC. The quorum for a meeting shall be at least two (2) members, a majority of members present must be Independent Non-Executive Directors, of which at least one (1) member shall be an independent director.

The functions of the NRC are summarised as follows:

- i) to undertake an annual review of the Board's succession plans, taking into consideration, the present size, structure and composition of the Board and Board Committees as well as the required mix of skills, experience and competency required and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- ii) to facilitate the evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness of the decision making process of the Board;
- iii) to give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- iv) responsible for identifying and make the recommendation to the Board on new candidates for election/ appointment to the Board or to fill board vacancies as and when they arise;

Statement on Corporate Governance (Cont'd)

- v) to ensure that orientation and education programmes are provided for new members of the Board;
- vi) to recommend to the Board concerning the re-election / re-appointment of Director to the Board pursuant to the provisions in the Company's Article of Association;
- vii) in determining the process for the identification of suitable candidates, the NRC will ensure that an appropriate review is undertaken to ensure the requirement and qualification of the candidate nominated based on a prescribed set of criteria comprising but not limited to the following :
 - a) Skills, knowledge, expertise and experience;
 - b) Professionalism;
 - c) Integrity;
 - d) Existing number of directorships held;
 - e) Confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and
 - f) In the case of candidates being considered for the position of independent director, such potential candidates have the ability to discharge such responsibilities/functions as expected from independent non-executive directors. Amongst others, the potential candidates must fulfill the criteria used in the definition of "independent directors" prescribed by the Listing Requirements and being able to bring independent and objective judgement to the Board.

Where required, the members of the NRC would meet up with potential candidates for the position of director to conduct an assessment of the suitability.

- viii) to undertake an annual review of the training programmes attended by the Directors for each financial year as well as the training programmes required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends;
- ix) to review and recommend to the Board the framework of remuneration of the Executive Directors and Principal Officers, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in the selected group of comparable companies;
- x) to review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for Executive Directors and Principal Officers depending on various performance measurements of the Group;
- xi) to review and determine the other benefits in kind for the Executive Directors and Principal Officers;
- xii) to review the Group's compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice;
- xiii) to recommend the engagement of external professional advisors to assist and/or advise the Committee and the Board, on remuneration matters, where necessary; and
- xiv) to provide a report summarising its activities for the year in compliance with the MCCG, Listing Requirements and any relevant regulations. The report can be incorporated into the corporate governance statement in the annual report or included in as a separate report.

Statement on Corporate Governance (Cont'd)

The summary of activities undertaken by the NRC during the financial year included the following :

- i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
- ii) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association;
- iii) Reviewed the compensation policy of the Executive Directors and the Principal Officers and ensuring alignment of compensation to corporate performance, and that the compensation offered is in line with market practice and industry norm; and
- iv) Reviewed and recommended the payment of Directors' fees and other benefits payable to Directors.

Board Composition

The current Board of Directors consists of six (6) members, comprising one (1) Non-Independent Non-Executive Chairman, one (1) Executive Director who is also the Managing Director and four (4) Independent Non-Executive Directors. The Company thus complies with Rule 15.02 of the Listing Requirements whereby at least two (2) or one-third (1/3) of the Board of Directors, whichever is higher, are independent directors. The profile of each Director is presented separately on pages 4 to 8 of this Annual Report.

The current Board composition is persons of high calibre, experienced and are professionals in their respective fields. Together, this brings a wide range of mix of industry specific knowledge, broad based business and commercial experience that are vital to the Board's successful stewardship of the Group.

On 27 May 2016, the Board has appointed Mr Soo Pow Min as the Senior Independent Non-Executive Director of the Company to share the concerns of Directors to the Chairman on sensitive issues of the Company, lead to the oversight of Chairman and perform as the alternative contact person for shareholder communication.

Boardroom Diversity

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCGG to the establishment of boardroom and workforce gender diversity policy. However, the Board does not adopt any formal boardroom diversity policy in the selection of new Board candidates and does not have specific policies on setting the target for female candidates in the Group. The Group basically evaluate the suitability of candidates as a new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Currently, our Board does not comprise of any female director. The Board will evaluate and match the criteria of the potential candidate as well as considering the boardroom diversity for any newly proposed appointment of directors of the Company in the future.

Statement on Corporate Governance (Cont'd)

Criteria for Recruitment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NRC. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NRC. The NRC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The NRC will help assess and recommend to the Board, the candidature of directors, the appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of a director to the Board is as follows:

- i) The NRC reviews the Board's composition through Board assessment/evaluation;
- ii) The NRC determines skills matrix;
- iii) The NRC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- iv) The NRC recommends to the Board for appointment; and
- v) The Board approves the appointment of the candidates.

Factors considered by the NRC when recommending a person for appointment as a director include:

- i) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
- ii) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
- iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

Criteria for Board Assessment

The NRC would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self and peer assessment approach on an annual basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

Statement on Corporate Governance (Cont'd)

The criteria used by the NRC in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self assessment on an annual basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year 2017, the Board and the NRC is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent Non-Executive Directors.

Re-Election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Articles of Association ("the Articles"). Pursuant to the Articles, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first meeting after their appointment. The Articles also provide at least one-third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

Upon the recommendation of the NRC and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming Annual General Meeting of the Company to be held in 2017 are as stated in the Notice of Annual General Meeting.

Directors' Remuneration

The remunerations of the Executive Directors were determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the NRC is to ensure that the Company attracts and retains the appropriate Directors of the calibre needed to run the Group successfully.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

Statement on Corporate Governance (Cont'd)

Details of Directors' Remuneration

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) and categorised into appropriate components for the financial year ended 30 June 2017 were as follows:

i) Aggregate Directors' Remuneration

Director	Company			Group		
	Fees (RM)	Salaries (RM)	Allowances (RM)	Fees (RM)	Salaries (RM)	Allowances (RM)
Executive Directors	42,000	-	5,000	42,000	1,965,600	5,000
Non-Executive Directors	222,000	-	41,000	222,000	-	41,000
Total	264,000	-	46,000	264,000	1,965,600	46,000

ii) Analysis of Directors' Remuneration

Total remuneration of Directors in respect of the financial year ended 30 June 2017, in bands of RM50,000 is tabulated below:

Range of Remuneration	Number of Directors			
	Company		Group	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	1	3	-	3
RM50,001 – RM100,000	-	3	-	3
RM950,001 – RM1,000,000	-	-	1	-
RM1,000,001 – RM1,050,000	-	-	-	-
RM1,050,001 – RM1,100,000	-	-	1	-

Details of the individual Director's remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosure by band and analysis between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of the MCCG.

PRINCIPLE 3: REINFORCE INDEPENDENCE

Annual Assessment of Independence

Annual assessments will be conducted by NRC on an annually basis and the criteria for assessment covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements of Bursa Securities.

Statement on Corporate Governance (Cont'd)

Based on the assessment carried out during the financial year ended 30 June 2017, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfill the definition of independence as set out in the Listing Requirements of Bursa Securities.

Tenure of Independent Directors

Currently, the Board does not have a policy on the tenure for Independent Directors as the Board is of the view that a term of more than nine (9) years may not necessarily impair independence and judgement of an Independent Director and therefore the Board does not deem it appropriate to impose a fixed term limit for Independent Directors at this juncture.

However, as recommended by the MCCG, the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the annual general meeting of the Company.

As at 30 June 2017, the tenure of the Independent Non-Executive Directors of the Company are as follows:

	< 1 Year	1-3 Years	4-7 Years
Soo Pow Min			√
Hew Tze Kok			√
Edwin Chin Vin Foong		√	
Tan Sik Eek	√		

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years as per the recommendations of MCCG.

Separation of Positions of the Chairman and Managing Director

During the financial year under review, the Company has complied with the recommendation of the MCCG where the positions of the Chairman and the Managing Director are held by different individuals, and that the Chairman is a non-executive member of the Board.

The roles of the Chairman and the Managing Director are clearly defined and segregated, to ensure an appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision-making. The Chairman is not related to the Managing Director, and is responsible for leading the Board in the oversight and supervision of the Group's management; whilst the Managing Director is responsible for the day-to-day operations of the Group, making a strategic business decision and implementing the Board's policies and decisions.

Statement on Corporate Governance (Cont'd)

Independent Chairman

The MCCG recommends that the Board of Directors of a public listed company should be composed of a majority of independent directors where the chairman of the Board is not an independent director.

During the financial year under review, the Board is chaired by a Non-Independent Non-Executive Director and the majority of the Board consists of Independent Non-Executive Directors. The Board of the Company, notwithstanding that the Chairman is a Non-Independent Non-Executive Director, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is a balance of power and authority of the Board. In addition, the Chairman is not involved in the day-to-day management of the Group's business and has no relationship that could materially interfere with his judgment.

PRINCIPLE 4: FOSTER COMMITMENT

Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of the time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointments in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Rule 15.06 of the Listing Requirements.

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section below.

Board Meetings

There were five (5) Board of Directors' meetings held during the financial year ended 30 June 2017. Details of the attendance of the Directors at the Board of Directors' meetings are as follow:

Name of Directors	No. of Meetings Attended
Dato' Seri Abdul Azim bin Mohd Zabidi	4/5
Datuk Chai Woon Chet	5/5
Soo Pow Min	5/5
Hew Tze Kok	5/5
Edwin Chin Vin Foong	5/5
Tan Sik Eek *	3/4

Note

* Mr Tan Sik Eek was appointed as director of the Company on 25 August 2016.

Statement on Corporate Governance (Cont'd)

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 30 June 2017.

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings will be convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The tentative dates for Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

Continuing Education Programs

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes/ seminars/ conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The Board has undertaken an assessment of the training needs of each of each Director and ensured that all the Directors undergo the necessary training programme to enable them to effectively discharge their duties.

Details of seminars/conferences/training programmes attended by the Board members during the financial year as listed below:

Name of Director	Seminars/Conferences/Training Programmes Attended
Dato' Seri Abdul Azim bin Mohd Zabidi	<ul style="list-style-type: none"> • Sejauh Mana Anda Memahami Hudud • Global Business Insights Series: Embracing Paradoxes • The Revitalisation of Lasallian Schools – The Journey Forward
Datuk Chai Woon Chet	<ul style="list-style-type: none"> • Financial Insights & Reporting for Public Listed Company • Highlights of the Companies Act 2016 & Malaysian Code on Corporate Governance 2012
Soo Pow Min	<ul style="list-style-type: none"> • Workshop on Driving Financial Integrity and Performance – Enhancing Financial Literacy for Audit Committees
Hew Tze Kok	<ul style="list-style-type: none"> • Company Act 2016 • 2017 Budget and its Impact on Capital Market
Tan Sik Eek	<ul style="list-style-type: none"> • Get Online with Kim Eng Trade Platform • Private Equity Forum 2016 • Half-Day Entrepreneurship Clinic: <ul style="list-style-type: none"> (i) Impact of New Companies Act 2016 On You (ii) Recent Development on Tax & GST Updates

Statement on Corporate Governance (Cont'd)

During the financial year ended 30 June 2017, save and except for Mr. Edwin Chin Vin Foong who was unable to attend any training during the financial year due to his busy schedule, all the Directors have attended the necessary training programmes as required under the Rule 15.08 of the Listing Requirements. Mr. Edwin Chin Vin Foong is aware of the duties and responsibilities and will continue to undergo other relevant training programmes to keep abreast with the new regulatory developments and requirements in compliance with the Listing Requirements on continuing education.

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committee and Board Meetings.

PRINCIPLE 5: UPHOLD INTEGRITY OF FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 30 June 2017 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

The statement by the Board pursuant to Rule 15.26(a) of the Listing Requirements on its responsibilities in preparing the financial statements is set out on page 45 of this Annual Report.

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

In assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following:

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

Statement on Corporate Governance (Cont'd)

- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to response and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Director and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 30 June 2017.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 30 June 2018.

PRINCIPLE 6: RECOGNISE AND MANAGE RISK

Risk Management and Internal Control

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriately to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given to the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The information on the Group's internal control is further elaborated in pages 50 to 53 on the Statement on Risk Management and Internal Control of this Annual Report.

Statement on Corporate Governance (Cont'd)

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies and Procedures

The Board recognises the need for transparency and accountability to the Company's shareholders as well as regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company. The Company ensures that timely releases of the quarterly financial results, press releases and corporate announcements are made to its shareholders and investors, which are clear, unambiguous, succinct, accurate and contains sufficient and relevant information.

In order to maintain its commitment to effective communication with shareholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCGG with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the Listing Requirements.

The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

Besides the above, the Company's Annual Report and financial results are dispatched on an annual basis to the shareholders to provide an overview of the Group's business activities and performances. The Share Registrar is available to attend to administrative matters relating to shareholders' interests. The Company strives to provide a high level of transparency reporting in order to provide value for users.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website at www.xox.com.my incorporates an Investor section which provides all relevant information on the Company accessible to the public. This section enhances the investor relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced to Bursa Securities after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to ir@xox.com.my.

Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairman or the Managing Director of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Statement on Corporate Governance (Cont'd)

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Annual General Meeting

The Annual General Meeting (“AGM”) is the principal forum for dialogue with the shareholders. The shareholders will be notified of the meeting together with a copy of the Company’s Annual Report at least twenty-one (21) days before the meeting. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff, the shareholders and investors are always active before and after the general meetings.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

Poll Voting

In line with Rule 8.29A of the Listing Requirements, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

Effective Communication and Proactive Engagement

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCCG with regards to strengthening engagement and communication with shareholders.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

- i) Interim financial reports to provide updates on the Group’s operations and business developments on a quarterly basis;
- ii) Annual audited financial statements and annual report to provide an overview of the Group’s state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
- iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements; and
- iv) Annual General Meetings.

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the “Corporate Information” section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests. As recommended by the MCCG, the Company has appointed a Senior Independent Non-Executive Director to whom queries and concerns regarding the Group may be conveyed.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2017, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records with reasonable accuracy of the financial position of the Company. The Directors are to ensure that the financial statements comply with mandatory provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards and the Listing Requirements of Bursa Securities. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

STATEMENT OF SHARE ISSUANCE SCHEME COMMITTEE

The SIS Committee was established on 25 September 2015 comprising the following members:

Designation	Name
Chairman	Datuk Chai Woon Chet
Member	Soo Pow Min
Member	Hew Tze Kok
Member	Ng Kok Heng
Member	Kong Choo Hui

The main responsibility of SIS Committee is to oversee the administration as well as to ensure proper implementation of the SIS according to the By-Laws of the SIS. The SIS Committee deliberates, neither physically nor via circular resolutions, whenever necessary.

The SIS approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 March 2015, is the only share scheme in existence during the financial year. The SIS would be in force for a period of five (5) years from the date of implementation i.e. 14 March 2016 and expired on 13 March 2021.

The total number of SIS options granted, exercised and outstanding under the SIS since its commencement up to 30 June 2017 are set out in the table below:

Category of Employees	No. of SIS Options Over Ordinary Shares			
	Granted and Vested	Exercised	Lapsed/ Forfeited	Outstanding
Directors	53,089,000	6,900,000	9,140,800	37,048,200
Other Employees	85,384,900	38,509,500	10,061,700	36,813,700
Total	138,473,900	45,409,500	19,202,500	73,861,900

The options offered to and exercised by the Non-Executive Directors of the Company pursuant to SIS as well as their outstanding options in respect of the financial year ended 30 June 2017 are as follows:

Name of Director	No. of SIS Options Over Ordinary Shares			
	Balance as at 01.07.2016	Number of SIS Options Granted	No. of SIS Options Exercised	Balance as at 30.06.2017
Dato' Seri Abdul Azim Bin Mohd Zabidi	12,487,000	-	-	12,487,000
Soo Pow Min	9,519,900	-	-	9,519,900
Hew Tze Kok	9,140,800	-	-	9,140,800
Edwin Chin Vin Foong	-	-	-	-
Tan Sik Eek	-	-	-	-

Pursuant to the SIS By-Laws, the aggregate maximum allocation of SIS Options applicable to the eligible employee (including the allocation to the Directors and senior management) shall be determined by the SIS Committee at its sole and absolute discretion. As at 30 June 2017, the actual number of SIS Options granted to the Directors and senior management since the commencement of the SIS is 38.34%.

The Audit Committee has verified and was satisfied that the allocation of SIS Options to the eligible Directors and employees of the XOX Group during the financial year ended 30 June 2017, were in accordance with the criteria of allocation of share options set out in the SIS By-Laws.

COMPLIANCE STATEMENT

Other than as disclosed and/or explained in this Annual Report, the Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of the MCCG during the financial year ended 30 June 2017.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to establish a documented, formal and transparent procedure to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, a system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations.

The present members of the Audit Committee are as follows:

Designation	Name	Directorship
Chairman	Hew Tze Kok	Independent Non-Executive Director
Member	Soo Pow Min	Senior Independent Non-Executive Director
Member	Tan Sik Eek	Independent Non-Executive Director

Terms of Reference

The terms of reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.xox.com.my.

Attendance of Meetings

During the financial year under review, the Audit Committee held five (5) meetings and the details of the attendance are as follows:

Members	Meeting Attendance
Hew Tze Kok	5/5
Soo Pow Min	5/5
Tan Sik Eek *	3/4

Note

* Mr Tan Sik Eek was appointed as a member of Audit Committee on 6 October 2016.

Summary of Activities of the Audit Committee

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year in the discharge of its functions and duties, included the following:

- Reviewed the quarterly unaudited financial report of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 30 June 2017;
- Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, issues raised, audit recommendations and management's response to these recommendations;

Audit Committee Report (Cont'd)

- v) Evaluated the performance of the external auditors for the financial year ended 30 June 2017 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;
- vi) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- vii) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- viii) Reviewed the effectiveness of the Group's system of internal control;
- ix) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
- x) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- xi) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- xii) Reviewed the Statement of Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and
- xiii) Report to the Board on its activities and significant findings and results.

Internal Audit Activities

The Group has appointed an established external professional Internal Audit firm, who reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

Internal audit provides an independent assessment on the effectiveness and efficiency of internal controls utilising an acceptable audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.

The Audit Committee approves the internal audit plan during the first Audit Committee meeting each year. Any subsequent changes to the internal audit plan are approved by the Audit Committee. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred by the Group for the internal audit function during the financial year ended 30 June 2017 amounted to RM50,989.00.

Audit Committee Report (Cont'd)

The functions of the internal auditors are to:

- i) perform internal audit work in accordance with the pre-approved internal audit plan, that covers reviews of the internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;
- ii) carry out reviews on the systems of internal control of the Group;
- iii) review and comment on the effectiveness and adequacy of the existing internal control policies and procedures; and
- iv) provide recommendations, if any, for the improvement of the internal control policies and procedures.

During the financial year, the following activities were carried out by the internal auditors in the discharge of its responsibilities:

- i) reviewed the adequacy and effectiveness of the systems of internal control and compliance with the Group's policies and procedures on the following companies over the business process/area set out below:

Name of Company	Business Process / Area
XOX Com Sdn. Bhd and XOX Mobile Sdn. Bhd.	Marketing, Pricing and Costing
One XOX Sdn. Bhd.	Sales and Customer Services, Finance and Accounts, Purchases and Human Resources

- ii) performed follow-up reviews to ensure corrective actions have been implemented in a timely manner; and
- iii) proposed and presented a risk based internal audit plan to the Audit Committee for approval.

The Audit Committee and Board are satisfied with the performance of the internal auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsource of the Internal Audit function.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

This Statement on Risk Management and Internal Control is made in accordance with MCCG and Rule 15.26(b) of the Listing Requirements, which require Malaysian public listed companies to make a statement in their annual report about their state of internal control, as a Group.

In view of this, the Board of Directors of XOX is pleased to provide the following statement on the state of the internal control of the Group as a whole for the financial year ended 30 June 2017, which has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Malaysia Securities Berhad.

Board Responsibility

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's system of internal controls, identifying principal risks and establishing an appropriate control environment and framework to manage risks. However, the effectiveness of the Group's system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Accordingly, the Group's system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group's risk management and internal control framework are an ongoing process, and has been in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group. The Board either directly or via the Audit Committee, have an on-going process for identifying, evaluating and managing the significant risks of the Group with the management. The process is regularly reviewed by the Board.

The implementation of the risk management and internal control system within the Group inclusive of design, operation, identification, assessment, mitigation and control of risks, are operated with the assistance of the management throughout the period. The Board has received assurance from the Managing Director that the Group's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the Group's risk management and internal control framework and systems are in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group. The key features of the internal control systems which are operated with the assistance of the management are described under the following headings.

Risk Management Framework

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of the major strategic, business and operational risks within the Group, covering both wholly and partially owned subsidiaries. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis.

For the period under review, the Audit Committee is assisted by the operation staff from various divisions to effectively embed risk management and control into the corporate culture, processes and structures within the Group. The framework is continually monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.

Statement on Risk Management and Internal Control (Cont'd)

The main features of the Group's risk management framework involved the following key processes:

- i) The management is entrusted to develop, operate and monitor the system of internal controls to address the various risks faced by the Group;
- ii) A database of all risks and controls is maintained and updated, and the information filtered to produce detailed risk registers and individual risk profiles. Key risk areas are identified and scored for the likelihood of the risks occurring and the magnitude of the impact;
- iii) Risk assessment reports are submitted to the Executive Director and briefed by the various heads of business units. The followings are to be reported:
 - (a) current status or new developments in any of the risks identified;
 - (b) any changes to the Risk Profile including new or removal of risks that were previously reported and the reason(s) thereof;
 - (c) any new or additional controls that are put in place to mitigate the risks; and
 - (d) the status of action plans to address each of the risks.

Audit Committee

The Audit Committee reviews the adequacy and effectiveness of the Group's systems of internal control as well as reviewing issues identified by the Internal Auditors. The Audit Committee also ensures that there is a continuous effort by management to address and resolve areas where control weaknesses exist.

The Audit Committee reviews the quarterly results of the Group and recommends adoption of such results to the Board before the announcement to Bursa Securities is made.

Internal Audit

The Group outsources the internal audit function to an external firm. The firm is appointed by and reports directly to the Audit Committee. Its role is to provide the Audit Committee with regular assurance on the continuity, integrity and effectiveness of the internal control system through regular monitoring and review of the internal control framework and management processes.

The internal audit firm prepares audit plans for presentation to the Audit Committee for approval wherein the scope of work encompasses management and operational audit of functions in the Group.

During the financial year under review, the internal audit has conducted various assignments on a quarterly basis and made recommendations for improving the system of internal controls to the Audit Committee. The areas internal audit covered were Marketing, Pricing, Costing, Sales and Customer Services, Purchases and Human Resources functions of XOX Group.

Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

Statement on Risk Management and Internal Control (Cont'd)

Other Key Internal Control Elements

- i) The Board meets on a regular basis to review the performance and operations of the Group.
- ii) The Audit Committee reviews the effectiveness of the Group's system of internal control on behalf of the Board. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group. The Audit Committee is also entitled to seek such other third party independent professional advice deemed necessary in the performance of its responsibility.
- iii) Review by the Audit Committee of internal control issues identified by the external and internal auditors and action taken by management in respect of the findings arising therefrom. The Internal Audit function reports directly to the Audit Committee. Findings are communicated to management and the Audit Committee with recommendations for improvements and follow-up to confirm all agreed recommendations are implemented. The Internal Audit plan is structured on a risk based approach and is reviewed and approved by the Audit Committee.
- iv) The Group has in place an organisational structure that is aligned to business and operational requirements, with clearly defined lines of accountability.
- v) Regular training and development programs are attended by the employee with the objective of enhancing their knowledge and competency.
- vi) Documentation of standard operating procedures and ensuring that internal policies, processes and procedures are drawn-up, reviewed and revised as and when required and necessary.
- vii) Active involvement by the Managing Director and Chief Executive Officer in the day-to-day business operations of the Group including weekly operational and management meetings to identify, discuss and resolve business and operational issues.
- viii) Periodic review of management accounts by key personnel including the Managing Director and Chief Executive Officer. The management accounts are also presented to the Board and Audit Committee during the respective meetings.
- ix) The Company outsources its internal audit function to independent professional consulting firms for greater independence and accountability in the internal audit function.

Review of the Statement by External Auditors

As required by Rule 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 30 June 2017.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

Statement on Risk Management and Internal Control (Cont'd)

Management's Assurance

In accordance with the requirements of the statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers), the Managing Director, representing the management, has given reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective, in all material aspects, based on the risk management and internal controls adopted by the Group and similar assurance given by the respective heads of operations.

Conclusion

The business processes and internal controls of the Group are continually monitored, to ensure statutory compliance and maintain data integrity. The effectiveness of the internal control system is reviewed regularly.

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, the Board recognises that the development of an internal control system is an ongoing process. Therefore, in striving for continuous improvement, the Board will continue to take appropriate action plans to further enhance the Group's system of internal control.

OTHER COMPLIANCE DISCLOSURES

1 Status of Utilisation of Proceeds

As at 30 June 2017, the gross proceeds raised by the Company from the following corporate proposals were partially utilised in the following manner:

(i) Rights Issue of Shares with Warrants (completed on 22 February 2016):

Details	Proposed Utilisation RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a) Phone bundling expenses	13,792,748	10,586,090	3,206,658
(b) Working capital	19,317,353	19,317,353	-
(c) Capital expenditure	6,172,834	6,172,834	-
(d) Defray estimated expenses in relation to the corporate exercise	800,000	800,000	-
Total	40,082,935	36,876,277	3,206,658

ii) Share Issuance (completed on 12 April 2017):

Details	Proposed Utilisation RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a) Voopee expansion plan:			
(i) Expansion of Voopee to Indonesia, the Philippines, Thailand and/or any other countries to be identified	12,293,900	7,375,300	4,918,600
(ii) Enhancement of features and software maintenance of Voopee	5,000,000	4,269,860	730,140
(iii) Expansion of network capacity for Voopee	5,000,000	4,564,840	435,160
(b) Estimated expenses related to the Share Issuance	812,000	812,000	-
Total	23,105,900	17,022,000	6,083,900

Other Compliance Disclosures (Cont'd)

2 Audit and Non-Audit Fee Paid to External Auditors

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 30 June 2017 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	55,000	199,200
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	5,000	5,000

3 Material Contracts and Contracts Relating to Loan

There were no material contracts or contracts relating to loan entered into by the Company and its subsidiaries involving the interests of the Directors' and major shareholders' during the financial year under review.

4 Material Properties

The Group does not own any properties during the financial year under review.

5 Recurrent Related Party Transactions of a Revenue and Trading Nature ("RRPT")

The Company is seeking approval from shareholders for the proposed renewal of the existing shareholders' mandate for XOX Group to enter into RRPT(s) of a revenue or trading nature pursuant at the forthcoming Annual General Meeting to be held on 27 November 2017.

The details of RRPTs of a revenue or trading nature of the Group for the financial year ended 30 June 2017 are follows:

Related Party and its Principal Activities	XOX Group - Transacting Party	Nature of Transaction with XOX Group	Value of Transaction (RM)	Interested Director and Major Shareholders and nature of their relationship with Related Party
Anzo Holdings Berhad ("Anzo") and its subsidiaries companies - Construction, property development, manufacturing and timber related services	XOX Group	Provision of telecommunication products and services by XOX Group Provision of construction work to XOX Group Provision of project management and development to XOX Group Supply of construction and building materials to XOX Group Supply of timber and timber products to XOX Group	Nil	Datuk Chai Woon Chet is the Managing Director of Anzo and deemed Major Shareholders of Anzo by virtue of his indirect interest in Zenith City Investments Limited. He is also the Managing Director and shareholder of XOX. Dato' Seri Abdul Azim Bin Mohd Zabidi is the Independent Non-Executive Chairman of Anzo. He is also the Non-Independent Non-Executive Chairman and shareholder of XOX.

Other Compliance Disclosures (Cont'd)

Related Party and its Principal Activities	XOX Group - Transacting Party	Nature of Transaction with XOX Group	Value of Transaction (RM)	Interested Director and Major Shareholders and nature of their relationship with Related Party
Vizione Holdings Berhad ("Vizione") and its subsidiaries companies – Property development and construction	XOX Group	Provision of telecommunication products and services by XOX Group Provision of construction work to XOX Group Provision of project management and development to XOX Group Supply of construction and building materials to XOX Group Hire of equipment to XOX Group	Nil	Datuk Chai Woon Chet was an Executive Director of Vizione and resigned on 14 March 2017. He is also the Managing Director and shareholder of XOX.
M3 Technologies (Asia) Berhad ("M3 Tech") and its subsidiaries companies – Mobile value added services provider	XOX Group	Provision of telecommunication products and services by XOX Group Provision of mobile value added services to XOX Group	RM17,576.66 RM3,466.20	XOX Bhd is a substantial Shareholder of M3 Tech with a shareholding of 5.46%. Datuk Chai Woon Chet is the Non-Independent and Non-Executive Director of M3 Tech. He is also the Managing Director and shareholder of XOX.
LCL M&E Engineering Sdn. Bhd. ("LCL") – Provision of mechanical & electrical engineering services	XOX Group	Provision of telecommunication products and services by XOX Group Provision of construction work to XOX Group Provision of project management and development to XOX Group Supply of construction and building materials to XOX Group Hire of equipment to XOX Group	Nil	Datuk Chai Woon Chet is a Managing Director and a major shareholder of LCL with a shareholding of 50%. He was subsequently resigned as a director on 26 August 2016 and disposed his shareholdings on 30 January 2017 respectively. He is also the Managing Director and shareholder of XOX.

Other Compliance Disclosures (Cont'd)

Related Party and its Principal Activities	XOX Group - Transacting Party	Nature of Transaction with XOX Group	Value of Transaction (RM)	Interested Director and Major Shareholders and nature of their relationship with Related Party
Freestyle Development Sdn. Bhd. ("FDSB") – Provision of mechanical & electrical engineering services	XOX Group	<p>Provision of telecommunication products and services by XOX Group</p> <p>Provision of construction work to XOX Group</p> <p>Provision of project management and development to XOX Group</p> <p>Supply of construction and building materials to XOX Group</p> <p>Leasing / renting / letting of office premises to and/or from XOX Group</p>	Nil	Datuk Chai Woon Chet is a Managing Director and a major shareholder of FDSB with a shareholding of 25%. He was subsequently resigned as a director on 26 August 2016 and disposed his shareholdings on 30 January 2017 respectively. He is also the Managing Director and shareholder of XOX.
Signahill Sdn. Bhd. ("SSB") – Construction	XOX Group	<p>Provision of telecommunication products and services by XOX Group</p> <p>Provision of construction work to XOX Group</p> <p>Provision of project management and development to XOX Group</p> <p>Supply of construction and building materials to XOX Group</p>	Nil	Datuk Chai Woon Chet is a Managing Director and a major shareholder of SSB with a shareholding of 50%. He is also the Managing Director and shareholder of XOX.

Other Compliance Disclosures (Cont'd)

Related Party and its Principal Activities	XOX Group - Transacting Party	Nature of Transaction with XOX Group	Value of Transaction (RM)	Interested Director and Major Shareholders and nature of their relationship with Related Party
KL Northgate Sdn. Bhd. ("KNSB") – Property development	XOX Group	Provision of telecommunication products and services by XOX Group Provision of construction work to XOX Group Provision of project management and development to XOX Group Supply of construction and building materials to XOX Group Leasing / renting / letting of office premises to and/or from XOX Group Hire of equipment to XOX Group	Nil	Datuk Chai Woon Chet is an Executive Director and a major shareholder of KNSB with a shareholding of 24.5%. He is also the Managing Director and shareholder of XOX.
Ocean Mileston Sdn Bhd ("OMSB") – Property development and construction XOX Group	XOX Group	Provision of telecommunication products and services by XOX Group Provision of construction work to XOX Group Provision of project management and development to XOX Group Supply of construction and building materials to XOX Group	Nil	Datuk Chai Woon Chet is a Managing Director and a major shareholder of OMSB with a shareholding of 99%. He is also the Managing Director and shareholder of XOX.



XOXBHD

(900384-X)

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

Principal Activities

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year	1,988,649	(1,669,645)
Attributable to:		
Owners of the parent	2,027,090	(1,669,645)
Non-controlling interests	(38,441)	-
	1,988,649	(1,669,645)

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividend

There was no dividend proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid up ordinary share capital by way of:

- (i) the issuance of 45,409,500 ordinary shares through the exercise of the share options that was granted under Share Issuance Scheme at an issue price of RM0.13 per ordinary share for cash consideration; and
- (ii) the issuance of 250,000,000 ordinary shares at issue price of ranging RM0.086 to RM0.10 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debenture during the financial year.

Directors' Report (Cont'd)

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Share Issuance Scheme ("SIS").

At an extraordinary general meeting held on 30 March 2015, the Company's shareholders approved the establishment of SIS of not more than 30% of the issued and paid up share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group. The salient features and other terms of the SIS are disclosed in the Note 26 to the financial statements.

As at 30 June 2017, the options offered to take up unissued ordinary shares and the exercise price are as follows:

Date of offer	Exercise price	Number of options over ordinary shares			
		At 1.7.2016	Exercised	Forfeited	At 30.6.2017
21 April 2016	RM0.13	132,018,200	(45,409,500)	(12,746,800)	73,861,900

Details of options granted to Directors are disclosed in the section of Directors' interests in this report.

Warrants 2016/2019

The Warrants 2016/2019 were constituted under the Deed Poll dated 4 January 2016. As at 30 June 2017, the total numbers of Warrants that remain unexercised were 200,414,675.

The salient features and other terms of the Warrants are disclosed in Note 15(c) to the financial statements.

Directors

The Directors in office during the financial year until the date of this report:

Dato' Seri Abdul Azim Bin Mohd Zabidi
 Datuk Chai Woon Chet
 Soo Pow Min
 Hew Tze Kok
 Edwin Chin Vin Foong
 Tan Sik Eek

Directors' Report (Cont'd)

Directors' Interest

The interests and deemed interests in the shares, options over shares and Warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.7.2016	Bought	Sold	At 30.6.2017
Interests in the Company Direct Interests				
Dato' Seri Abdul Azim Bin Mohd Zabidi	451,380	-	-	451,380
Datuk Chai Woon Chet	7,070,000	6,900,000	-	13,970,000
Indirect Interests				
Sow Pow Min #	161,255	-	-	161,255

	Number of options over ordinary shares			
	At 1.7.2016	Granted	Exercised	At 30.6.2017
Interests in the Company Direct Interests				
Dato' Seri Abdul Azim Bin Mohd Zabidi	12,487,000	-	-	12,487,000
Datuk Chai Woon Chet	12,800,500	-	(6,900,000)	5,900,500
Sow Pow Min	9,519,900	-	-	9,519,900
Hew Tze Kok	9,140,800	-	-	9,140,800

	Number of Warrants			
	At 1.7.2016	Bought	Sold	At 30.6.2017
Interests in the Company Direct Interests				
Datuk Chai Woon Chet	850,000	-	-	850,000

Deemed interested through spouse's shareholdings in the Company.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 22 and 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the Warrants and share options granted under the SIS as disclosed in the financial statements.

Directors' Report (Cont'd)

Indemnity and insurance costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for Directors and Officers of the Company are RM7,000,000 and RM39,421 respectively.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (Cont'd)

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 22 to the financial statements.

Subsequent Events

The details of the subsequent events are disclosed in Note 31 to the financial statements.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 October 2017.

DATO' SERI ABDUL AZIM BIN MOHD ZABIDI

KUALA LUMPUR

DATUK CHAI WOON CHET

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 72 to 136 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 33 to the financial statements on page 137 have been compiled in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 October 2017.

DATO' SERI ABDUL AZIM BIN MOHD ZABIDI

KUALA LUMPUR

DATUK CHAI WOON CHET

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, NG KOK HENG, being the Officer primarily responsible for the financial management of XOX BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 72 to 136 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at KUALA LUMPUR in the)
Federal Territory on 25 October 2017.)

NG KOK HENG

Before me,

No W710
Mohan A.S. MANIAM
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XOX BHD.

(Company No. : 900384-X) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of XOX Bhd, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 136.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Requirements

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

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

Independent Auditors' Report

to the Members of XOX Bhd.
(Company No. : 900384-X) (Incorporated in Malaysia) (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters

Recognition of additional discount from a trade payable

The Group received significant rebate granted by a trade payable relating to mobile tariff and recognise this as a deduction in cost of sales.

There are inherent uncertainties that the amount of rebate granted might be varied depending on the fluctuation on mobile tariff and market rate.

Judgment is required in determining the period over which the reduction in cost of sales should be recognised, requiring both a detailed understanding of the contractual arrangements themselves as well as complete and accurate source data to apply the arrangements to.

How we addressed the key audit matters

Our procedures in relation to the additional rebate included:

We test that amounts recognised are accurate by reviewing and comparing the past trend of the actual discounts granted and received.

We circularise to the creditor to give assurance that the arrangement recorded is accurate and complete and, where outstanding balance is significant at the year end, to confirm the amount owed.

We test the accuracy of the systematic inputs to the calculations for recording supplier discounts by agreement to supporting evidence, including volume data, correspondences and credit notes.

Impairment of trade and other receivables

The Group carries significant receivables and is subject to major credit risk exposures. The assessment of recoverability of receivables involved judgments and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, customer payment terms, etc.

Our procedures in relation to the impairment included:

Obtain an understanding of:

- The Group's control over the receivables collection process;
- How the Group identifies and assesses the impairment of receivable.
- Reviewing the ageing analysis of receivables and testing the reliability thereof.
- Reviewing subsequent cash collections for major receivables and overdue amount.

Making inquiries of management regarding the action plans to recover overdue amounts.

Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.

Examining other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.

Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures

Independent Auditors' Report

to the Members of XOX Bhd.

(Company No. : 900384-X) (Incorporated in Malaysia) (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters

Impairment assessment on property, plant and equipment

Impairment assessment will be focused on those subsidiary companies that operating in continuous loss, which giving rise to impairment indicator on these property, plant and equipment.

The Group shall perform impairment assessment on these Cash Generating Units ('CGU') and it require significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the CGU in determining their recoverable amounts. These key assumptions include forecast growth in future revenue and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate.

How we addressed the key audit matters

Our procedures in relation to management's impairment assessment included:

Discuss with management its policies and procedures to identify asset impairment and assess management response in light of known business and environmental condition.

Assessing the valuation methodology;

Evaluate the business plan and idleness of the software and computer equipment in term of its value in use;

Reviewing the reasonableness of key assumptions based on our knowledge of the business and industry;

Reconciling input data to supporting evidence, such as approved cash flow projections and considering the reasonableness of these projections.

Perform physical sighting to ensure the property, plant and equipment are still usable.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company 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 of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

to the Members of XOX Bhd.

(Company No. : 900384-X) (Incorporated in Malaysia) (Cont'd)

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company'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 the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 decision of users taken on the basis of the financial statements.

As part of an audit in accordance with approved standard on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

to the Members of XOX Bhd.

(Company No. : 900384-X) (Incorporated in Malaysia) (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the Directors' 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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company 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 auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company 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 financial statements of the Group. 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 Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' 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 Auditors' Report

to the Members of XOX Bhd.
(Company No. : 900384-X) (Incorporated in Malaysia) (Cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 33 on page 137 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY

Firm Number: AF 1411

Chartered Accountants

NG LEONG TECK

Approved Number: 3168/12/17 (J)

Chartered Accountant

KUALA LUMPUR

25 October 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

			Group		Company
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-Current Assets					
Property, plant and equipment	4	70,310,555	51,594,023	-	-
Investments in subsidiary companies	5	-	-	60,002	60,002
Other investments	6	5,735,200	1,110,550	5,735,200	1,110,550
Goodwill on consolidation	7	-	2,859	-	-
		76,045,755	52,707,432	5,795,202	1,170,552
Current Assets					
Inventories	8	7,585,943	2,274,870	-	-
Trade receivables	9	15,696,685	20,357,780	-	-
Other receivables	10	31,917,320	16,557,746	27,281	1,001
Amounts owing by subsidiary companies	11	-	-	80,590,820	51,024,228
Tax recoverable		404,487	405,008	38,267	18,786
Short-term investments	12	-	21,465	-	10,169
Fixed deposits with a licensed bank	13	-	10,084,792	-	10,084,792
Cash and bank balances		16,593,007	10,388,429	2,424,926	102,706
		72,201,442	60,090,090	83,081,294	61,241,682
Total Assets		148,247,197	112,797,522	88,876,496	62,412,234

Statements of Financial Position

As At 30 June 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Equity					
Share capital	14	107,637,181	55,641,468	107,437,179	55,641,468
Reserves	15	1,427,699	22,387,187	(18,790,463)	5,665,758
Equity attributable to owners of the parent		109,064,880	78,028,655	88,646,716	61,307,226
Non-controlling interests		605,108	643,549	-	-
Total Equity		109,669,988	78,672,204	88,646,716	61,307,226
Non-Current Liabilities					
Finance lease payables	16	1,721,788	439,556	-	-
Deferred tax liabilities	17	17,698	13,116	-	-
		1,739,486	452,672	-	-
Current Liabilities					
Trade payables	18	25,983,322	21,790,722	-	-
Other payables	19	10,326,607	11,687,354	229,780	247,303
Amounts owing to subsidiary companies	11	-	-	-	857,705
Finance lease payables	16	527,324	194,470	-	-
Tax payable		470	100	-	-
		36,837,723	33,672,646	229,780	1,105,008
Total Liabilities		38,577,209	34,125,318	229,780	1,105,008
Total Equity and Liabilities		148,247,197	112,797,522	88,876,496	62,412,234

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	20	191,648,275	160,750,055	-	-
Cost of sales		(104,939,547)	(89,625,011)	-	-
Gross profit		86,708,728	71,125,044	-	-
Other income		5,064,957	597,815	1,386,957	144,677
Administrative expenses		(36,737,907)	(40,585,855)	(3,056,602)	(13,312,648)
Selling and distribution expenses		(52,587,825)	(40,157,417)	-	(408)
Profit/(Loss) from operations		2,447,953	(9,020,413)	(1,669,645)	(13,168,379)
Finance cost	21	(123,107)	(30,311)	-	-
Profit/(Loss) before tax	22	2,324,846	(9,050,724)	(1,669,645)	(13,168,379)
Taxation	23	(336,197)	(333,857)	-	-
Net profit/(loss) for the financial year, representing total comprehensive income/ (loss) for the financial year		1,988,649	(9,384,581)	(1,669,645)	(13,168,379)
Net profit/(loss) for the financial year attributable to:					
Owners of the parent		2,027,090	(9,575,836)		
Non-controlling interests		(38,441)	191,255		
		1,988,649	(9,384,581)		
Earnings/(Loss) per share (sen)					
Basic	24(a)	0.30	(2.66)		
Diluted	24(b)	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Group	Attributable to owners of the parent									
	Non-Distributable						Share Issuance Scheme			
	Share Capital RM	Share Premium RM	Capital Reserve RM	Warrant Reserve RM	Other Reserve RM	Option Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM
At 1 July 2016	55,641,468	19,340,195	2,200,000	19,740,845	(19,740,845)	10,601,061	(9,754,069)	78,028,655	643,549	78,672,204
Net profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year	-	-	-	-	-	-	2,027,090	2,027,090	(38,441)	1,988,649
Transactions with owners:										
Issue of ordinary shares										
- pursuant to private placement	23,105,900	-	-	-	-	-	-	23,105,900	-	23,105,900
- pursuant to share options exercised	4,540,950	5,008,668	-	-	-	(3,646,383)	-	5,903,235	-	5,903,235
Realisation of share options	-	-	-	-	-	(1,023,567)	1,023,567	-	-	-
Transition to no-par value regime	27,646,850	5,008,668	-	-	-	(4,669,950)	1,023,567	29,009,135	-	29,009,135
	24,348,863	(24,348,863)	-	-	-	-	-	-	-	-
At 30 June 2017	107,637,181	-	2,200,000	19,740,845	(19,740,845)	5,931,111	(6,703,412)	109,064,880	605,108	109,669,988

Statements of Changes in Equity

for the Financial Year Ended 30 June 2017 (Cont'd)

Group	Attributable to owners of the parent		Share Issuance Scheme					Non-Controlling Interests		Total Equity RM
	Share Capital RM	Share Premium RM	Capital Reserve RM	Warrant Reserve RM	Other Reserve RM	Option Reserve RM	Accumulated Losses RM	Total RM	RM	
At 1 July 2015	33,200,000	32,730,251	2,200,000	-	-	-	(49,308,482)	18,821,769	148,585	18,970,354
Net loss for the financial year, representing total comprehensive (loss)/income for the financial year	-	-	-	-	-	-	(9,575,836)	(9,575,836)	191,255	(9,384,581)
Transactions with owners:										
Capital reduction	(16,600,000)	-	-	-	-	-	16,600,000	-	-	-
Share premium reduction	-	(32,530,249)	-	-	-	-	32,530,249	-	-	-
Issue of ordinary shares - pursuant to private placement	19,000,000	-	-	-	-	-	-	19,000,000	-	19,000,000
- pursuant to rights issue	20,041,468	20,041,468	-	-	-	-	-	40,082,936	-	40,082,936
Share issuance expenses	-	(901,275)	-	-	-	-	-	(901,275)	-	(901,275)
Issue of warrants	-	-	-	19,740,845	(19,740,845)	-	-	-	-	-
Disposal of a subsidiary company	-	-	-	-	-	-	-	-	303,709	303,709
Share-based payment expenses	-	-	-	-	-	10,601,061	-	10,601,061	-	10,601,061
At 30 June 2016	22,441,468	(13,390,056)	-	19,740,845	(19,740,845)	10,601,061	49,130,249	68,782,722	303,709	69,086,431
At 30 June 2017	55,641,468	19,340,195	2,200,000	19,740,845	(19,740,845)	10,601,061	(9,754,069)	78,028,655	643,549	78,672,204

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

Statements of Changes in Equity

for the Financial Year Ended 30 June 2017 (Cont'd)

Company			Attributable to owners of the parent		Share Issuance Scheme		Total Equity	
	Share Capital	Share Premium	Capital Reserve	Warrant Reserve	Other Reserve	Option Reserve	Accumulated Losses	RM
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2016	55,641,468	19,140,193	2,200,000	19,740,845	(19,740,845)	10,601,061	(26,275,496)	61,307,226
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	-	-	-	(1,669,645)	(1,669,645)
Transactions with owners:								
Issue of ordinary shares	23,105,900	-	-	-	-	-	-	23,105,900
- pursuant to private placement	4,540,950	5,008,668	-	-	-	(3,646,383)	-	5,903,235
- pursuant to share options exercised	-	-	-	-	-	(1,023,567)	1,023,567	-
Realisation of share options	27,646,850	5,008,668	-	-	-	(4,669,950)	1,023,567	29,009,135
Transition to no-par value regime	24,148,861	(24,148,861)	-	-	-	-	-	-
At 30 June 2017	107,437,179	-	2,200,000	19,740,845	(19,740,845)	5,931,111	(26,921,574)	88,646,716

Statements of Changes in Equity

for the Financial Year Ended 30 June 2017 (Cont'd)

	Attributable to owners of the parent		Share Issuance Scheme					Total Equity RM
	Share Capital RM	Share Premium RM	Capital Reserve RM	Warrant Reserve RM	Other Reserve RM	Option Reserve RM	Accumulated Losses RM	
Company								
At 1 July 2015	33,200,000	32,530,249	2,200,000	-	-	-	(62,237,366)	5,692,883
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	-	-	-	(13,168,379)	(13,168,379)
Transactions with owners:								
Capital reduction	(16,600,000)	-	-	-	-	-	16,600,000	-
Share premium reduction	-	(32,530,249)	-	-	-	-	32,530,249	-
Issue of ordinary shares	19,000,000	-	-	-	-	-	-	19,000,000
- pursuant to private placement	20,041,468	20,041,468	-	-	-	-	-	40,082,936
- pursuant to rights issue	-	(901,275)	-	-	-	-	-	(901,275)
Share issuance expenses	-	-	-	19,740,845	(19,740,845)	-	-	-
Issued of warrants	-	-	-	-	-	10,601,061	-	10,601,061
Share-based payment expenses	-	-	-	-	-	-	-	-
At 30 June 2016	22,441,468	13,390,056	-	19,740,845	(19,740,845)	10,601,061	49,130,249	68,782,722
	55,641,468	19,140,193	2,200,000	19,740,845	(19,740,845)	10,601,061	(26,275,496)	61,307,226

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash Flows From Operating Activities				
Profit/(Loss) before tax	2,324,846	(9,050,724)	(1,669,645)	(13,168,379)
Adjustments for:				
Amount due from a former subsidiary company written off	-	638,991	-	638,991
Depreciation of property, plant and equipment	6,532,950	5,141,503	-	-
Share-based payment expenses	-	10,601,061	-	10,601,061
(Gain)/Loss on disposal of property, plant and equipment	(52,473)	122,278	-	-
Gain on disposal of other investments	(1,344,344)	-	(1,344,344)	-
(Gain)/Loss on disposal of investment in a subsidiary company	-	(318,613)	-	1
Impairment loss on:				
- Goodwill	2,859	-	-	-
- Other investments	1,375,350	1,299,201	1,375,350	1,299,201
- Trade receivables	1,730,423	-	-	-
- Other receivables	-	11,669	-	-
Interest expense	123,107	30,311	-	-
Interest income	(58,897)	(164,317)	(42,613)	(144,677)
Inventories written off	1,386	141,615	-	-
Property, plant and equipment written off	-	60,706	-	-
Waiver of debt by an other payable	(3,436,975)	-	-	-
Unrealised loss on foreign exchange	172,517	38,233	-	-
Operating profit/(loss) before working capital changes	7,370,749	8,551,914	(1,681,252)	(773,802)

Statements of Cash Flows

for the Financial Year Ended 30 June 2017 (Cont'd)

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Changes in working capital:					
Inventories		(5,312,459)	503,004	-	-
Trade receivables		2,930,672	3,936,439	-	-
Other receivables		(15,359,578)	(8,170,692)	(26,280)	805,655
Trade payables		4,192,600	(19,085,659)	-	-
Other payables		1,903,715	(5,240,284)	(17,523)	(84,863)
		(11,645,050)	(28,057,192)	(43,803)	720,792
Cash used in operations		(4,274,301)	(19,505,278)	(1,725,055)	(53,010)
Interest received		58,897	164,317	42,613	144,677
Interest paid		(123,107)	(30,311)	-	-
Tax paid		(518,398)	(1,060,115)	(19,481)	(18,789)
Tax refund		183,674	6,643	-	255
		(398,934)	(919,466)	23,132	126,143
Net cash (used in)/from operating activities		(4,673,235)	(20,424,744)	(1,701,923)	73,133
Cash Flows From Investing Activities					
Acquisition of property, plant and equipment	4(a)	(23,212,039)	(23,918,344)	-	-
Acquisition of other investments		(6,000,000)	(2,409,751)	(6,000,000)	(2,409,751)
Proceeds from disposal of other investments		1,344,344	-	1,344,344	-
Net cash (outflow)/Proceeds from disposal of a subsidiary company		-	(1,376)	-	1
Proceeds from disposal of property, plant and equipment		70,530	8,750	-	-
Advance to subsidiary companies		-	-	(29,566,592)	(44,963,989)
Net cash used in investing activities		(27,797,165)	(26,320,721)	(34,222,248)	(47,373,739)

Statements of Cash Flows

for the Financial Year Ended 30 June 2017 (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash Flows From Financing Activities				
Repayment of finance lease payables	(440,414)	(248,276)	-	-
Repayment to subsidiary companies	-	-	(857,705)	(698,841)
Proceeds from issuance of shares capital	29,009,135	59,082,936	29,009,135	59,082,936
Utilisation of share premium for share issuance expenses	-	(901,275)	-	(901,275)
Net cash from financing activities	28,568,721	57,933,385	28,151,430	57,482,820
Net (decrease)/increase in cash and cash equivalents	(3,901,679)	11,187,920	(7,772,741)	10,182,214
Cash and cash equivalents at the beginning of the financial year	20,494,686	9,306,766	10,197,667	15,453
Cash and cash equivalents at the end of the financial year	16,593,007	20,494,686	2,424,926	10,197,667
Cash and cash equivalents at the end of the financial year comprises:				
Short-term investments	-	21,465	-	10,169
Fixed deposits with a licensed bank	-	10,084,792	-	10,084,792
Cash and bank balances	16,593,007	10,388,429	2,424,926	102,706
	16,593,007	20,494,686	2,424,926	10,197,667

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and was listed on the Ace Market of the Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Lot 8.1, 8th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary companies are set out in Note 5.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012-2014 Cycle	

Adoption of above new MFRSs and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Notes to Financial Statements (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRS 2014-2016 Cycle:		
• Amendments to MFRS 12		1 January 2017
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contributions of Assets between Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

The Group and the Company intend to adopt the above MFRSs when they become effective.

Notes to Financial Statements (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Notes to Financial Statements (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

There are no significant areas of critical judgment in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

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 reporting period are set out below:

Notes to Financial Statements (Cont'd)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgments, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Useful lives of property, plant and equipment (Note 4)

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Impairment of goodwill on consolidation (Note 7)

The Group determines whether goodwill is impaired at least on an annual basis. This requires and estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 9, 10, and 11 respectively.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8.

Accrual of cost of recharge usage

Accrual of cost of recharge usage is the cost of mobile tariff incurred based on the recharge usage. It is recognised on a quarterly basis by reviewing the unsold recharge balance at average cost margin which is the directors' best estimate of the expenditure required to settle the Group's obligation. When the actual invoices received, the Management will do the necessary under/(over) provision in the accrual account to reflect the actual costs incurred. The carrying amount of the accrual of cost of recharge usage is disclosed in Note 19.

Notes to Financial Statements (Cont'd)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgments, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 26.

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 June 2017, the Group has tax recoverable and payable of RM408,487 (2016: RM405,008) and RM470 (2016: RM100) respectively, and as of that date, the Company has tax recoverable of RM38,267 (2016: RM18,786).

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 29(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities over which the Group has control. 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiary companies are consolidated using the acquisition method of accounting except for business combination with XOX Com Sdn. Bhd., which was accounted for under the merger method of accounting as the business combination of this subsidiary company involved an entity under common control.

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Under the acquisition method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceased. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(i)(i) on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(i)(i) on impairment of non-financial assets.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(i)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour.

For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the reporting period. Capital work-in-progress is stated at cost, transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(b) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Capital work-in-progress is not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Telecommunication network and equipment	10 years
Office equipment	5 years
Furniture and fittings	10 years
Renovation	10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(c) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(c) Leases (Cont'd)

(ii) Operating lease

Leases, where the Group or the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(d) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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 immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) 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 for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Financial assets (Cont'd)

(ii) Available-for-sale financial assets (Cont'd)

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(e) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition into other financial liabilities measured at amortised cost. The Group's and the Company's other financial liabilities comprise trade and other payables, amounts owing to subsidiary companies and loans and borrowings.

Trade and other payables and amounts owing to subsidiary companies are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(e) Financial liabilities (Cont'd)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(i) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash generating-units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(i) Impairment of assets (Cont'd)

(ii) Financial assets

All financial assets, other than those categorised as investments in subsidiary companies are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(i) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(j) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(k) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(l) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(n) Revenue

(i) Sales of goods

Revenue recognised upon delivery of goods and customers' acceptance and where applicable, net of return and trade discounts.

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the reporting period.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Notes to Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

(p) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(r) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Notes to Financial Statements (Cont'd)

4. Property, Plant and Equipment

Group 2017	Capital work-in- progress RM	Tele- communication network and equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Total RM
At Cost							
At 1 July 2016	20,633,653	42,942,357	4,725,692	660,009	1,473,937	1,682,082	72,117,730
Additions	20,968,233	18,895	1,007,641	2,126	528,291	2,742,353	25,267,539
Reclassification	(17,259,572)	17,259,572	-	-	-	-	-
Disposals	-	-	-	-	(32,830)	(578,775)	(611,605)
At 30 June 2017	24,342,314	60,220,824	5,733,333	662,135	1,969,398	3,845,660	96,773,664
Accumulated depreciation							
At 1 July 2016	-	16,392,823	2,838,725	123,166	238,992	830,001	20,423,707
Charge for the financial year	-	4,830,492	745,605	66,167	174,510	716,176	6,532,950
Disposals	-	-	-	-	(14,773)	(578,775)	(593,548)
At 30 June 2017	-	21,223,315	3,584,330	189,333	398,729	967,402	26,363,109
Accumulated impairment losses							
At 1 July 2016/30 June 2017	(100,000)	-	-	-	-	-	(100,000)
Carrying amount							
At 30 June 2017	24,242,314	38,997,509	2,149,003	472,802	1,570,669	2,878,258	70,310,555

Notes to Financial Statements (Cont'd)

4. Property, Plant and Equipment (Cont'd)

Group 2016	Capital work-in- progress RM	Tele- communication network and equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Total RM
At Cost							
At 1 July 2015	1,026,110	40,332,622	3,288,086	611,959	1,643,255	1,297,749	48,199,781
Additions	22,088,733	128,545	1,439,956	48,050	98,727	384,333	24,188,344
Reclassification	(2,481,190)	2,481,190	-	-	-	-	-
Disposal of a subsidiary company	-	-	-	-	(41,419)	-	(41,419)
Disposals	-	-	-	-	(156,417)	-	(156,417)
Written off	-	-	(2,350)	-	(70,209)	-	(72,559)
At 30 June 2016	20,633,653	42,942,357	4,725,692	660,009	1,473,937	1,682,082	72,117,730
Accumulated depreciation							
At 1 July 2015	-	12,391,539	2,225,246	58,654	120,676	530,924	15,327,039
Charge for the financial year	-	4,001,284	614,262	64,512	162,368	299,077	5,141,503
Disposal of a subsidiary company	-	-	-	-	(7,593)	-	(7,593)
Disposals	-	-	-	-	(25,389)	-	(25,389)
Written off	-	-	(783)	-	(11,070)	-	(11,853)
At 30 June 2016	-	16,392,823	2,838,725	123,166	238,992	830,001	20,423,707
Accumulated impairment losses							
At 1 July 2015/30 June 2016	(100,000)	-	-	-	-	-	(100,000)
Carrying amount							
At 30 June 2016	20,533,653	26,549,534	1,886,967	536,843	1,234,945	852,081	51,594,023

Notes to Financial Statements (Cont'd)

4. Property, Plant and Equipment (Cont'd)

- (a) The aggregate additional cost for the property, plant and equipment of the Group during the financial year under finance lease arrangement and cash payment are as follows:

	2017 RM	Group 2016 RM
Aggregate costs	25,267,539	24,188,344
Less: Finance lease arrangement	(2,055,500)	(270,000)
Cash payments	23,212,039	23,918,344

- (b) Included in the property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangement with carrying amount of RM2,878,258 (2016: RM852,081).
- (c) The capital work-in-progress is in respect of the costs incurred on acquisition of software in relation to telecommunication network equipment. The acquisition is financed by internally generated fund and expected to be completed in next financial year.

5. Investments in Subsidiary Companies

	2017 RM	Company 2016 RM
In Malaysia:		
Unquoted shares, at cost		
At 1 July	55,402,000	55,402,002
Disposals	-	(2)
At 30 June	55,402,000	55,402,000
Accumulated impairment losses		
At 1 July/30 June	55,341,998	55,341,998
	60,002	60,002

Notes to Financial Statements (Cont'd)

5. Investments in Subsidiary Companies (Cont'd)

The details of the subsidiary companies, which incorporated in Malaysia are as follows:

Name of Company	Effective Interest		Principal Activities
	2017 %	2016 %	
XOX Com Sdn. Bhd.	100	100	Provider of mobile telecommunication products and services
XOX Management Services Sdn. Bhd.	100	100	Provision of management services
XOX Media Sdn. Bhd.	100	100	Provision of mobile application services
XOX Wallet Sdn. Bhd.	100	100	Provision of mobile wallet services and the trading of telecommunications airtime as a traded commodity for Shariah compliant financing
X Style Sdn. Bhd.	51	51	Provision of mobile virtual network operator services and broadband internet services
One XOX Sdn. Bhd.	60	60	Provider of mobile telecommunication products and services
<u>Held through XOX Com Sdn. Bhd.</u> XOX Mobile Sdn. Bhd.	100	100	Agent for marketing, promotion, support services and managing the distribution channels of mobile telecommunication products and services

Notes to Financial Statements (Cont'd)

5. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2017	2016	2017	2016	2017	2016
	%	%	RM	RM	RM	RM
X Style Sdn. Bhd.	49	49	(63,848)	(130,768)	(309,443)	(245,595)
One XOX Sdn. Bhd.	40	40	25,407	322,024	914,551	889,144
Total non-controlling interests					605,108	643,549

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statements of financial position

	X Style Sdn. Bhd.		One XOX Sdn. Bhd.	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-current assets	31,182	67,245	949,120	649,324
Current assets	447,114	608,568	9,711,944	5,705,704
Non-current liabilities	-	-	(211,228)	(13,116)
Current liabilities	(1,109,813)	(1,177,028)	(8,163,458)	(4,119,052)
Net (liabilities)/assets	(631,517)	(501,215)	2,286,378	2,222,860

(ii) Summarised statements of profit or loss and other comprehensive income

	X Style Sdn. Bhd.		One XOX Sdn. Bhd.	
	2017	2016	2017	2016
	RM	RM	RM	RM
Revenue	191,159	501,550	80,731,735	74,978,577
Net (loss)/profit for the financial year	(130,302)	(266,876)	63,518	805,060

Notes to Financial Statements (Cont'd)

5. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

(iii) Summarised statements of cash flows

	X Style Sdn. Bhd.		One XOX Sdn. Bhd.	
	2017	2016	2017	2016
	RM	RM	RM	RM
Net cash from/(used in) operating activities	30,092	2,240	(3,733,612)	(358,828)
Net cash from/(used in) investing activities	370,663	-	(174,517)	(94,978)
Net cash (used in)/from financing activities	(30,091)	-	4,128,317	-
Net increase/(decrease) in cash and cash equivalents	370,664	2,240	220,188	(453,806)

(b) Disposal of a subsidiary company

On 2 October 2015, XOX Bhd. disposed of its 50% equity interest in XOX Retail Sdn. Bhd. for a cash consideration of RM1.

The effect of the disposal of XOX Retail Sdn. Bhd. on the financial position of the Group as at the date of disposal was as follows:

	2017	2016
	RM	RM
Property, plant and equipment	-	33,826
Other receivables	-	34,650
Cash and bank balances	-	1,377
Other payables	-	(53,182)
Amount owing to related companies	-	(638,991)
Net liabilities	-	(622,320)
Less: non-controlling interest	-	303,708
Total net liabilities disposed	-	(318,612)
Gain on disposal	-	318,613
Proceeds from disposal	-	1
Less: cash and bank balances disposed	-	(1,377)
Net cash outflows from disposal	-	(1,376)

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

Notes to Financial Statements (Cont'd)

6. Other Investments

	Group and Company	
	2017	2016
	RM	RM
Available-for-sale financial assets Quoted shares in Malaysia, at fair value		
At 1 July	2,409,751	-
Additions	6,000,000	2,409,751
At 30 June	8,409,751	2,409,751
Accumulated impairment losses		
At 1 July	1,299,201	-
Additions	1,375,350	1,299,201
At 30 June	2,674,551	1,299,201
	5,735,200	1,110,550
Market value of quoted shares	5,735,200	1,110,550

During the financial year, the Group and the Company disposed of the free warrants as part of the investment for total net sales proceeds of RM1,344,344, and resulted gain on disposal of RM1,344,344.

During the financial year, the Group and the Company recognised an impairment loss of RM1,375,350 (2016: RM1,299,201) for quoted shares classified as available-for-sale financial assets as there were significant decline in the fair value of this investment below its costs.

7. Goodwill on Consolidation

	Group	
	2017	2016
	RM	RM
At 1 July	2,859	2,859
Impairment loss recognised	(2,859)	-
At 30 June	-	2,859

Goodwill on consolidation arose upon the acquisition of a subsidiary company principally engaged in providing mobile telecommunication products and services.

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the financial year was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the cash generating unit ("CGU"). An impairment loss of RM2,859 was recognised during the financial year.

Notes to Financial Statements (Cont'd)

8. Inventories

	2017 RM	Group 2016 RM
Sim cards, recharge cards and E-recharge Handphones	7,565,393 20,550	2,188,374 86,496
	<u>7,585,943</u>	<u>2,274,870</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	104,939,547	89,625,011
Inventories written off	1,386	141,615
	<u>104,939,547</u>	<u>89,625,011</u>

9. Trade Receivables

	2017 RM	Group 2016 RM
Trade receivables	19,988,501	22,919,173
Less: Accumulated impairment losses	(4,291,816)	(2,561,393)
	<u>15,696,685</u>	<u>20,357,780</u>

Trade receivables are non-interest bearing and are generally on 7 to 210 days (2016: 7 to 210 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	2017 RM	Group 2016 RM
At 1 July	2,561,393	2,561,393
Impairment loss recognised	1,730,423	-
	<u>4,291,816</u>	<u>2,561,393</u>

Notes to Financial Statements (Cont'd)

9. Trade Receivables (Cont'd)

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group	
	2017 RM	2016 RM
Neither past due nor impaired	6,594,485	15,420,991
Past due but not impaired:		
Less than 30 days	2,965,833	270,481
31 to 60 days	195,535	4,026,711
More than 60 days	5,940,832	639,597
	9,102,200	4,936,789
Impaired	15,696,685	20,357,780
	4,291,816	2,561,393
	19,988,501	22,919,173

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 30 June 2017, trade receivables of RM9,102,200 (2016: RM4,936,789) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM4,291,816 (2016: RM2,561,393), related to customers that are in financial difficulties, have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

10. Other Receivables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	21,642,194	9,630,111	1	1
Deposits	2,777,316	920,841	1,000	1,000
Prepayments	7,571,120	6,080,104	26,280	-
	31,990,630	16,631,056	27,281	1,001
Less: Accumulated impairment losses	(73,310)	(73,310)	-	-
	31,917,320	16,557,746	27,281	1,001

Included in other receivables is an amount of RM11,210,652 (2016: Nil) relating to GST rebate receivable from relevant authority.

Notes to Financial Statements (Cont'd)

10. Other Receivables (Cont'd)

Movements in the allowance for impairment losses of other receivables are as follows:

	Group	
	2017 RM	2016 RM
At 1 July	73,310	61,641
Impairment losses recognised	-	11,669
At 30 June	73,310	73,310

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

11. Amounts Owing by /(to) Subsidiary Companies

These represent unsecured, interest free advances and are repayable on demand.

12. Short-Term Investments

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Available-for-sale financial assets				
At fair value				
AmInvestment	-	21,465	-	10,169

13. Fixed Deposits With a Licensed Bank

The interest rate of fixed deposits with a licensed bank of the Group and of the Company is Nil (2016: 3.15 %) per annum and the maturity of the fixed deposits is Nil (2016: 30 days). The fixed deposits were uplifted during the financial year.

Notes to Financial Statements (Cont'd)

14. Share Capital

	Group		Amount	
	2017 Units	2016 Units	2017 RM	2016 RM
Authorised				
Ordinary shares (2016: Par value RM0.10 each)				
At 30 June	-	3,000,000,000	-	300,000,000
Issued and fully paid				
Ordinary shares (2016: Par value RM0.10 each)				
At 1 July	556,414,675	332,000,000	55,641,468	33,200,000
Share consolidation	-	(166,000,000)	-	(16,600,000)
Issuance of shares				
- private placement	250,000,000	190,000,000	23,105,900	19,000,000
- rights issue	-	200,414,675	-	20,041,468
- share options exercised	45,409,500	-	4,540,950	-
Transition to no-par value regime on 31 January 2017 under the Companies Act, 2016	-	-	24,348,863	-
At 30 June	851,824,175	556,414,675	107,637,181	55,641,468

	Company		Amount	
	2017 Units	2016 Units	2017 RM	2016 RM
Authorised				
Ordinary shares (2016: Par value RM0.10 each)				
At 30 June	-	3,000,000,000	-	300,000,000
Issued and fully paid				
Ordinary shares (2016: Par value RM0.10 each)				
At 1 July	556,414,675	332,000,000	55,641,468	33,200,000
Share consolidation	-	(166,000,000)	-	(16,600,000)
Issuance of shares				
- private placement	250,000,000	190,000,000	23,105,900	19,000,000
- rights issue	-	200,414,675	-	20,041,468
- share options exercised	45,409,500	-	4,540,950	-
Transition to no-par value regime on 31 January 2017 under the Companies Act, 2016	-	-	24,148,861	-
At 30 June	851,824,175	556,414,675	107,437,179	55,641,468

Notes to Financial Statements (Cont'd)

14. Share Capital (Cont'd)

During the financial year, the Company increased its issued and paid up ordinary share capital by way of:

- (i) the issuance of 45,409,500 ordinary shares through the exercise of the share options that was granted under Share Issuance Scheme at an issue price of RM0.13 per ordinary share for cash consideration; and
- (ii) the issuance of 250,000,000 ordinary shares at issue price of ranging RM0.086 to RM0.10 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The new Companies Act, 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM24,148,861 for purposes as set out in Sections 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 and rank equally with regard to the Company's residual assets.

15. Reserves

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable					
Share premium	(a)	-	19,340,195	-	19,140,193
Capital reserve	(b)	2,200,000	2,200,000	2,200,000	2,200,000
Warrant reserve	(c)	19,740,845	19,740,845	19,740,845	19,740,845
Other reserve	(d)	(19,740,845)	(19,740,845)	(19,740,845)	(19,740,845)
Share Issuance Scheme option reserve	(e)	5,931,111	10,601,061	5,931,111	10,601,061
Accumulated losses		(6,703,412)	(9,754,069)	(26,921,574)	(26,275,496)
		1,427,699	22,387,187	(18,790,463)	5,665,758

Notes to Financial Statements (Cont'd)

15. Reserves (Cont'd)

(a) Share premium

The movements in the share premium are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 July	19,340,195	32,730,251	19,140,193	32,530,249
Share premium reduction	-	(32,530,249)	-	(32,530,249)
Premium arises from issuance of shares:				
- through rights issue	-	20,041,468	-	20,041,468
- through exercise of share options	1,362,285	-	1,362,285	-
Share options exercised	3,646,383	-	3,646,383	-
Shares issuance expenses	-	(901,275)	-	(901,275)
Transition to no-par value regime	(24,348,863)	-	(24,148,861)	-
At 30 June	-	19,340,195	-	19,140,193

(b) Capital reserve

The capital reserve arose from the special issue of share to selected pioneer management team of the Group and is not distributable by way of dividends.

(c) Warrant reserve

Warrant reserve represents reserve allocated to free detachable warrants issued with right issue.

The Company executed a Deed Poll constituting the Warrants and the exercise price of the Warrants have been fixed at RM0.20 each. The Warrants may be exercised at any time within 3 years commencing on and including the date of issuance and expiring on 10 February 2019. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercise of the Warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from exercise of the Warrants.

As at 30 June 2017, the total numbers of Warrants that remain unexercised were 200,414,675 (2016: 200,414,675).

(d) Other reserve

This represents fair value allocated to the detachable warrants issued in conjunction with rights issue refer to Note 15(c).

Notes to Financial Statements (Cont'd)

15. Reserves (Cont'd)

(e) Share Issuance Scheme option reserve

Share Issuance Scheme option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. Share Issuance Scheme option is disclosed in Note 26.

16. Finance Lease Payables

	2017 RM	Group 2016 RM
Minimum lease payments:		
Within one year	638,628	219,963
Later than one year and not later than two years	652,212	219,852
Later than two years and not later than five years	1,210,541	244,319
	2,501,381	684,134
Less: Future finance charges	(252,269)	(50,108)
Present value of minimum lease payments	2,249,112	634,026
Present value of minimum lease payments:		
Within one year	527,324	194,470
Later than one year and not later than two years	510,955	203,706
Later than two years and not later than five years	1,210,833	235,850
	2,249,112	634,026
Analysed as:		
Repayable within twelve months	527,324	194,470
Repayable after twelve months	1,721,788	439,556
	2,249,112	634,026

The finance lease payables bear interest at rates ranging from 2.55% to 4.91% (2016: 2.75% to 5.3%) per annum.

Notes to Financial Statements (Cont'd)

17. Deferred Tax Liabilities

	2017 RM	Group 2016 RM
At 1 July	13,116	5,244
Recognised in profit or loss (Note 23)	4,582	7,872
At 30 June	17,698	13,116

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	2017 RM	Group 2016 RM
Deferred tax liabilities	9,753,357	6,665,715
Deferred tax assets	(9,735,659)	(6,652,599)
	17,698	13,116

The components and movements of deferred tax assets and liabilities prior to offsetting are as follows:

	Accelerated capital allowances RM
Deferred tax liabilities	
At 1 July 2016	6,665,715
Recognised in profit or loss	3,087,642
At 30 June 2017	9,753,357
At 1 July 2015	7,304,941
Recognised in profit or loss	(639,226)
At 30 June 2016	6,665,715

Notes to Financial Statements (Cont'd)

17. Deferred Tax Liabilities (Cont'd)

	Unabsorbed capital allowances RM	Unused tax losses RM	Total RM
Deferred tax assets			
At 1 July 2016	(4,702,860)	(1,949,739)	(6,652,599)
Recognised in profit or loss	3,150,301	(6,233,361)	(3,083,060)
At 30 June 2017	(1,552,559)	(8,183,100)	(9,735,659)
At 1 July 2015	(5,260,587)	(2,039,110)	(7,372,514)
Recognised in profit or loss	557,727	89,371	719,915
At 30 June 2016	(4,702,860)	(1,949,739)	(6,652,599)

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

	Group	
	2017 RM	2016 RM
Unabsorbed capital allowances	1,420,600	1,352,300
Unused tax losses	14,357,100	22,980,000
Other temporary differences	1,032,500	1,026,000
	16,810,200	25,358,300

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

18. Trade Payables

The normal trade credit terms granted to the Company ranges from 30 to 45 days (2016: 30 to 45 days). Other credit terms are assessed and approved on a case by case basis.

Notes to Financial Statements (Cont'd)

19. Other Payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	3,873,296	6,498,071	90,370	62,393
Accruals	5,991,798	4,678,472	139,410	184,910
Deposits	461,513	510,811	-	-
	10,326,607	11,687,354	229,780	247,303

Included in accruals is the accrual cost of recharge usage from a trade payable amounting to RM1,032,025 (2016: RM994,571).

Included in other payables is the amount due to the vendor for the purchase of telecommunication network equipment which amounting to RM1,976,225 (2016: RM5,396,245).

20. Revenue

Revenue of the Group represents the invoiced value of goods sold and services rendered less discounts, commissions and returns.

21. Finance Cost

	Group	
	2017 RM	2016 RM
Interest expense on:		
Finance lease payables	123,107	30,311

Notes to Financial Statements (Cont'd)

22. Profit/(Loss) Before Tax

Profit/(Loss) before tax is derived after charging/(crediting):

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration				
- statutory audit				
- current year	199,200	193,500	55,000	49,500
- (over)/underprovision in prior year	(13,500)	5,000	-	-
- non statutory audit	5,000	5,000	5,000	5,000
Amount due from a former subsidiary company written off	-	638,991	-	638,991
Depreciation of property, plant and equipment	6,532,950	5,141,503	-	-
Non-executive Directors' remuneration				
- Other emolument	263,000	247,100	263,000	247,100
- Share options granted under SIS	-	3,235,167	-	3,235,167
(Gain)/Loss on disposal of property, plant and equipment	(52,473)	122,278	-	-
(Gain)/Loss on disposal of investment in a subsidiary company	-	(318,613)	-	1
Gain on disposal of other investments	(1,344,344)	-	(1,344,344)	-
Loss on foreign exchange				
- realised	44,228	281,527	-	-
- unrealised	172,517	38,233	-	-
Property, plant and equipment written off	-	60,706	-	-
Impairment loss on financial assets:				
- trade receivables	1,730,423	-	-	-
- other receivables	-	11,669	-	-
Impairment loss on non-financial assets:				
- goodwill	2,859	-	-	-
- other investments	1,375,350	1,299,201	1,375,350	1,299,201
Interest income	(58,897)	(164,317)	(42,613)	(144,677)
Inventories written off	1,386	141,615	-	-
Rental of premises	1,488,361	1,692,057	424	-
Rental income	-	(60,100)	-	-
Waiver of debt by an other payable payable	(3,436,975)	-	-	-

Notes to Financial Statements (Cont'd)

23. Taxation

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax expenses recognised in in profit or loss:				
Current tax provision	156,445	317,918	-	-
Under provision in prior year	175,170	8,067	-	-
	331,615	325,985	-	-
Deferred tax (Note 17):				
Origination and reversal of temporary differences	957	764	-	-
Changes in income tax rate	-	(515)	-	-
Under provision in prior year	3,625	7,623	-	-
	4,582	7,872	-	-
Tax expenses for the financial year	336,197	333,857	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory tax rate to income tax expense at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before tax	2,324,846	(9,050,724)	(1,669,645)	(13,168,379)
At Malaysian statutory tax rate of 24% (2016: 24%)	557,963	(2,172,174)	(400,715)	(3,160,411)
Changes in income tax rate	-	(515)	-	-
Expenses not deductible for tax purposes	1,984,017	3,503,671	733,781	3,195,133
Income not subject to tax	(333,066)	(58,974)	(333,066)	(34,722)
Utilisation of previously unrecognised deferred tax assets	(3,755,084)	(1,968,138)	-	-
Deferred tax assets not recognised	1,703,572	1,014,297	-	-
Under provision of taxation in prior year	175,170	8,067	-	-
Under provision of deferred taxation in prior year	3,625	7,623	-	-
Tax expenses for the financial year	336,197	333,857	-	-

As at 30 June 2017, the Group has unused tax losses and unabsorbed capital allowances of approximately RM48,453,000 (2016: RM41,484,000) and RM7,890,500 (2016: RM11,300,500) respectively available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

Notes to Financial Statements (Cont'd)

24. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share are calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2017 RM	2016 RM
Profit/(Loss) attributable to owners of the parent	2,027,090	(9,575,836)
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 July (*)	556,414,675	166,000,000
Effect of ordinary shares issued during the financial year	114,467,645	194,012,211
Weighted average number of ordinary shares at 30 June	670,882,320	360,012,211
Basic earnings/(loss) per shares (in sen)	0.30	(2.66)

(*) The weighted average number of ordinary shares for year 2016 is after taking into effect of the share consolidation which was completed on 18 November 2015.

(b) Diluted earnings/(loss) per share

The Group and the Company have no dilution in their earnings per ordinary share as the exercise price of the Warrants and SIS Options have exceeded the average market price of ordinary shares during the financial year, the options do not have any dilutive effect on the weighted average number of ordinary shares.

25. Staff Costs

	Group	
	2017 RM	2016 RM
Salaries and allowances	12,917,997	11,171,262
Defined contribution plans	1,386,454	1,236,702
Social security expenses	106,963	80,270
Other benefits	2,422,572	2,453,139
Share options granted under SIS	-	7,365,894
	16,833,986	22,307,267

Notes to Financial Statements (Cont'd)

25. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors				
Company's Directors				
Salaries and other emoluments	947,000	787,500	47,000	32,500
Defined contribution plans	108,000	94,500	-	-
Share options granted under SIS	-	1,027,880	-	1,027,880
	1,055,000	1,909,880	47,000	1,060,380
Executive Directors				
Subsidiary companies' Directors				
Salaries and other emoluments	855,000	769,500	-	-
Defined contribution plans	102,600	92,340	-	-
Share options granted under SIS	-	1,108,903	-	1,108,903
	957,600	1,970,743	-	1,108,903
Executive Directors				
Company's Directors	1,055,000	1,909,880	47,000	1,060,380
Subsidiary companies' Directors	957,600	1,970,743	-	1,108,903
	2,012,600	3,880,623	47,000	2,169,283

26. Share Issuance Scheme ("SIS")

At an extraordinary general meeting held on 30 March 2015, the Company's shareholders approved the establishment of SIS for eligible Directors and employees of the Group.

The salient features of the SIS Options are as follows:

- (a) any employee of the Group shall be eligible if as at the date of offer, the employee:
- (i) has attained at least eighteen (18) years of age;
 - (ii) has been in the employment of the Group for a period of at least three (3) months of continuous service and has been confirmed in writing;
 - (iii) is an employee in a company within the Group which is not dormant belonging to such categories of employment as determined by the SIS Committee; and
 - (iv) who falls under such categories and criteria that the SIS Committee may decide at its absolute discretion from time to time.

Notes to Financial Statements (Cont'd)

26. Share Issuance Scheme (Cont'd)

The salient features of the SIS Options are as follows: (Cont'd)

- (b) The maximum number of new shares to be issued pursuant to the exercise of the SIS Options which may be granted under the SIS shares shall not exceed thirty percent (30%) of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point of time throughout the duration of the SIS;
- (c) The Scheme shall be in force for a period of five (5) years commencing from the effective date. The Scheme may be extended by the Board of Directors, upon the recommendation of the SIS Committee, without having to obtain approval from the Company's shareholders, for a further period of up to five (5) years immediately from the expiry of the first five (5) years but will not in aggregate exceed ten (10) years.
- (d) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of and not less than 100 shares.
- (e) The new Company's shares of RM0.10 each ("new Shares") to be allotted and issued upon the exercise of the SIS Option shall, upon allotment and issue, rank pari passu in all respects with the existing Company's ordinary shares of RM0.10 each save and except that the new Shares will not be entitled to any distributions made or paid prior to the date of allotment of the new Shares. The SIS Option shall not carry any right to vote at a general meeting of the Company.

Movement in the number of share options and the weighted average exercise prices as follows:

		Number of options over ordinary shares			
		At			At
2017	Exercise price	1.7.2016	Exercised	Forfeited	30.6.2017
First Grant	RM0.13	132,018,200	(45,409,500)	(12,746,800)	73,861,900

		Number of options over ordinary shares			
		At			At
2016	Exercise price	1.7.2015	Exercised	Forfeited	30.6.2016
First Grant	RM0.13	-	138,473,900	(6,455,700)	132,018,200

Details of SIS Options outstanding at end of the financial year are as follows:

Date of offer	Weighted average exercise price		Exercise period
	2017 RM	2016 RM	
21 April 2016	0.13	0.13	21.04.2016 - 13.03.2021

Notes to Financial Statements (Cont'd)

26. Share Issuance Scheme (Cont'd)

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by the management using Trinomial Option Pricing model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

	2017 RM	2016 RM
Fair value at grant date: 21 April 2016	0.0803	0.0803
Weighted average share price	0.133	0.133
Weighted average exercise price	0.130	0.130
Expected volatility (%)	87.00	87.00
Expected life (years)	5 years	5 years
Risk free rate (%)	3.733	3.733
Expected dividend yield (%)	Nil	Nil

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural considerations. The expected volatility is based on the historical share price volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Executive Directors of the Group and of the Company and other members of key management have been granted the following number options under the SIS:

	2017 RM	2016 RM
At 1 July	26,610,000	-
Granted	-	26,610,000
Exercised	(20,709,500)	-
At 30 June	5,900,500	26,610,000

Notes to Financial Statements (Cont'd)

27. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transaction

Related party transactions have been entered into the normal course of business under negotiated terms. In addition, the related party balances are disclosed in Note 11, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Transaction with a company in which a Director of the Company and a Director of subsidiary company have an interest				
- Sales	17,577	-	-	-
- Service charge	(3,466)	-	-	-

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and other emoluments	2,065,000	1,804,100	310,000	279,600
Defined contribution plans	210,600	186,840	-	-
Share options granted under SIS	-	5,371,950	-	5,371,950
	2,275,600	7,362,890	310,000	5,651,550

28. Segment Information

The Group has one operating segment comprises mainly the provider of mobile telecommunication products and services. Segment information has not been separately presented because internal reporting uses the Group's financial statements.

Geographic information

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

Notes to Financial Statements (Cont'd)

28. Segment Information (Cont'd)

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue	
	2017 RM	2016 RM
All common control companies of:		
- Customer A	44,480,988	40,130,189
- Customer B	37,997,537	30,263,459

29. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured and how income and expense including fair value gains or losses are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	Available- for-sale RM	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
2017				
Financial Assets				
Other investments	5,735,200	-	-	5,735,200
Trade receivables	-	15,696,685	-	15,696,685
Other receivables	-	24,346,200	-	24,346,200
Cash and bank balances	-	16,593,007	-	16,593,007
	5,735,200	56,635,892	-	62,371,092
Financial Liabilities				
Trade payables	-	-	25,983,322	25,983,322
Other payables	-	-	10,326,607	10,326,607
Finance lease payables	-	-	2,249,112	2,249,112
	-	-	38,559,041	38,559,041

Notes to Financial Statements (Cont'd)

29. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Available- for-sale RM	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Group 2016				
Financial Assets				
Other investments	1,110,550	-	-	1,110,550
Trade receivables	-	20,357,780	-	20,357,780
Other receivables	-	10,477,642	-	10,477,642
Short-term investments	21,465	-	-	21,465
Fixed deposits with a licensed bank	-	10,084,792	-	10,084,792
Cash and bank balances	-	10,388,429	-	10,388,429
	1,132,015	51,308,643	-	52,440,658
Financial Liabilities				
Trade payables	-	-	21,790,722	21,790,722
Other payables	-	-	11,687,354	11,687,354
Finance lease payables	-	-	634,026	634,026
	-	-	34,112,102	34,112,102
Company 2017				
Financial Assets				
Other investments	5,735,200	-	-	5,735,200
Other receivables	-	1,001	-	1,001
Amounts owing by subsidiary companies	-	80,590,820	-	80,590,820
Cash and bank balances	-	2,424,926	-	2,424,926
	5,735,200	83,016,747	-	88,751,947
Financial Liabilities				
Other payables	-	-	229,780	229,780
2016				
Financial Assets				
Other investments	1,110,550	-	-	1,110,550
Other receivables	-	1,001	-	1,001
Amounts owing by subsidiary companies	-	51,024,228	-	51,024,228
Short-term investments	10,169	-	-	10,169
Fixed deposits with a licensed bank	-	10,084,792	-	10,084,792
Cash and bank balances	-	102,706	-	102,706
	1,120,719	61,212,727	-	62,333,446

Notes to Financial Statements (Cont'd)

29. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

Company	Available- for-sale RM	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
2016				
Financial Liabilities				
Other payables	-	-	247,303	247,303
Amounts owing to subsidiary companies	-	-	857,705	857,705
	-	-	1,105,008	1,105,008

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with a licensed bank. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and deposits with a licensed bank.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provided unsecured loans and advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's maximum exposure to credit risk in relation to financial assets.

As at 30 June 2017, the Group had 9 customers (2016: 8 customers) that owed the Group at total amount of approximately RM15,866,000 (2016: RM18,765,000) which accounted for approximately 95% (2016: 92%) of all the trade receivables outstanding.

Notes to Financial Statements (Cont'd)

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2017					
Non-derivative financial liabilities					
Trade payables	25,983,322	-	-	25,983,322	25,983,322
Other payables	10,326,607	-	-	10,326,607	10,326,607
Finance lease payables	638,628	652,212	1,210,541	2,501,381	2,249,112
	36,948,557	652,212	1,210,541	38,811,310	38,559,041
2016					
Non-derivative financial liabilities					
Trade payables	21,790,722	-	-	21,790,722	21,790,722
Other payables	11,687,354	-	-	11,687,354	11,687,354
Finance lease payables	219,963	219,852	244,319	684,134	634,026
	33,698,039	219,852	244,319	34,162,210	34,112,102

Notes to Financial Statements (Cont'd)

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2017					
Non-derivative financial liabilities					
Other payables	229,780	-	-	229,780	229,780
2016					
Non-derivative financial liabilities					
Other payables	247,303	-	-	247,303	247,303
Amounts owing to subsidiary companies	857,705	-	-	857,705	857,705
	1,105,008	-	-	1,105,008	1,105,008

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is United States Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial liabilities at the end of the reporting period are as follows:

	Denominated in USD RM
Group	
2017	
Other payables	1,976,225
2016	
Other payables	5,396,245

Notes to Financial Statements (Cont'd)

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rate against RM, with all other variables held constant.

	Change in currency rate	2017 Effect on profit before tax RM	Change in currency rate	2016 Effect on profit before tax RM
USD	Strengthened 5%	(98,810)	Strengthened 5%	(269,810)
	Weakened 5%	98,810	Weakened 5%	269,810

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with a licensed bank and borrowings are exposed to a risk of change in their fair value due to changes in interest rates.

The Group manages the interest rate risk of its deposits with a licensed bank by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

Notes to Financial Statements (Cont'd)

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2017 RM	2016 RM
Group		
Fixed rate instruments		
Financial asset		
Fixed deposits with a licensed bank	-	10,084,792
Financial liability		
Finance lease payables	2,249,112	634,026
Company		
Fixed rate instruments		
Financial asset		
Fixed deposits with a licensed bank	-	10,084,792

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of reporting period would not affect profit or loss.

Notes to Financial Statements (Cont'd)

29. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(c) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instruments. This investment is listed on Bursa Malaysia and is classified as available-for-sale financial assets.

The Group monitors the value of the equity holding by considering the movements in the quoted price, the potential future value of the equity and the sell down restrictions surrounding the equity holding.

Market price risk sensitivity analysis

At the reporting date, if the stock indices had been 5% higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM286,760 (2016: RM55,528) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

Notes to Financial Statements (Cont'd)

29. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Group 2017										
Financial assets										
Other investments	5,735,200	-	-	5,735,200	-	-	-	-	5,735,200	5,735,200
Financial liability										
Finance lease payables	-	-	-	-	-	-	2,341,090	2,341,090	2,341,090	2,249,112
2016										
Financial assets										
Other investments	1,110,550	-	-	1,110,550	-	-	-	-	1,110,550	1,110,550
Short-term investments	21,465	-	-	21,465	-	-	-	-	21,465	21,465
Financial liability										
Finance lease payables	-	-	-	-	-	-	634,489	634,489	634,489	634,026

Notes to Financial Statements (Cont'd)

29. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Company 2017										
Financial asset										
Other investments	5,735,200	-	-	5,735,200	-	-	-	-	5,735,200	5,735,200
2016										
Financial assets										
Other investments	1,110,550	-	-	1,110,550	-	-	-	-	1,110,550	1,110,550
Short-term investments	10,169	-	-	10,169	-	-	-	-	10,169	10,169

Notes to Financial Statements (Cont'd)

29. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

30. Capital Management

The Group's objectives when managing capital is to ensure an adequate capital base when developing its future business and safeguard the Group's ability to continue as a going concern.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the financial year.

The Group is not subject to any externally imposed capital requirements.

Notes to Financial Statements (Cont'd)

31. Subsequent Events

- (a) On 14 July 2017, the Company announced that it proposes to undertake the private placement of new ordinary shares in XOX of up to 10% of the existing total number of issued shares of the Company to third party investor(s).

On 24 July 2017, the Company announced that Bursa Securities had approved the listing and quotation of up to 85,182,000 new XOX Shares to be issued pursuant to the proposed private placement.

On 10 October 2017, the Company announced that the Board has fixed the issue price for the placement of 85,182,000 placement Shares at RM0.09828 per placement Share.

On 20 October 2017, the Company announced that the private placement has been completed following the listing and quotation of 85,182,000 placement shares on Ace Market of the Bursa Malaysia Securities Berhad on the same day.

- (b) On 2 August 2017, the Company announced that it incorporated a new wholly-owned subsidiary company in Singapore with the name of XOX Mobile Pte. Ltd. with the registered capital of SGD2 only. The intended principal activity of XOX Mobile Pte. Ltd. is to engage in the business of mobile cellular and other wireless telecommunications network operation.

32. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 October 2017.

Notes to Financial Statements (Cont'd)

33. Supplementary Information On The Disclosure Of Realised And Unrealised Profits Or Losses

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total accumulated losses of the Company and its subsidiary companies				
- realised	(62,003,732)	(65,279,992)	(26,921,574)	(26,275,496)
- unrealised	(190,215)	(51,349)	-	-
	(62,193,947)	(65,331,341)	(26,921,574)	(26,275,496)
Less: Consolidation adjustments	55,490,535	55,577,272	-	-
Total accumulated losses	(6,703,412)	(9,754,069)	(26,921,574)	(26,275,496)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2017

SHARE CAPITAL

Total Number of Issued Share	:	851,824,175
Issued and Paid-Up Capital	:	RM83,278,317.50
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2017

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	152	1.91	6,766	0.00
100 – 1,000	515	6.49	319,641	0.04
1,001 – 10,000	1,901	23.95	11,693,313	1.37
10,001 – 100,000	3,993	50.30	187,899,510	22.06
100,001 to less than 5% of issued shares	1,377	17.35	651,904,945	76.53
5% and above of issued shares	0	0.00	0	0.00
TOTAL	7,938	100	851,824,175	100

SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS AS AT 29 SEPTEMBER 2017

Substantial Shareholders

Based on Register of Depositors as at 29 September 2017, none of the shareholders of the Company is holding more than 5% of the total issued and paid up capital of the Company.

Directors' interests in shares

		Direct		Indirect	
		No. of Shares Held	Percentage Held	No. of Shares Held	Percentage Held
1	Dato' Seri Abdul Azim bin Mohd Zabidi	451,380	0.05	-	-
2	Datuk Chai Woon Chet	13,970,000	1.64	-	-
3	Soo Pow Min	-	-	161,255 ^(a)	0.02
4	Hew Tze Kok	-	-	-	-
5	Edwin Chin Vin Foong	-	-	-	-
6	Tan Sik Eek	-	-	-	-

^(a) Deemed interested through direct holding of spouse.

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 SEPTEMBER 2017)

No.	Name	Shares Held	Percentage
1.	Cimsec Nominees (Asing) Sdn Bhd Pledged Securities Account for Noble Plan Sdn Bhd	12,000,000	1.41
2.	Mara Incorporated Sdn Bhd	11,559,945	1.36
3.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Cheong Ho Leng	8,100,000	0.95
4.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chee Chi Vun	7,700,000	0.90
5.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Kok Heng	7,009,500	0.82
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kwong Ming Kwei	7,000,000	0.82
7.	SJ SEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Chai Woon Chet	6,900,000	0.81
8.	SJ SEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Kok Heng	6,800,000	0.80
9.	Maybank Nominees (Tempatan) Sdn Bhd for Yan Hock Chuan	6,517,400	0.77
10.	Lau Ting Hwa	6,000,000	0.70
11.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Boon Guat	5,847,500	0.69
12.	Ng Kok Heng	5,000,005	0.59
13.	Wong Ah Yong	5,000,000	0.59
14.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Chai Woon Chet	4,870,000	0.57
15.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Yeok Har	4,800,000	0.56
16.	Ng Aun Hooi	4,700,000	0.55
17.	Yan Hock Chuan	4,684,643	0.55
18.	Wang Tsun Siang	4,400,000	0.52
19.	Lim Hoe Teck	4,380,000	0.51
20.	Ng Kok Heng	4,237,030	0.50
21.	Ambank (M) Berhad Pledged Securities Account for Wong Ah Yong	4,100,000	0.48
22.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Wong Ah Yong	4,100,000	0.48
23.	Wong Kar Chuan	4,000,000	0.47
24.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Lim Soon Chai	4,000,000	0.47
25.	Juta Kerjaya Sdn. Bhd.	3,490,000	0.41
26.	Lew Yok Kee	3,300,000	0.39
27.	Public Nomines (Tempatan) Sdn Bhd Pledged Securities Account for Ho Keng Chai	3,200,000	0.38
28.	Cheah Rock Kee	3,200,000	0.38
29.	Tan Siew Khim	3,010,000	0.35
30.	Sim Kian Seng	3,000,000	0.35
	Total	162,906,023	19.13

ANALYSIS OF WARRANT HOLDINGS

AS AT 29 SEPTEMBER 2017

WARRANTS

No. of Outstanding Warrants : 200,414,675 Warrants 2016/2019
 No. of Warrant Holders : 1,047

DISTRIBUTION OF WARRANT HOLDINGS AS AT 29 SEPTEMBER 2017

SIZE OF WARRANT HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 – 99	6	0.57	300	0.00
100 – 1,000	46	4.39	30,700	0.02
1,001 – 10,000	165	15.77	1,050,200	0.52
10,001 – 100,000	539	51.48	28,814,875	14.38
100,001 to less than 5% of Warrant issued	291	27.79	170,518,600	85.08
5% and above of Warrant shares	0	0.00	0	0.00
TOTAL	1,047	100	200,414,675	100

DIRECTORS' WARRANT HOLDINGS AS AT 29 SEPTEMBER 2017

Directors' interests in warrants

	Direct		Indirect	
	No. of Warrants Held	Percentage Held	No. of Warrants Held	Percentage Held
1 Dato' Seri Abdul Azim bin Mohd Zabidi	-	-	-	-
2 Datuk Chai Woon Chet	850,000	0.42	-	-
3 Soo Pow Min	-	-	-	-
4 Hew Tze Kok	-	-	-	-
5 Edwin Chin Vin Foong	-	-	-	-
6 Tan Sik Eek	-	-	-	-

LIST OF TOP 30 WARRANT HOLDERS

(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 SEPTEMBER 2017)

No.	Name	Warrants Held	Percentage
1.	Tan Choon Piew	8,500,000	4.24
2.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Hew	6,898,900	3.44
3.	RHB Nominees (Tempatan) Sdn Bhd for Tan Choon Piew	5,000,000	2.50
4.	Oh Ewe Fatt	4,310,000	2.15
5.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Lim Soon Chai	4,238,000	2.12
6.	Ambank (M) Berhad Pledged Securities Account for Wong Ah Yong	4,100,000	2.05
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Wong Ah Yong	4,100,000	2.05
8.	Wong Ah Yong	4,000,000	2.00
9.	Ding Toh Lei	3,500,000	1.75
10.	Yong Meng Sing	2,860,000	1.43
11.	Tan Siew Khim	2,733,000	1.36
12.	Cheah Rock Kee	2,700,000	1.35
13.	Loi Kwong Leong	2,667,100	1.33
14.	Leong Chee Kee	2,500,000	1.25
15.	Chee Chi Vun	2,350,000	1.17
16.	Ng Aun Hooi	2,175,000	1.09
17.	Sim Kian Seng	2,000,000	1.00
18.	Mike Ho Kong Pang	2,000,000	1.00
19.	Lee Hyen Sip @ Simon	2,000,000	1.00
20.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loi Kwong Leong	2,000,000	1.00
21.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Hua Kiong	1,660,000	0.83
22.	Lau Ting Hwa	1,500,000	0.75
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Eng Hoe	1,500,000	0.75
24.	Cheong Wai Lip	1,438,000	0.72
25.	Rosli Bin Hasan	1,300,000	0.65
26.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Choon Huat	1,300,000	0.65
27.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Ing Tin	1,300,000	0.65
28.	Aw Ying Ying	1,135,500	0.57
29.	Ha Tung Hua	1,129,000	0.56
30.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Yong	1,100,000	0.55
	Total	83,994,500	41.96

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh (7th) Annual General Meeting of XOX Bhd (“XOX” or “the Company”) will be held at Inspire I & II, Food Tree Café (under Only World Group), No. 10, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, Shah Alam, Selangor Darul Ehsan on Monday, 27 November 2017 at 9.00 a.m. for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Directors’ and Auditors’ Reports thereon.

Please refer to Explanatory Note 1

2. To re-elect the following Directors retiring pursuant to the Company’s Articles of Association:

- i) Datuk Chai Woon Chet (Article 84)
- ii) Soo Pow Min (Article 84)

Ordinary Resolution 1
Ordinary Resolution 2

3. To approve the increase of the Directors’ fees to RM354,000.00 for the financial year ending 30 June 2018 (2017 : RM300,000.00).

Ordinary Resolution 3

4. To approve the payment of Directors’ fees of up to RM354,000.00 for the financial year ending 30 June 2018 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM115,000.00 for the period commencing from 1 February 2017 up to the next Annual General Meeting of the Company.

Ordinary Resolution 4

5. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 5

SPECIAL BUSINESSES:

To consider and, if thought fit, to pass the following Resolution:

6. **Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016**

Ordinary Resolution 6

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

Notice of Annual General Meeting (Cont'd)

7. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") Ordinary Resolution 7

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 31 October 2017 for the purposes of Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

- (i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;
- (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of CA); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

(iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:

- (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or
- (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

Notice of Annual General Meeting (Cont'd)

whichever is the higher;

and amongst other, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with XOX Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

- 8. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries

Kuala Lumpur
31 October 2017

Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one proxy to attend the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
5. The Form of Proxy must be deposited at the Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. For the purpose of determining members’ eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 20 November 2017 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Notice of Annual General Meeting (Cont'd)

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Year Ended 30 June 2017

The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 4: To approve the payment of Directors' Fees and other benefits payable

The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and its Committees held for the period commencing from 1 February 2017 until the next Annual General Meeting for the Company.

3. Ordinary Resolution 6: Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016

The Proposed Ordinary Resolution 6, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, 85,182,000 new ordinary shares in the Company were issued by way of private placement pursuant to the General Mandate granted to the Directors at the Sixth (6th) Annual General Meeting held on 28 November 2016 and which will lapse at the conclusion of the Seventh (7th) Annual General Meeting. The total proceeds raised from the said private placement exercise was around RM8,373,390. The details and status of the utilisation of proceeds raised from the said private placement exercise are as follows:

Details	Proposed Utilisation RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a) Branding and marketing expenses	8,223,390	-	8,223,390
(b) Estimated expenses for the Proposed Private Placement	150,000	44,379	105,621
Total	8,373,390	44,379	8,329,011

Notice of Annual General Meeting (Cont'd)

4. Ordinary Resolution 7: Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Seventh (7th) Annual General Meeting of the Company are:

(i) Datuk Chai Woon Chet	Article 84	Ordinary Resolution 1
(ii) Soo Pow Min	Article 84	Ordinary Resolution 2

The profile of the above Directors are set out on pages 5 and 6 of the Annual Report 2017. The details of the interest of the above Directors in the securities of the Company or its related corporations are disclosed in the Directors' report on page 62 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Statement of Corporate Governance on page 39 of the Annual Report 2017.

The Seventh (7th) Annual General Meeting of the Company will be held at Inspire I & II, Food Tree Café (under Only World Group), No. 10, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, Shah Alam, Selangor Darul Ehsan on Monday, 27 November 2017 at 9.00 a.m.

XOX BHD (900384-X)

FORM OF PROXY

(Before completing this form please refer to the notes below)

I / We (Full Name in Block Letters) _____

NRIC No. / Passport No. / Company No. _____

of _____

being a member of **XOX BHD**, hereby appoint _____

_____ NRIC No. / Passport _____

of _____

and/or _____

of _____ NRIC No. / Passport No. _____

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Seventh (7th) Annual General Meeting of the Company to be held at Inspire I & II, Food Tree Café (under Only World Group), No. 10, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, Shah Alam, Selangor Darul Ehsan on Monday, 27 November 2017 at 9.00 a.m. or at any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicate below :

No.	Ordinary Resolutions	For	Against
1.	To re-elect Datuk Chai Woon Chet as Director		
2.	To re-elect Soo Pow Min as Director.		
3.	To approve the increase of Directors' fees for the financial year ending 30 June 2018.		
4.	To approve the payment of Directors' fees and other benefits payable.		
5.	To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
6.	As Special Business : To approve the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
7.	To approve the Proposed Shareholders' Mandate.		

(Please indicate with a "X" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion)

Signed this _____ day of _____, 2017.

Signature/Common Seal of Member

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy

No. of Shares : _____

Percentage : _____ %

Second Proxy

No. of Shares : _____

Percentage : _____ %

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one proxy to attend the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
5. The Form of Proxy must be deposited at the Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 20 November 2017 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Affix Stamp

THE SHARE REGISTRAR OF

XOX BHD (900384-X)

SHAREWORKS SDN. BHD.

No.2-1, Jalan Sri Hartamas 8, Sri Hartamas

50480 Kuala Lumpur, Malaysia



XOX BHD (900384-X)

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