XOX BHD

Registration No. 201001016682 (900384-X)

ANNUAL REPORT 2019

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OUR VISION

TO BE A

WORLD CLASS COMPANY

BY DELIVERING INNOVATIVE & CREATIVE PRODUCTS

to every subscriber globally through our dynamic & inspiring talents.

INNOVATIVE & CREATIVE

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Tan Sik Eek
Executive Director

Ng Kok Heng
Executive Director / Chief Executive Officer

Soo Pow Min
Senior Independent Non-Executive Director

Hew Tze Kok
Independent Non-Executive Director

Edwin Chin Vin Foong
Independent Non-Executive Director

Roy Ho Yew Kee
Non-Independent Non-Executive Director

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

SHARE ISSUANCE SCHEME COMMITTEE

Edwin Chin Vin Foong (Chairman)
Soo Pow Min (Member)
Hew Tze Kok (Member)
Ng Kok Heng (Member)
Kong Choo Hui (Member)

COMPANY SECRETARIES

Chong Voon Wah (MAICSA 7055003)
Thai Kian Yau (MIA 36921)

PRINCIPAL BANKERS

Ambank (M) Berhad
Public Bank Berhad
Hong Leong Bank Berhad

REGISTERED OFFICE

22-09, Menara 1MK
No. 1 Jalan Kiara, Mont Kiara
50480 Kuala Lumpur
Telephone: (603) 2856 7333

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 Moore Stephens Associates PLT
Unit 3.3A, 3rd Floor, Surian Tower
No. 1, Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor Darul Ehsan
Telephone: (603) 7728 1800
Facsimile: (603) 7728 9800

SHARE REGISTRAR

Shareworks Sdn. Bhd.
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

WEBSITE

www.xox.com.my

INVESTORS RELATIONS

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

PROFILE OF DIRECTORS

PROFILE OF DIRECTORS

DATO' SERI ABDUL AZIM BIN MOHD ZABIDI
60 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 is 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.

In the field of sports, he was appointed Chairman of the National Sports Institute in May 2017 and subsequent to that appointed Malaysia's Chef-de-Mission to the Asian Games 2018 in Jakarta and Palembang, Indonesia. On 5th May 2018, Dato' Seri Azim was elected Deputy President of the Olympic Council of Malaysia.

He now sits on numerous local and foreign Boards of Companies, both public and private, amongst which are Anzo Holdings Berhad, Timberwell Berhad, Fintec Global Berhad and Seacera Group 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 the traffic offence, if any.

Profile of Directors (Cont'd)

TAN SIK EEK
43 years of age, Malaysian, Male
Executive Director

Tan Sik Eek was appointed to the Board on 25 August 2016 as an Independent Non-Executive Director. On 17 August 2018, he was re-designated as Executive Director of the Company. 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, he also sits on the board of directors of Fintec Global Berhad, Netx Holdings Berhad, MLabs Systems Berhad and DGB Asia 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 the traffic offence, if any.

NG KOK HENG
56 years of age, Malaysian, Male
Executive Director / 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. On 17 August 2018, he was appointed as Executive Director of the Company.

He started his career in 1987 as a Sales Manager in Communications Technology Sdn Bhd and was in charge of sales and marketing. In 1992, he was appointed as Executive Director for MTL Communications Sdn Bhd and was responsible for the marketing, sales and business development of the company. Subsequently in 2000, he joined Wilco Systems Sdn Bhd as the Managing Director and was responsible for the performance as well as the day-to-day operations of the company.

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 the 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 the traffic offence, if any.

Profile of Directors (Cont'd)

SOO POW MIN
54 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 re-designated to an Independent Non-Executive Director on 5 January 2012. 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 had 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 the traffic offence, if any.

HEW TZE KOK
42 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 about 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 the traffic offence, if any.

Profile of Directors (Cont'd)

EDWIN CHIN VIN FOONG
57 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 a 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 and Share Issuance Scheme Committee and a Member of 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 the traffic offence, if any.

Profile of Directors (Cont'd)

ROY HO YEW KEE
44 years of age, Malaysian, Male
Non-Independent Non-Executive Director

Roy Ho Yew Kee was appointed to the Board on 22 March 2019 as Non-Independent Non-Executive Director, and as the representative of Key Alliance Group Berhad, the major shareholder of the Company. He obtained his Bachelor of Commerce from the Griffith University, Brisbane, Australia. Mr Roy brings over 20 years of financial service and restructuring experience both locally and abroad in various capacities.

Mr Roy started his career in Australia in 1998, in the financial services industry, joining Hartley Poynton Ltd, a subsidiary of Royal Bank of Canada, where he was trained as a financial advisor, specialising in derivatives and first generation fintech products.

He then moved to a boutique trading firm, Tricom Futures Ltd, in 2003, where he set up a trading desk in greenfield markets, specialising in debt instruments, capital raising, equity linked structures and derivatives.

In 2011, Mr Roy returned to Malaysia where he joined Key Alliance Group Berhad as an Executive Director overseeing corporate strategy and in 2017 he was redesignated as Managing Director of Key Alliance Group Berhad, the major shareholder of the Company.

Save as disclosed above, 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 the traffic offence, if any.

PROFILE OF KEY SENIOR MANAGEMENT

SIM CHIN YEE

AZRIL BIN ALIUDDIN

NG KOK HENG

SYLVIA KONG CHOO HUI

TAN TAI LIANG

PROFILE OF KEY SENIOR MANAGEMENT

NG KOK HENG
56 years of age, Malaysian, Male
Executive Director / Chief Executive Officer

(Please refer to page 5 of Profile of Directors)

SYLVIA KONG CHOO HUI
53 years of age, Malaysian, Female
Chief Financial Officer

Ms Sylvia Kong graduated with a Bachelor of Business (Accounting) from the University of Technology, Sydney, Australia. She has more than 20 years of finance and accounting experience in the Manufacturing Industry; she also involved in the corporate restructuring and fund-raising exercises for public listed companies. Prior to joining the Company, she was the Finance Director of a multinational company in the Manufacturing sector.

She joined the Company as Chief Financial Officer and overseeing the Finance, Taxation, Legal, Human Resources and Administration of the Group.

She is presently a member of the SIS Committee of the Company.

She does not hold any directorships in any other public listed companies. She 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 the traffic offence, if any.

AZRIL BIN ALIUDDIN
41 years of age, Malaysian, Male
Chief Strategy Officer

Mr Azril Aliuddin graduated from Universiti Teknologi Mara with a Bachelor's Degree in Information Management. He is the Chief Strategy Officer of the Company who oversees the implementation of the business strategy of the Company. He has been in XOX since 2009 in various roles from project management, business process engineering, business development and business strategy. He is part of the pioneer team in XOX which form and develop the Company to be the 'thick' MVNO in the country. He is instrumental in driving the technology initiatives in XOX and setting up the technical foundation for the Company moving forward.

Prior to XOX, Mr Azril Aliuddin has various experiences in IT consultancy, IT project management and business process engineering. He was involved in a national level project which is Malaysia's Multimedia Super Corridor (MSC) Initiatives, the merger of two (2) major telecommunication operators in Malaysia and implementation of an internet service provider for one of the State in Malaysia.

He does not hold any directorships in any other public listed companies. 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 the traffic offence, if any.

Profile of Key Senior Management (Cont'd)

SIM CHIN YEE
42 years of age, Malaysian, Male

Mr Sim Chin Yee graduated from University of Portsmouth, United Kingdom with Bachelor's Degree in Computing. He has more than 15 years of experience in Telecommunication and Information Technology industry. He is part of the pioneer team in XOX and responsible for development and operation of XOX telecommunication and IT infrastructure.

He does not hold any directorship in any other public listed companies. He has no relationship with any other Director 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 the traffic offence, if any.

TAN TAI LIANG
54 years of age, Malaysian, Male

Mr Tan Tai Liang graduated with a Diploma in Marketing from the Institute of Marketing, UK. He joined the Company in 2009 with the position of General Manager. Currently, he holds the position of Vice President, Channel Marketing since 2018.

Mr Tan has more than 25 years of managerial experience in both Sales and Business Development field with a successful record of sales accomplishments in the telecommunication, mobile and IT industries.

Besides notable contributions to XOX includes assisting in the acquisition of OneXOX as a subsidiary for XOX in 2014, he has also overseen sizeable growth for XOX activations and revenue since 2013 when he was promoted to Assistant Vice President.

He does not hold any directorship in any other public listed companies. He has no relationship with any other Director 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 the traffic offence, if any.

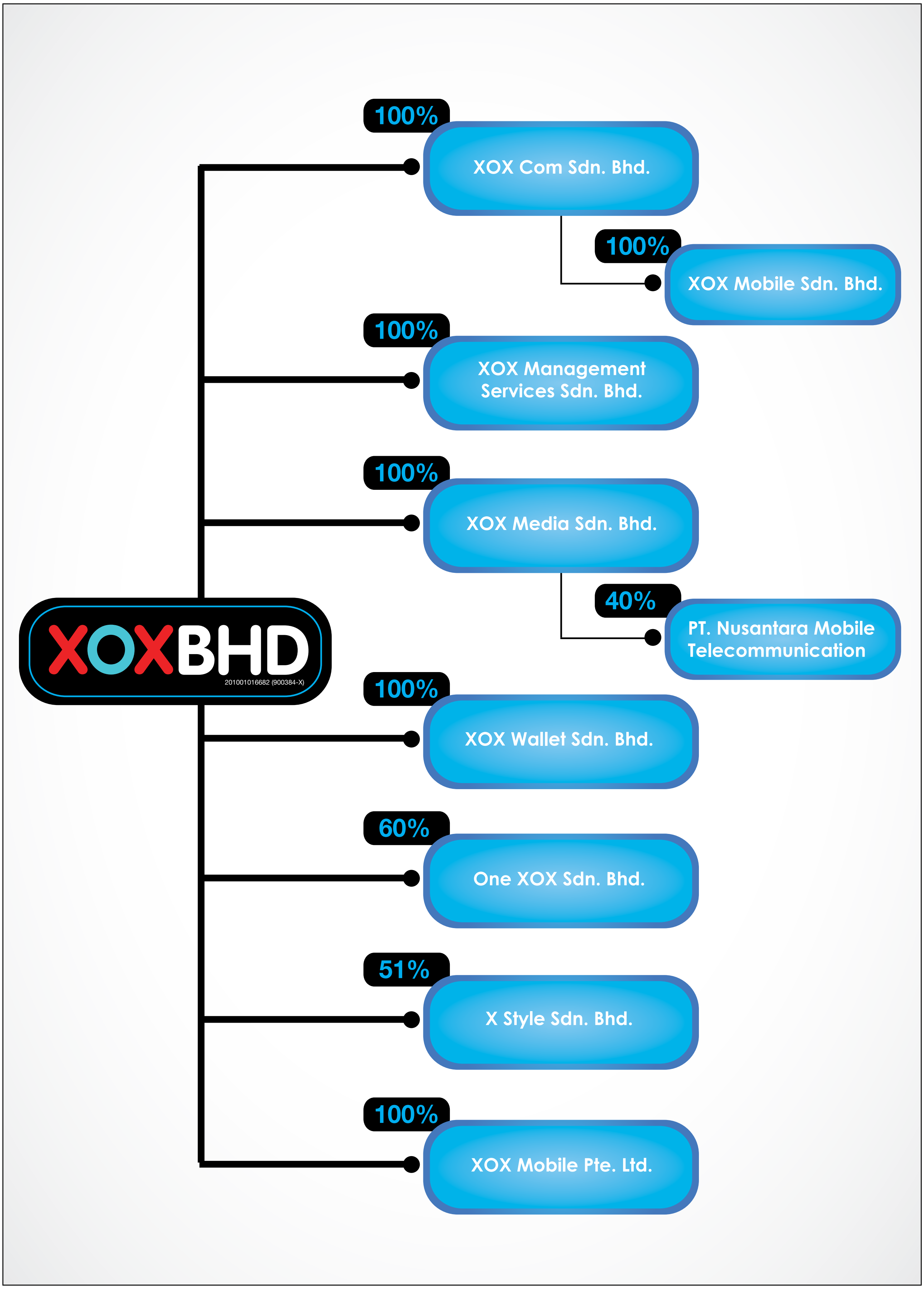
FINANCIAL HIGHLIGHTS

GROUP FINANCIAL SUMMARY

FINANCIAL RESULTS	15 Months * FY 2019 RM	Restated ** 12 Months FY 2018 RM	Restated 12 Months FY 2017 RM	12 Months FY 2016 RM	12 Months FY 2015 RM
Revenue	311,361,314	187,542,724	179,878,953	160,750,055	90,953,086
(Loss)/Profit Before Tax	(21,344,657)	(11,639,022)	(788,346)	(9,050,724)	1,628,276
(Loss)/Profit After Tax	(21,499,673)	(11,844,898)	(1,124,543)	(9,384,581)	1,171,532
Earnings Before Interest Tax Depreciation & Amortisation ("EBITDA")	(6,565,775)	(3,449,253)	5,808,814	(4,043,227)	6,189,693
(Loss)/Profit Attributable to Shareholders	(21,177,600)	(11,899,760)	(939,550)	(9,575,836)	756,511
FINANCIAL POSITION					
Share capital	126,892,891	122,255,081	107,437,179	55,641,468	33,200,000
Reserves	(33,706,396)	(12,519,988)	(1,338,939)	22,387,187	(14,378,231)
Shareholders' Equity	**93,186,495**	**109,735,093**	**106,098,240**	**78,028,655**	**18,821,769**
Non-controlling interests	2,312,034	513,418	458,556	643,549	148,585
Total Equity	**95,498,529**	**110,248,511**	**106,556,796**	**78,672,204**	**18,970,354**
Non-Current Liabilities	2,987,008	1,496,547	1,739,486	452,672	415,649
Current Liabilities	83,448,889	55,483,618	48,607,045	33,672,646	58,353,924
Total Equity And Liabilities	**181,934,426**	**167,228,676**	**156,903,327**	**112,797,522**	**77,739,927**
Non-Current Assets	90,597,168	85,051,839	76,045,755	52,707,432	32,775,601
Current Assets	91,337,258	82,176,837	80,857,572	60,090,090	44,964,326
Total Assets	**181,934,426**	**167,228,676**	**156,903,327**	**112,797,522**	**77,739,927**
FINANCIAL RATIOS					
Net Assets Per Share (sen)	8.53	11.05	12.46	14.02	5.67
Net (Loss)/Earnings Per Share (sen)	(1.98)	(1.27)	(0.14)	(2.66)	0.23

NOTE:
* FY 2019 consist of 15-month results due to the change of the Group's financial year end from 30 June to 30 September.
** Restatement was due to adoption of MFRS 9 and MFRS 15.

CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

The financial period ended 30 September 2019 has been a challenging year for XOX Group as we strive and manoeuvre through a difficult operating environment by leveraging on our innovative products offering, to achieve a higher revenue of RM311.36 million for the 15-month period. Despite the higher turnover, the Group recorded a loss of RM21.50 million which can be attributed to impairment losses on receivables due to the effect of Malaysian Financial Reporting Standards (MFRS) 9, high initial operating costs for regional expansion program and margin erosions.

During the period under review, the Company changed its accounting period from end June to end September. The financial accounts contained in this report is therefore for a 15-month period. Arising from this change, we have taken the conscious decision to utilize the additional time accorded to us to streamline the financial reporting of the Group to conform with MFRS 15 and MFRS 9, which included issues pertaining to revenue recognition and making necessary provisions and impairments. This move is to ensure that moving into the new decade, the Group is more financially resilient.

It was due to these changes that the Group registered a loss of RM21.50 million but on a cashflow basis we remain financially healthy. It is also worth noting that we continue to operate with zero bank borrowings.

INDUSTRY AND BUSINESS OVERVIEW

The Fourth Industry Revolution has closed the connectivity gap and a smart, interconnected pervasive environment will drive the advancement of the revolution. The mobile telecommunication industry is playing a significant role to provide a platform for the access, interconnectivity and applications to enable the digital revolution to take place.

With the availability of disruptive digital technologies such as mobile, artificial intelligence (AI), analytics and mobile application, the way we live, work and interact has been transformed. Mobile telecommunication operators are moving beyond the traditional voice, SMS & data business model to explore new revenue streams in the fast-changing competitive digital environment, namely leveraging data assets, cloud and AI technologies and strategic partnerships to develop innovative applications and services.

Chairman's Statement (Cont'd)

To continue evolving with the current trends in the mobile telecommunication industry and remain relevant to mobile users, the Group is in the midst of transforming from conventional mobile operator to technology-driven company by implementing innovative technology offerings such as eSIM, eWallet and mobile applications.

We are proud to report that based on our efforts, XOX had successfully recorded several momentous achievements in the Group's corporate history when we became the recipient of various awards. We hope that these awards, as enumerated below, will provide the impetus and pave the way for the continued growth of the Group:

- "Best Mobile Virtual Network Operator" in the Star Rating Award 2018 by Malaysian Communications and Multimedia Commission (MCMC)
- "MBEA Telco of the Year, Best Data Package for Business Plan" by Mobile Business Excellence Awards (MBEA)
- "MBEA Company of the Year" by MBEA.

PROSPECTS FOR FY 2020

With our proven track record in gaining new subscribers through innovative products offering over the years and the recognition and awards from MCMC and MBEA, we are assertive to continue to serve the best to our subscribers.

We will continue our efforts to differentiate ourselves from competitors as the brand of choice for Malaysian mobile users, at the same time to continue to explore opportunities to strengthen our competitiveness and participate in the development of the nation's digital transformation.

While pursuing new opportunities in the digital environment, the Group remains focused on continuing our path with a group-wide effort to connect people around the world with personally engaging products and services created through an incredibly powerful virtuous cycle of innovation. At the same time, the Group will streamline the operational process and work towards efficiency and focus on improving the margin.

Premised on the execution of the Group's strategic plans, the Board is optimistic that XOX's outlook remains positive with a clear strategic direction to evolve our business and capture the digital transformation opportunities ahead.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the management team and staff for their commitment, continued dedication and loyalty, as well as riding through the headwinds and challenges faced by the Group as a cohesive team.

My deepest appreciation also goes to the authorities and regulators, our business partners, associates, customers and valued shareholders for their contribution and trust rendered to the Group. We look forward to growing from strength to strength with their continued support.

Finally, I would like to extend my heartfelt appreciation to my fellow Board members for the dedication, valuable advice, and service to the Board. I trust that their stewardship of our Board will steer XOX towards greater heights.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis ("MD&A") provides an overview of XOX Group's financial and operations performance spanning the 15-month financial period from 1 July 2018 to 30 September 2019, follows a change in the Group's financial year-end from 30 June to 30 September. The MD&A also outlines the Group's growth strategies going forward.

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

XOX Bhd is the first Mobile Virtual Network Operator ("MVNO") listed on Bursa Malaysia. The Group is involved in providing mobile telecommunication products and services without having its licensed frequency allocation of radio spectrum, mobile and digital network infrastructure. XOX Group operates as an Enhanced Service Provider, where we control all aspects of our subscriber relationships, including the brand name, pricing, content, advertising and marketing, customer care and information technology platform. We also distribute our own SIM cards and have our billing system, SMS centre and network elements.

The core business activities of the Group is simcard business, comprise of "ONEXOX PREPAID", a mobile plan caters for prepaid subscribers; "ONEXOX BLACK" with "BURNPROOF" feature which enables subscribers to carry forward unused monthly data as well as sharing their data among other subscribers; and Season Pass which offers unlimited sharing of DATA, Talk Time & SMS Quota to All XOX Mobile numbers.

XOX remains innovative in its offering by delivering unique products and value proposition which differentiate XOX from other operators. XOX approach is focusing on savings for the subscribers whereby we strive to provide the best value for money products and services to our subscribers.

The Group has taken various efforts to differentiate itself from competitors and present itself as the brand of choice to Malaysian mobile users. These include increasing ground visibility and branding by having more stores and promotional spaces to increase public exposure and accessibility to the Group's products and services, revamping business support system to ensure more streamlined user experience and allowing subscriber management on multiple channels.

The Group is also in the midst of transforming itself from a conventional mobile operator to a technology-driven company by implementing new technology offerings to explore new opportunities in a fast-changing competitive landscape.

Management Discussion and Analysis (Cont'd)

FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS	15 MONTHS ENDED 30 SEPTEMBER 2019 RM	12 MONTHS ENDED 30 JUNE 2018 RM
Revenue	311,361,314	187,542,724
Loss Before Tax ("LBT")	(21,344,657)	(11,639,022)
Earnings Before Interest Tax Depreciation & Amortisation ("EBITDA")	(6,565,775)	(3,449,253)
Total Assets	181,934,426	167,228,676
Total Liabilities	86,435,897	56,980,165
Shareholders' Equity	93,186,495	109,735,093

Financial Results

XOX Group achieved revenue of RM311.36 million during the 15-month financial period ended 30 September 2019 compared to RM187.54 million for the 12-month financial year ended 30 June 2018. Of total group revenue, the products "BLACK" which was launched in January 2018 have contributed to the increased against the backdrop of a challenging operating environment.

Group loss before tax ("LBT") amounted to RM21.34 million for the period under review, the competitive price pressure has impacted the gross margin, and the margin further affected by higher operating costs to increase public exposure, opening up additional service outlets and promotional spaces to increase the ground visibility and accessibility to the Group's products and services. Note that the LBT also included a fair value adjustment on other investment of RM1.28 million; an impairment loss on trade receivables of RM9.83 million attributable to change of debts assessment method and the adoption of MFRS9, initial operating cost of RM1.37 million for setting up the operation in Indonesia and higher depreciation cost due to revamping of business support system to ensure a more streamlined user experience and allowing subscriber management on multiple channels.

As a result of the losses recorded, Group losses attributable to shareholders amounted to RM21.18 million for the 15-month FY 2019, compared to RM11.90 million for the 12-month FY 2018.

There was no payment of dividend during the financial year under review.

Financial Position

XOX Group's total assets rose slightly to RM181.93 million as at 30 September 2019, compared to RM167.23 million as at 30 June 2018. Notably, plant and equipment and intangible assets has increased to RM88.91 million from RM82.33 million due to additional investment in Capex for system upgrading and migration of data centre, trade and other receivables rose to RM74.84 million versus RM60.14 million in FY 2018 mainly due to higher trade receivables from BLACK subscribers and adoption of MFRS 15.

Meanwhile, shareholders' equity declined to RM93.19 million at the end of the period from RM109.74 million on 30 June 2018 on account of the losses reported.

The Group's total issued number of shares stood at 1,092,396,675 shares as at 30 September 2019.

Management Discussion and Analysis (Cont'd)

Cash Flows and Capital Management

The Group generated a healthy cash inflow of RM9.80 million from operating activities for the period under review. Net cash used in investing activities amounted to RM16.71 million, incurred mainly for the network and system enhancement and investment in the digital initiative for BLACK Apps.

Net cash generated from financing activities amounted to RM2.93 million, of which RM4.64 million was from the issuance of share from Private Placement.

And Cash and Cash equivalents stood at RM8.57 million as at 30 September 2019.

Corporate Developments

During the period under review, the Company increased its issued and paid-up capital from RM122,255,081 to RM126,892,891; through the issuance of 99,300,000 ordinary shares pursuant to a Private Placement and 2,500 Ordinary shares through the conversion of Warrant A.

According to the regional expansion plan, a Joint Venture Company, PT Nusantara Mobile Telecommunication was incorporated on 12 September 2018 in Indonesia.

BUSINESS AND OPERATIONAL REVIEW

In February 2019, XOX launched "XOX eSIM", the new mobile subscription plan based on eSIM technology in Malaysia. eSIM (short for embedded SIM card) is a virtual SIM card where data is stored in a small chip embedded into a smartphone that supports the eSIM technology.

As part of the digital initiative, XOX Group has introduced XOX Black Apps to enhance user experience in July 2019. During the reporting period, the Group also working on XOX CRM, a big data project using machine learning technology has produced complex analysis and created the potential for XOX to cross-sell and brand out non-XOX services offering to satisfy subscriber lifestyle need.

Our product, ONEXOX Black enable prepaid segment subscribers to enjoy better value especially from mobile broadband with a lower monthly commitment coupled with carrying forward quota goes against the industry norm of forfeiting unutilized quota for the month. Besides, as the plan is built on XOX's NGIN billing system, subscribers have the flexibility to pay the bills as usual or to use prepaid reload mechanism to pay their charges (reload coupon, e-recharge). The approach is powerful and unconventional, especially in the market where operators tried to maximise profitability through various conditions imposed on subscribers. XOX take away all those conditions to offer real value to subscribers.

In the simcard business, XOX adopted two approaches to reach out to consumers and facilitate the delivery of service (simcard purchases). One is online where subscribers do it themselves and the primary approach today is through the dealer network. XOX dealer network is unique to other operators as the business model enables the dealer to enjoy continuous income rather than 1 time off or campaign basis. The business model is significant as XOX can build strong loyalty from the dealer and produces quality subscribers with continuous usage.

Management Discussion and Analysis (Cont'd)

Today the penetration and presence of XOX and its dealership have shifted more towards the suburban and urban area. For further market penetration, XOX has lined up and implemented several strategies which include setting up of XOX centres (SPACE), XOX Preferred Partner – XPP (Centres managed by dealers) and X-Force (XOX sales booth at strategic locations).

XOX continue to enlarge customer base to strengthen the market position supported by business plans for revenue growth; besides further enhancement on the existing products offerings, we will also focus on new technology offerings and digital products in response to the digital transformation and capture opportunities from mobile internet and big data.

ANTICIPATED OR KNOWN RISKS

The Group's business is subject to following risks, which we will continuously monitor and employ mitigating strategies to minimise the impact of the anticipated risks to our business:

1. Digital Technology is evolving rapidly, expedite digital transformation and develop into a comprehensive intelligent information service provider retain and capture new growth opportunities is challenging;
2. Payment and identity are the critical components of a digital society, thus in order to offer adjacent financial services (microcredit, insurance, wealth management etc.) and dedicated enterprise solutions; strategically working with tech-savvy partners with a proven track record is crucial;
3. Additional capital expenditure to support the digital transformation is determinative;
4. Compliance to Regulatory guidelines for the existing business to eliminate fraud and false registration is critical;
5. Digital transformation will expose to cybersecurity risk and susceptible to data breaches, malware attack and phishing; and
6. In response to the rapidly changing digital landscape, continue up-skill the current talent, sourcing talent with digital competencies becomes a challenging task.

EVENT HIGHLIGHTS
XOX MOBILE EVENTS
JULY 2018 – SEPTEMBER 2019

CSR : Rumah Victory

30th January 2019

XOX visited the elderly at Rumah Victory Old Folks Home, Puchong on the 30th January 2019 in conjunction to Chinese New Year. Apart from the cash donation, half of the participants volunteered to clean and decorate the home while the others did an easy handcraft and singing session with the elderlies.

eSIM Launching Press Conference

27th February 2019

XOX conducted a press conference for the launching of the latest product, XOX eSIM, on 27th February 2019 at Co-Labs The Starling Mall. A step by step registration process was explained to the attendees for a clearer understanding of the product. XOX eSIM is now available for both existing and new subscribers.

Event Highlights (Cont'd)
XOX Mobile Events
July 2018 – September 2019

Ipoh XPP Opening

20th April 2019

On 20th April 2019, XPP Ipoh was officially opened at Ipoh Parade Mall.



CSR : Pusat Jagaan Nur Sakinah

29th May 2019

On 29th May 2019, XOX visited the kids at Pusat Jagaan Nur Sakinah, Shah Alam. XOX staff come together to pool cash donation for the home. Other than that, some of the XOX staff donated home requirements to complete their everyday needs. Since the event was held during Ramadan, the participants conducted a colouring contest to spend time with the kids.



Event Highlights (Cont'd)

XOX Mobile Events
July 2018 – September 2019

Wow Wild Bentong

12th July till 14th July 2019

XOX Mobile was the main sponsor for the 3-day event called Wow Wild Bentong started on the 12th July till 14th July 2019. The event goal is to promote eco-tourism in Bentong. Our main activity at the booth was acquiring activations and play simple games with crowds.

XOX Prepaid MasterCard Press Conference

26th August 2019

XOX Prepaid MasterCard Press Conference was held on 26th August 2019 at XOX Level 7 Open Space. This press conference objective is to announce to the public that XOX had signed the Memorandum of Understanding (MoU) with MasterCard, and XOX will have its own Prepaid MasterCard soon.

XOX MasterCard MOU Announcement

Event Highlights (Cont'd)
XOX Mobile Events
July 2018 – September 2019

Nusantara Mobile Business Opportunity Presentation ("BOP")

8th September 2019

The first Nusantara Mobile BOP was held on 8th September 2019, to officially announce the Nusantara Mobile Plan to the Nadhlatul Ulama (NU) Community based in Malaysia. The BOP was held to recruit the first batch dealers for the Indonesian mobile plan and was graced by the present of the Chairman of Nadhlatul Ulama from Indonesia, Mr. Said Aqil Siradj.

MBEA Awards

XOX Bhd won the prestigious MBEA Telco of the Year, Best Data Package for Business Plan in the Mobile Business Excellence Awards (MBEA) 2018, Mr Ng Kok Heng, the CEO of XOX Mobile received the award on behalf of the Company.

Event Highlights (Cont'd)

XOX Mobile Events
July 2018 – September 2019

Blood Donation Drive

1. **16 Sept 2018**
   A Drop of Blood, A Gift of Life
   Space @ Sunway Pyramid

2. **23 March 2019**
   Give Love, Donate Blood
   Space @ Sunway Pyramid

3. **4 April 2019**
   Give Love, Donate Blood
   Space @ Taylor's Lakeside

4. **23 August 2019**
   Be a Blood Donor, Be a Superhero - A real one
   Space @ Sunway Pyramid

Annual Dinner 2019

XOX Annual Dinner, this momentous annual celebration was held at One World Hotel themed Hawaiian Beach aimed to acknowledge and thank our staff members for their continuous contributions to the Company. We are looking to achieve more success in the future.

AWARDS AND ACHIEVEMENTS

XOX Com Sdn Bhd was awarded as the Best Mobile Virtual Network Operator in the Star Rating Award 2018 organized by the Malaysian Communications and Multimedia Commission (MCMC).

XOX Bhd leads Telco of The Year, Best Data Package for Business Plan in the Mobile Business Excellence Awards (MBEA) 2018 subsequent to an impressive performance throughout the year.

XOX Bhd was chosen as the Company of the Year in the Mobile Business Excellence Awards (MBEA) 2018 based on an outstanding achievement in the industry.

SUSTAINABILITY STATEMENT

OUR APPROACH

Sustainability has always been a pillar of the Group's culture as we strived to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are one of the important criterion in investors' investment decisions.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2nd Edition), the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This also enables our corporate success and behaviour to be judged and measured by the public.

In this respect, as a responsible corporate citizen, our mission is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate.

XOX Bhd ("XOX")'s continued success in maintaining a sustainable business and generating long-term shareholders' value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation, and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.

ECONOMIC: Sustaining our economy

Delivering sustainable returns to our shareholders

Delivering quality products and services to achieve customers' satisfaction

ENVIRONMENT : Conserving our environment

Protecting and preserving the environment

SOCIAL: Serving our community

Ensuring a positive workplace for our employees

Contributing to the well-being of the community around us

OUR SCOPE

The statement covers XOX and its subsidiaries. Information disclosed in this Statement encompasses our core activities related to provision of mobile telecommunication products and services and mobile application services. This report covers data which had been compiled internally from 1 July 2018 to 30 September 2019.

SUSTAINABILITY GOVERNANCE

Corporate Governance

Sustainability is embedded in our organisational approach and is led from the top. The Board of Directors ("Board") plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Management to oversee the implementation of the organisation's sustainability approaches and ensures that key targets are being met.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to our Audit Committee. Asides, the Group's performance is also tracked with the assistance of Nomination and Remuneration Committee.

Board of Directors

Oversees the Group's sustainability initiatives, and endorses the proposed sustainability initiatives and material sustainability matters related to the Group

Audit Committee	**Nomination and Remuneration Committee**
Review the Company's processes for producing timely and accurate financial data, its internal controls and independence of the Company's external and internal auditors.	Assists the Board in developing and establishing competitive remuneration policies and packages, and oversees matters related to the proposing suitable new candidates for the appointment to fill the seats of Board and Senior Management

The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders engagement;
- Materiality assessment and identification of sustainability risks and opportunities relevant to us; and
- Management of material sustainability risks and opportunities.

Ethical Business Practices

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Code of Ethics and Conducts is established to achieve a standard of ethical behaviour based on trustworthiness and values that can be accepted and uphold a spirit of responsibility. Our Whistle Blowing Policy, uploaded on our website, provides all stakeholders a direct channel for reporting instances of misconduct that contradict to our Code of Ethics and Conducts and/or other non-compliance offences.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

MATERIAL SUSTAINABILITY MATTERS

Economic

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.xox.com.my also provides a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Customers & Services

The Group values its customers as they are a major reason for its profitability. Our marketing and sales representatives schedule regular meetings, both formal and informal, with our customers to build a strong and conducive relationship. The objective of this is to promote a culture of open communication, trust and reliability.

Our Group recognises that customers' satisfaction is one of the key factors underlying the long term sustainability of our Group's operations. It is the fundamental policy of our Group that our products, services and mobile applications must be of high quality to ensure customers' satisfaction. We uphold the belief that customers rights should be preserved at all times and are on continuous endeavours to create value-for-money for our customers. We also wish to be a responsive and reliable partner to our customers within their respective markets.

In this context, it must be noted that XOX is recognised as "Best Mobile Virtual Network Operator" in the Star Rating Award 2018 awarded by Malaysian Communications and Multimedia Commission (MCMC), and also awarded as "MBEA Telco of the Year, Best Data Package for Business Plan" and "MBEA Company of the Year" in the Mobile Business Excellence Awards (MBEA) of year 2018.

As part of the sustainability move, the Group has on February 2019 launched XOX eSIM, its new mobile subscription plan based on eSIM technology in Malaysia. eSIM, short for embedded SIM card, is a virtual SIM card where data is stored in a small chip embedded into a smartphone that supports the eSIM technology. Currently, XOX eSIM enables its subscribers to make phone calls, answer phone calls and use mobile data service without having a physical SIM as all information is updated wirelessly. In line with the Group's business plan to gradually focus on the eSIM market, the Group intends to progressively upgrade its platform to enhance its features and capabilities so that it will be catered for eSIM technology.

Secondly, as e-money and e-wallets are gaining popularity, XOX intends to expand its e-wallet functionality by developing a new mobile application specifically to cater for this function. The new mobile application will allow smartphone users to deposit money into a virtual money account i.e. the e-wallet. Apart from being able to reload mobile prepaid credits, the amount stored in the e-wallet can also be used in other ways.

The Group will continue to expand the customer base in order to strengthen our market position coupled with the expansion plans for revenue growth. Asides, we are also focusing on technology ideas which can be complement to XOX current business or leverage on the captive market to implement new technological offerings and digital products in response to the digital transformation and capture opportunities from our big data. To achieve sustainability in the long run, the Group opined that other diversification in terms of products and geographical shall also be ventured into to enhance its financial performance and in turn its' shareholders' value.

Suppliers

To our suppliers, we are committed to enhance our processes and engagement with our suppliers to identify and manage risks, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share the best practices with our suppliers. Hence, our suppliers are filtered through careful selection ensuring only the one with specific criteria met are engaged.

Regulatory Compliance

Our Group believes that strict compliance with all relevant laws and regulations is a requisite to promote an ethical and responsible society. To this end, our Group strives to comply with all the relevant laws and regulations applicable to our business operations. Our Group's commitment to proper compliance with laws and regulations has proven to be favourable and value-enhancing for our shareholders and stakeholders.

Environment

Although we generally do not generate any major environmental concerns, XOX is conscious of complying with all applicable environmental laws, guidelines and regulations. As such, the Group is aware of the impact of our business on the environment and has taken active steps to reduce our carbon footprint on the environment.

Sustainability Statement (Cont'd)

Energy & Water Saving Initiatives

Action has been taken to reduce the overall energy consumed by lighting. Where lighting in and around our office facilities and corridors need to be replaced, we have converted them to LED. The process is on-going and on stages. Furthermore, Management is initiating the provision of reminders to switch off lighting, air-conditioner and computer when not in use.

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group is working hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

Waste Management

Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing. Additionally, other materials such as furnishing and fixture are recycled or reused where possible.

Waste segregation has been done by placing different bins in and around our office area. Waste segregation is planned to be fully implemented in the coming years throughout the Group where recycling stations will be set up in convenient locations.

Social

Employees

In XOX, employees are our greatest assets. We are made up of people with vast experience and industry background. We proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long term sustainability, we continuously invest time and effort in recruiting, upskilling, engaging and rewarding talents/employees of the organisation accordingly.

In this respect, our MANAGEMENT TRAINEE PROGRAMME attracts talented graduates to undergo comprehensive programmes and on-the-job engagements, to develop them as the future leaders of XOX, to broaden their minds by providing them opportunities for interchange of experiences with a view to correct the narrow outlook that may arise from over specialisation.

We are also focusing on human capital development to nurture our employees to their full potential. The Group also places pressure in continuously upskill and reskill our workforce, to stay relevant and productive, so that they can execute their roles and responsibilities efficiently. Employees, from time to time, attended internal or external training and pursued professional development to enhance their knowledge and skill for career enhancement and personal development, in the field of operational, financial, human resource management, technical skills, and others. Asides, XOX has a strong belief that one must have good reading habits to widen knowledge and develop verbal expression of ideas and feelings and to cultivate this activity of reading books in XOX, UNICORN COMMUNITY was formed to make reading a social experience as well as an individual activity.

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination and Remuneration Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. In this context, the Group has implemented THE APPRENTICE PROGRAMME to boost the performance of high potential non-managers and increase progression and promotability - career enhancement, career enrichment, be a candidacy for succession planning within the organisation. During the programme, employees will participate in a variety of activities such as on-the-job trainings, assessments, group workshops, job rotation etc. designed to create practical experience.

The Group recognised that the safety and well-being of its employees is the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations.

Apart from promoting safety and good health, motivation is an essential part of the Group's responsibility to our employees. Maintaining a healthy work-life balance is important for employees' well-being and it can contribute towards greater productivity and performance. In the HQ, the Group had organised Movie Day, Hiking Day, Bowling Competition, Zumba session etc during the financial period. This creates the sense of belonging and promotes work-life balance to our employees.

In addition to the day-to-day motivation measures, it is the Group's tradition to have Hari Raya Aidilfitri, Chinese New Year, Deepavali, and Christmas & New Year as well as Birthday Celebrations and it represents a big part of our culture to foster stronger relationships amongst the staff across generations, as well business associates to mingle around while celebrating the festival.

The Group is also having Annual Dinner for our employees to celebrate the year past. The Annual Dinner for 2019 was held at One World Hotel on January 2019 where our staff attended the event and meet as one big XOX family.

Community

Our Group strongly believes in giving back to society and hence XOX had always devoted to philanthropy. We are deeply rooted in the community we operate and hence we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life.

We have from time to time made donations to various charitable organisation. During 2019, XOX team visited Rumah Victory for Elderly and also Pusat Jagaan Nur Sakinah. Helping the less fortunate members of our community is our way of giving back to society.

Blood is important to save the lives of people who need a blood transfusion due to illness or injury. XOX has organised several blood donation drive during the financial period in several location. This noble act was also participated by staff of XOX and our customer who donating a pint of blood.

Sustainability Statement (Cont'd)

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Sustaining long term value	Advancing our business	Investing in our human resources	Contributing to society
Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment and diversification	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well-being through taxes and donations

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("the Board") of XOX Bhd ("XOX" or "the Company") 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 A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Leadership

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. During the quarterly Board's meeting, the Executive Directors brief the Board on business performance and operations as well as the management initiatives.

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 of 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 will be briefed by the Executive Directors 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 risk management and internal controls including the financial condition of the business, operational, regulatory compliance.

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

The Board is responsible for formulating and having 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, amongst others, the following matters:

i) relevant operational reports from the management;
ii) reports on the financial performance;
iii) specific proposals for capital expenditure and acquisitions, if any;
iv) significant 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) review and 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's composition, structure and succession plan;
iv) review the Company's audit requirements;
v) review the performance and composition of Board committees;
vi) undertake Board and individual Board member evaluations;
vii) review Board's remuneration; and
viii) review risk assessment policies and controls and compliance with legal and regulatory requirements.

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and adequately segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company. They 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. The senior management of the Group assists them 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 Executive Directors 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 Executive Directors, assisted by the senior management, 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 terms of reference and have the authority to act on behalf of the Board within the authority as laid out in terms of reference and report to the Board with the necessary recommendation.

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 one-third (1/3) 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.

Separation of Positions of the Chairman and Chief Executive Officer

During the financial year under review, the Company has complied with the recommendation of the MCCG where different individual hold the positions of the Chairman and the Chief Executive Officer, and that the Chairman is a non-executive member of the Board.

The roles of the Chairman and the Executive Directors / Chief Executive Officer 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 Executive Directors / Chief Executive Officer, and are responsible for leading the Board in the oversight and supervision of the Group's management; whilst the Executive Directors together with the Chief Executive Officer are responsible for the day-to-day operations of the Group, making a strategic business decision and implementing the Board's policies and decisions.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Constitution, 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 are 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 all 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.

Information and Support for Directors

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 documentations 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 advice 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 are 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 the 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.

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) The general outline of the Board's purpose;
ii) An overview of the Board's roles and responsibilities;
iii) Structure and membership;
iv) 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.

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.

Statement of Corporate Governance (Cont'd)

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.

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.

Whistle-Blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to a 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 responsibly and sensibly.

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 of 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

Board Composition

The current Board of Directors consists of seven (7) members, comprising a Non-Independent Non-Executive Chairman, two (2) Executive Directors, three (3) Independent Non-Executive Directors and a Non-Independent Non-Executive Director. 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. In the event of any vacancy in the Board of Directors resulting in non-compliance with the Listing Requirements, the Board shall fill the vacancy within three (3) months from the date of that event. The profile of each Director is presented separately on page 4 to 8 of this Annual Report.

The Board is mindful of the MCCG's recommendation which stated "at least half of the board shall comprise of Independent Directors. For Large Companies, the Board shall comprise a majority independent director." Although increasing number in the Independent Directors may provide more fresh ideas and viewpoints to the Board, the Board is of the view that there is balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties and objective as the Independent Non-Executive Directors of the Company have strong personalities with high levels of integrity and 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. Further, 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 judgement. This offers a strong check and balance on the Board's deliberations. Nevertheless, the Board, through the Nomination and Remuneration Committee will endeavor to identify suitable candidates with the relevant market and industry knowledge for the proposed appointment as Independent Non-Executive Director(s) of the Company.

Tenure of Independent Directors

Currently, the Board does not have a formal 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 re-designation of the said person 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 annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) years, the Board will seek annual shareholders' approval through a two-tier voting process.

As of 30 September 2019, the tenure of the Independent Non-Executive Directors of the Company are as follows :

	4-6 Years	7-9 Years
Soo Pow Min		√
Hew Tze Kok	√	
Edwin Chin Vin Foong	√	

Currently, none of the Independent Directors had served the Company for more than nine (9) years as per the recommendations of MCCG.

New Candidates for Board Appointment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination and Remuneration Committee ("NRC") of the Company. 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 Constitution 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 meeting the legal and regulatory obligations.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending on 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.

Currently, the sources to identify suitably qualified candidates for appointment of directors are on recommendations from existing Board members, senior management or major shareholders. However, the Board and NRC would not hesitate to utilise independent sources to identify suitably qualified candidates, where necessary.

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 the 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 discharge their duties effectively; 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.

Boardroom Diversity

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG 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 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. In line with the country's aspirational target of 30% representation of women on Boards, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of female director onto the Board in future to bring about a more diverse perspective.

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/her responsibilities. Directors are required to notify the Chairman before accepting any new directorship(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.

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.

During the financial period ended 30 September 2019, 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 seven (7) Board of Directors' meetings held during the financial period ended 30 September 2019. 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	6/7
Tan Sik Eek	7/7
Ng Kok Heng	7/7
Soo Pow Min	7/7
Hew Tze Kok	7/7
Edwin Chin Vin Foong	6/7
Roy Ho Yew Kee *(Appointed on 22.03.2019)*	3/3

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial period ended 30 September 2019.

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.

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	• Common Pitfalls in Transaction and RPT Rules and Managing Recurrent Related Party Transactions • Olympic Marketing Seminar • Rethinking Melaka in the Long 15th Century • Strategic Forum on Strengthening Governance and the Influence in Human Rights and Social Change
Tan Sik Eek	• Listing Requirement Seminar (1) Common Pitfalls in Transaction and RPT (2) Managing Recurrent Related Party Transactions • Blockchain Seminar 2018 • The New Constitution Under The Companies Act 2016 • Key Amendments to the ACE market Listing Requirements of Bursa Malaysia Securities Berhad Relating to Continuing Disclosure Obligations and Other Amendments • Financial Reporting & Disclosure Obligations What Directors & Management Need to Know
Ng Kok Heng	• Blockchain Seminar 2018 • The New Constitution Under The Companies Act 2016 • Key Amendments to the ACE market Listing Requirements of Bursa Malaysia Securities Berhad Relating to Continuing Disclosure Obligations and Other Amendments
Soo Pow Min	• Case Study Workshop for Independent Directors
Hew Tze Kok	• CFO Conference 2019
Edwin Chin Vin Foong	Nil
Roy Ho Yew Kee	• Annual Report - What a Director must know

During the financial year ended 30 September 2019, 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 continuingly 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 discharge their duties effectively.

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.

Nomination and Remuneration Committee

In line with the Best Practices of MCCG, the Board has established the NRC which comprise exclusively of Independent Non-Executive Directors, with the responsibilities of assessing the balanced 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 summary of activities undertaken by the NRC during the financial year included the following :

i) Reviewed and recommended the appointment of Mr Ng Kok Heng as Executive Director of the Company;

ii) Reviewed and recommended the re-designation of Mr Tan Sik Eek from Independent Non-Executive Director to Executive Director of the Company;

iii) Reviewed and recommended the change of composition of Share Issuance Scheme Committee;

iv) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and made an appropriate recommendation to the Board;

v) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution;

vi) Reviewed and recommended the payment of Directors' fees and other benefits payable to Directors;

vii) Reviewed and recommended the revision of the remuneration package of the Chief Executive Officer of the Company;

viii) Reviewed and recommended the payment of festive / entertainment allowance to the directors and the payment of bonus to the Chief Executive Officer of the Company; and

ix) Reviewed and recommended the appointment of Mr Roy Ho Yew Kee as Non-Independent Non-Executive Director of the Company.

Evaluation for Board, Board Committees and Individual Directors

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 annually 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 forthcoming Annual General Meeting of the Company, to meet current and future requirements of the Group.

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. 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 2019, the Board and the NRC are satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees 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 Constitution. Pursuant to the Company's Constitution, 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 Company's Constitution also provides 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 are as stated in the Notice of Annual General Meeting.

Annual Assessment of Independence

The NRC will conduct annual assessments on 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.

Based on the assessment carried out for the financial period ended 30 September 2019, the Board and the NRC are 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 fulfil the definition of independence as set out in the Listing Requirements of Bursa Securities.

Statement of Corporate Governance (Cont'd)

Remuneration Policy

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The NRC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The NRC also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

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.

Directors' Remuneration

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial period ended 30 September 2019 are as follows:

	Company		Group	
Director	**Fees (RM)**	**Salaries and other emoluments ^ (RM)**	**Fees (RM)**	**Salaries and other emoluments ^ (RM)**
Dato' Seri Abdul Azim bin Mohd Zabidi	107,250	11,875	287,250	11,875
Tan Sik Eek	78,000	13,000	78,000	13,000
Ng Kok Heng	70,116	12,000	70,116	1,444,514
Soo Pow Min	78,000	19,000	78,000	19,000
Hew Tze Kok	78,000	19,000	78,000	19,000
Edwin Chin Vin Foong	78,000	15,000	78,000	15,000
Roy Ho Yew Kee *(Appointed on 22.03.2019)*	15,600	3,000	15,600	3,000
Total	**504,966**	**92,875**	**684,966**	**1,525,389**

Note :
^ including meeting allowances

Remuneration of Senior Management

The Company notes the need for corporate transparency in the remuneration of its senior management executives, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Group's senior management personnel who are not directors of the Company.

The remuneration of the senior management personnel, which is a combination of annual salary, bonus and benefits-in-kinds are determined in a similar manner as other management employees of the Group. The basis of determination has been consistently applied and is based on individual performance and the overall performance of the Group. The aggregate remuneration of the top five (5) senior management received for the 15 months financial period ended 30 September 2019 was RM2.37 million representing 9.44% of the total employees' remuneration of the Group.

The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and the top five (5) senior management's total combined remuneration package should meet the intended objectives of the MCCG.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

In line with the best practices of MCCG, the Board has set up the Audit Committee which comprising exclusively of Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board.

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	Edwin Chin Vin Foong	Independent Non-Executive Director

The primary objective of the Audit Committee is to establish a documented, formal and transparent procedure to assists 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.

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.

Independence of the Audit Committee

XOX recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company was former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Directors' Profiles on pages 4 to 8 of this Annual Report. During the financial period ended 30 September 2019, save and except for Mr Edwin Chin Vin Foong, all other members of the Audit Committee had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to discharge their duties effectively.

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 period ended 30 September 2019 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Audit Committee assists the Board 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 58 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.

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

i) the adequacy of the experience and resources of the External Auditors;

ii) the External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

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 Audit Committee and the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to respond 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 Directors 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 period ended 30 September 2019.

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 Moore Stephens Associates PLT as the External Auditors of the Company for the financial year ending 30 September 2020.

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 the 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 reviewed 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.

Statement of Corporate Governance (Cont'd)

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 on pages 61 to 64 on the Statement on Risk Management and Internal Control of this Annual Report.

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.

The Internal Audit firm appointed by the Company is staffed by a total of five (5) professionals and led by Ms Christine Looi as the Head of Internal Audit. Ms Christine Looi is a member of the Institute of Internal Auditors Malaysia. The Internal Audit firm appointed by the Company is independent from the activities related to Group's business operations and performs its duties in accordance with standards set by relevant professional bodies, namely the Institute of Internal Auditors.

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 approved the internal audit plan during the first Audit Committee meeting each year. Any subsequent changes to the internal audit plan shall be reviewed and approved by the Audit Committee. The scope of the 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 period ended 30 September 2019 amounted to RM73,500.00.

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 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
One XOX Sdn Bhd	• Marketing and Products Development
	• Inventory Management
	• Billing, Collection and Accounts Receivable
XOX Com Sdn Bhd	• Inventory Management
	• Retails Centre / Branch Operations

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 the Board agreed that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

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, decided to continue with the outsourcing of the Internal Audit function.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

Communication with Stakeholders

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 the information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders; it is not only established just to comply with the Listing Requirements.

Statement of Corporate Governance (Cont'd)

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 despatched on an annually basis to the shareholders to provide an overview of the Group's business activities and performances. 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 Executive Directors 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.

Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. As recommended by the MCCG, the notice of AGM will be despatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. 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.

Attendance of Directors at General Meetings

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make the necessary arrangement to attend the planned AGM.

At the Eighth (8th) AGM of the Company held on 29 November 2018, save and except for Mr Edwin Chin Vin Foong, who is not able to attend the said AGM due to urgent business schedule, all other Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company.

Poll Voting

In line with Rule 8.31A 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.

Statement of Corporate Governance (Cont'd)

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.

COMPLIANCE STATEMENT

Other than as disclosed and/or explained in this Annual Report, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

Attendance of Meetings

During the financial period ended 30 September 2019, the Audit Committee held seven (7) meetings and the details of the attendance are as follows:

Members	Meeting Attendance
Hew Tze Kok	7/7
Soo Pow Min	7/7
Edwin Chin Vin Foong *(Appointed on 16.10.2018)*	4/5

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 :

i) 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;

ii) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial period ended 30 September 2019;

iii) 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;

iv) 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;

v) Evaluated the performance of the external auditors for the financial period ended 30 September 2019 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 the 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;

Audit Committee Report (Cont'd)

xi) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

xii) Reviewed the 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.

How the Audit Committee Discharged and Met its Responsibilities During the Financial Year

i) Financial Reporting

The Audit Committee had reviewed the unaudited quarterly financial results and the annual audited financial statements of the Company and of the Group and made recommendations to the Board for approval and for the announcement to Bursa Securities.

The Audit Committee also had reviewed the annual audited financial statements with the External Auditors and finance team to ensure that the financial statements give a true and fair view of the financial position and performance of the Group are in compliance with the relevant accounting standards, other legal requirements and to ensure compliance with the provisions of the Companies Act, 2016 and the Listing Requirements.

ii) External Auditors

During the financial year under review, the Audit Committee had met with the External Auditors to review the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries arising from the audit. Significant matters requiring to follow up were highlighted in the management letter by the External Auditors and enquired on the adequacy and effectiveness of remedial actions taken by management in resolving these issues.

The Audit Committee also had reviewed and evaluated the audit planning memorandum and audit reviewed memorandum prepared and presented by the External Auditors.

The proposed audit fees for the External Auditors in respect of their audit of the financial statements of the Company and its subsidiaries were analysed and reviewed by the Audit Committee for recommendation to the Board for approval.

The Audit Committee also evaluated the performance and independence of the External Auditors covering areas such as calibre, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees as well as the audit communications of the External Auditors. The Audit Committee has been satisfied with the independence and performance of Messrs Moore Stephens Associates PLT, had recommended the re-appointment of Messrs Moore Stephens Associates PLT as External Auditors to the Board for consideration and tabled to the shareholders for approval at the forthcoming Annual General Meeting of the Company.

iii) Internal Audit

During the financial year under review, the Audit Committee had reviewed and evaluated the Internal Audit Reports ("IAR") pertaining to the internal control on the Group prepared by the outsourced Internal Auditors of the Company.

The IAR on audit findings, description, implication, recommendations to improve any weaknesses or non-compliance and the management action plan and comments thereto were tabled to the Audit Committee for their review and deliberations. The management was invited to attend the meetings as and when necessary to brief the Audit Committee on matters relating to their areas of responsibility.

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address these weaknesses. The Internal Auditors monitored the implementation of management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

iv) Related Party transactions

The related party transactions including recurrent related party transactions of a revenue and entered into by the Group were reviewed by the Audit Committee to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions to monitor compliance with the Listing Requirements and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders.

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 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. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial period ended 30 September 2019, 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.

STATEMENT OF SHARE ISSUANCE SCHEME ("SIS") COMMITTEE

The SIS Committee was established on 25 September 2015, the members of the present SIS Committee are as follows:

Designation	Name
Chairman	Edwin Chin Vin Foong
Member	Soo Pow Min
Member	Hew Tze Kok
Member	Ng Kok Heng
Member	Kong Choo Hui

The main responsibility of the 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 September 2019 are set out in the table below:

Category of Employees	No. of SIS Options Over Ordinary Shares			
	Granted and Vested	Exercised	Lapsed/ Forfeited/ Revoked	Outstanding
Directors	91,321,400	21,900,000	46,189,000	23,232,400
Other Employees	151,694,500	79,597,500	45,954,900	26,142,100
Total	**243,015,900**	**101,497,500**	**92,143,900**	**49,374,500**

Statement Of Share Issuance Scheme ("SIS") Committee (Cont'd)

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 period ended 30 September 2019 are as follows:

Name of Director	No. of SIS Options Over Ordinary Shares			
	Balance as at 01.07.2018	Number of SIS Options Granted	No. of SIS Options Revoked	Balance as at 30.09.2019
Dato' Seri Abdul Azim Bin Mohd Zabidi	-	-	-	-
Tan Sik Eek	-	-	-	-
Ng Kok Heng	7,198,800	-	-	7,198,800
Soo Pow Min	9,247,100	-	-	9,247,100
Hew Tze Kok	-	-	-	-
Edwin Chin Vin Foong	-	-	-	-
Roy Ho Yew Kee	-	-	-	-

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 September 2019, the actual number of SIS Options granted to the Directors since the commencement of the SIS is 37.58%.

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 period ended 30 September 2019, were in accordance with the criteria of allocation of share options set out in the SIS By-Laws.

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 risk management and 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 risk management and internal control of the Group as a whole for the financial period ended 30 September 2019, which has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Securities.

Board Responsibility

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's system of risk management and 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 risk management and internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Accordingly, the Group's system of risk management and 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 key features of the risk management and internal control systems which are operated with the assistance of the management are described under the following headings :

1. 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 the Board 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.

Risk management is firmly embedded in the Group's management system as the Board firmly believes that risk management is critical for the Group's sustainability and the enhancement of shareholder value. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards.

Statement On Risk Management And Internal Control

(Cont'd)

The Company has set up a Risk Management Committee which comprises key senior management of the Company to identify, evaluate and manage significant risks faced by the Group as well as report to the Board on significant risks affecting the Group's strategic and business plans, if any.

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

i) The management is entrusted with developing, operating and monitoring the system of risk management and 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 Directors 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.

2. Board of Director / Board Committees

The Board Committees (i.e. Audit Committee and Nomination and Remuneration Committee) have been established to carry out duties and responsibilities delegated by the Board and are governed by written terms of references as stated in the Company's website.

Meetings of the Board and respective Board Committees are carried out on a quarterly basis to review the performance of the Group, from financial to operational perspectives. The quarterly financial performance review containing key financial results and previous corresponding financial results are presented to the Audit Committee for review and the Board for approval for public release.

3. Standard Operating Procedures

The Group has a set of well-established standard operating procedures covering all critical and significant facets of the Group's operating process at its subsidiary level.

The standard operating procedures are being reviewed periodically or as and when the circumstances warrant to ensure that these documentations remain current and relevant. Compliance with these procedures is an essential element of the risk management and internal control framework.

Statement On Risk Management And Internal Control
(Cont'd)

4. Organisation Structure and Authorisation Procedure

The Group has a formal organisation structure in place to ensure the appropriate level of authority and responsibilities are delegated appropriately to competent staffs so as to achieve operational effectiveness and efficiency.

The authorisation requirement of the key internal control points of key business processes are included in the standard operating procedures of the Group.

5. 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 in improving the system of internal controls to the Audit Committee. The areas of internal audit covered included Marketing and Products Development, Inventory Management, Retails Centre / Branch Operations and Billing, Collection and Accounts Receivables of XOX Group.

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

6. Other Key Risk Management and 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 risk management and 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.

Statement On Risk Management And Internal Control

(Cont'd)

iv) Regular training and development programs are attended by the employee with the objective of enhancing their knowledge and competency.

v) Active involvement by the Executive Directors 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.

vi) Periodic review of management accounts by key personnel, including the Executive Directors and Chief Executive Officer. The management accounts are also presented to the Board and Audit Committee during the respective meetings.

vii) 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 period ended 30 September 2019.

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.

Management's Assurance

In accordance with the requirements of the statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers), the Executive Directors and Chief Executive Officer, 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 risk management and 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 separate disclosure in the Annual Report. The Board is of the view that the existing system of risk management and internal control is adequate. Nevertheless, the Board recognises that the development of risk management and 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 risk management and internal control.

OTHER DISCLOSURE REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES

1 Status of Utilisation of Proceeds

As at 30 September 2019, the gross proceeds raised by the Company from the following corporate proposals had been fully 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	* 10,733,038	*3,059,710
(b) Working capital	19,317,353	* 22,377,063	*(3,059,710)
(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**	**40,082,935**	**-**

Notes

* *As provided in the Company's announcement made on 25 March 2019, the Company had transferred RM3,059,710 of balance unutilised from the estimated phone bundling expenses to the working capital purposes.*

(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	12,293,900	-
(ii) Enhancement of features and software maintenance of Voopee	5,000,000	5,000,000	-
(iii) Expansion of network capacity for Voopee	5,000,000	5,000,000	-
(b) Estimated expenses related to the Share Issuance	812,000	812,000	-
Total	**23,105,900**	**23,105,900**	**-**

Other Disclosure Requirements Pursuant To The Listing Requirements Of Bursa Securities (Cont'd)

(iii) Private Placement (completed on 26 October 2018) :

Details	Proposed Utilisation RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a) Branding and marketing expenses	4,543,993	4,543,993	-
(b) Estimated expenses for the Private Placement	93,317	93,317	-
Total	**4,637,310**	**4,637,310**	**-**

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 period ended 30 September 2019 were as follows :

	Company RM	Group RM
Audit Services Rendered	93,000.00	317,970.00
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	15,000.00	15,000.00
(b) Group Audit Instruction	-	1,514.00

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 February 2020.

The details of RRPTs of a revenue or trading nature of the Group for the financial period ended 30 September 2019 are follows:

Other Disclosure Requirements Pursuant To The Listing Requirements Of Bursa Securities (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
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	135,125	XOX is a Substantial Shareholder of M3Tech with a shareholding of 5.49%. Mr Ng Kok Heng is the Independent Non-Executive Director of M3Tech. He is also the Executive Director / Chief Executive Officer of XOX. Datuk Chai Woon Chet is the Non-Independent and Non-Executive Director of M3Tech. He is also the Director of the subsidiary companies of XOX Group.
		Provision of mobile value added services to XOX Group	31,585	

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 30 September 2019.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Group and of the Company were changed from 30 June to 30 September. Accordingly, comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not entirely comparable.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of its subsidiaries are set out in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial period.

RESULTS

	Group RM	Company RM
Net loss for the financial period	(21,499,673)	(10,017,678)
Attributable to:		
Owners of the Company	(21,177,600)	(10,017,678)
Non-controlling interests	(322,073)	-
	(21,499,673)	(10,017,678)

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Company is not in a position to pay or declare dividends for the current financial period.

ISSUANCE OF SHARES OR DEBENTURES

On 26 October 2018, the Company has increased its issued share capital from RM122,255,081 to RM126,892,391 by the issuance and allotment of 99,300,000 new ordinary shares at an issue price of RM0.0467 per share for the purpose of raising working capital by way of private placement.

Subsequently, 2,500 of Warrants A 2016/2019 ("Warrants A") were exercised at an exercise price of RM0.20 per Warrants A, hence the Company paid-up share capital has increased from RM126,892,391 to RM126,892,891.

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

The Company has not issued any debentures during the financial period.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period.

At an extraordinary general meeting held on 30 March 2015, the Company's shareholders approved the establishment of Share Issuance Scheme ("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 6 to the financial statements.

The details of the options offered to take up unissued ordinary shares and the forfeited amount during the financial period are as follows:

		Number of options over ordinary shares			
Date of offer	**Exercise price**	**At 01.07.2018 Unit**	**Forfeited Unit**	**Exercised Unit**	**At 30.09.2019 Unit**
21 April 2016	RM0.13	5,037,200	(1,580,700)	-	3,456,500
9 January 2018	RM0.10	48,271,300	(2,353,300)	-	45,918,000

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

WARRANTS

During the financial period, 2,500 of Warrants A 2016/2019 ("Warrants A") were exercised at an exercise price of RM0.20 per Warrants A. As at 8 February 2019, the total numbers of Warrants A that remain unexercised amounted to 200,412,175 were expired and lapsed.

Further information is disclosed in Note 20(b) to the financial statements.

DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial period to the date of this report are:-

Dato' Seri Abdul Azim Bin Mohd Zabidi *	
Soo Pow Min	
Hew Tze Kok	
Edwin Chin Vin Foong	
Tan Sik Eek	
Ng Kok Heng *	(Appointed on 17 August 2018)
Roy Ho Yew Kee	(Appointed on 22 March 2019)
Datuk Chai Woon Chet *	(Resigned on 17 August 2018)

* *These Directors are also Directors of subsidiaries included in the financial statements of the Group for the financial period.*

DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial period to the date of this report are as follows:

Datuk Chai Woon Chet
Kong Choo Hui
Azril Bin Aliuddin
Loh Boon Teong
Imam Pituduh
Muhammad Said Aqil
Rohmat Faisol

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial period in shares and options over shares of the Company and its related corporations during the financial period were as follows:

	Number of ordinary shares			
	At 01.07.2018 Unit	**Bought Unit**	**Sold Unit**	**At 30.09.2019 Unit**
Name of Directors				
The Company				
Direct Interest:				
- Dato' Seri Abdul Azim Bin Mohd Zabidi	451,380	-	-	451,380
- Ng Kok Heng	17,237,035	-	-	17,237,035
Indirect Interest:				
Soo Pow Min #	161,255	-	-	161,255

\# Deemed interested through spouse's shareholdings in the Company.

DIRECTORS' INTERESTS (Cont'd)

	Number of options over ordinary shares			
	At 01.07.2018 Unit	Revoked Unit	Exercised Unit	At 30.09.2019 Unit
Name of Directors				
The Company				
Direct Interest:				
- Soo Pow Min	9,247,100	-	-	9,247,100
- Ng Kok Heng	7,198,800	-	-	7,198,800

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

DIRECTORS' REMUNERATION AND BENEFITS

The amounts of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM	Subsidiary RM
Fees	511,031	180,000
Salaries, bonus and other emoluments	92,875	1,418,000
Contributions to defined contribution plan	-	170,160
Social security contributions	-	1,308
Total fees and other benefits	603,906	1,769,468

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in Note 5(a) to the financial statements or the fixed salary of a full-time employee of the Company) 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, other than as disclosed in Note 25 to the financial statements.

There were no arrangements during or at the end of the financial period which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have 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 the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

(d) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial period, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

(e) The fees paid to or receivables by the auditors of the Company and its subsidiaries as remuneration for the services as set out in Note 5 to the financial statements.

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION (Cont'd)

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) The total amount of indemnity given to or insurance effected for any Directors and officers of the Company is RM7,000,000 with insurance premium of RM46,469. No indemnity given to or insurance effected for auditors of the Company.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of significant and subsequent events are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 13 January 2020.

DATO' SERI ABDUL AZIM BIN MOHD ZABIDI

NG KOK HENG

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 83 to 159 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 September 2019 and of their financial performance and cash flows for the financial period then ended.

Approved and signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 13 January 2020.

DATO' SERI ABDUL AZIM BIN MOHD ZABIDI

NG KOK HENG

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

I, NG KOK HENG, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that that the financial statements as set out on pages 83 to 159 are to the best of my knowledge and belief, 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 13 January 2020

NG KOK HENG

Before me,

TAN KIM CHOOI
NO. W661
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF XOX BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of XOX Bhd, which comprise the statements of financial position as at 30 September 2019 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 83 to 159.

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 September 2019, and of their financial performance and their cash flows for financial period 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 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 judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. 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.

Key Audit Matters (Cont'd)

Key Audit Matters

Impairment Review of Plant and Equipment ("PPE") and Intangible Assets ("IA")

As at 30 September 2019, as shown in Notes 9 and 10 to the financial statements, the carrying amounts of the Group's PPE and IA amounted to RM49,335,811 and RM39,575,229 respectively, representing approximately 27% and 22% of the Group's total assets.

The main operating subsidiaries of the Group with material PPE and IA balances are in continuous loss-making and significant accumulated losses position have resulted in multiple indications that the carrying amounts of PPE and IA may be impaired. Accordingly, the Group estimated the recoverable amount of the PPE and IA based on value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial forecast approved by Directors covering a five-year period.

We have identified the impairment review of PPE and IA as a key audit matter as impairment test involves significant management judgement in estimating the underlying assumptions to be applied in the discounted cash flows projections of the VIU calculation. The recoverable amount of the Group's PPE and IA is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flows projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.

Our audit procedures performed and responses thereon

We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU:-

- Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors;
- Evaluated management's budgeting processing by comparing actual results to historical cash flows projections;
- Evaluated the reasonableness of the Directors' assessment that the integrated telecommunications services is the cash generating unit ("CGU") which represents the smallest identifiable group of assets that generate independent cash inflows, by understanding the business model of the Group;
- Compared the key assumptions including forecast revenue, growth rate, gross margin and discount rate against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available; and
- Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculation and assessed the impact of the recoverable amount of the plant and equipment.

Independent Auditors' Report (Cont'd)

To the Members of XOX Bhd.

Key Audit Matters (Cont'd)

<u>**Key Audit Matters**</u>	<u>**Our audit procedures performed and responses thereon**</u>
Impairment Review of the Company's Investment in Subsidiaries As at 30 September 2019, as shown in Note 11 to the financial statements, the carrying amount of the Company's investment in subsidiaries amounted to RM93,855,329. A history of recent losses and significant accumulated losses recorded by certain subsidiaries has resulted in multiple indications that the carrying amount of investment in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amount of the investment in subsidiaries either based on value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial forecast approved by Directors covering a five-year period or fair value less costs of disposal (as the case may be). During the financial period, the Company has recognised reversal of impairment loss of RM17,336,177 for its investment in subsidiaries. We have identified the impairment review of investment in subsidiaries as a key audit matter as impairment test involves significant judgement in estimating the underlying assumptions to be applied in the discounted cash flow projections of the VIU calculation. The recoverable amount of the Company's investment in subsidiaries is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flows projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.	We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU and for respective subsidiaries: - • Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors; • Evaluated management's budgeting processing by comparing actual results to historical cash flows projections; • Compared the key assumptions including forecast revenue, growth rates, gross margin and discount rate against our knowledge of the subsidiaries' historical performance, business and cost management strategies based on facts and circumstances currently available; and • Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the cost of investment.

Key Audit Matters (Cont'd)

Key Audit Matters	**Our audit procedures performed and responses thereon**
Revenue Recognition from Contract with Customers As shown in Note 4 to the financial statements, the Group's revenue during the financial period ended 30 September 2019 comprised primarily telecommunication services revenue and mobile application services of RM311,361,314. We focused on this area because the Group relies on complex information technology system in accounting for its telecommunication revenue. Such information system processes large volumes of data with a combination of different products, which consist of individually low value transactions. There is an inherent risk around the accuracy of revenue recorded given it is processed by billing systems that are complex. In addition, we focused on the adjustments recognised following the Group's application of *MFRS 15 Revenue from Contracts with Customers* ("MFRS 15") particularly estimates and judgements were involved in accounting for contract liabilities (i.e. unearned revenue) at the reporting date. The Group elected for the full retrospective transition approach requiring restatement to the comparative period presented for the period beginning on 1 July 2017.	We have performed the following audit procedures: • Assessed the impact analysis and the accounting estimates and judgement made by the management for the recognition of unearned revenue; • Evaluated management's estimate of unutilised air time by comparing such amount to the system; • Involved our information technology ("IT") specialists to test the relevant IT general controls and application controls over operating effectiveness for the following: - capturing and recording of revenue transactions; - authorisation of the rate changes and the input to the billing systems; and - accuracy of calculation of amounts billed to customers. • Tested the accuracy of the data interface between the billing system and the general ledger and tested the non-automated controls in place to ensure accuracy of revenue recognised; and • Examined material non-standard journal entries and other adjustments posted to revenue accounts.

Independent Auditors' Report (Cont'd)
To the Members of XOX Bhd.

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 information included in 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 Annual Report 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 Annual Report 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 Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 also 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 have 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 decisions of users taken on the basis of these financial statements.

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

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

(a) 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.

(b) 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 of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(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 and 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 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 and the Company to cease to continue as a going concern.

(e) 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 represent the underlying transactions and events in a manner that achieves fair presentation.

(f) 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.

Independent Auditors' Report (Cont'd)
To the Members of XOX Bhd.

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

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 period 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that in our opinion the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

Other Matters

(i) 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.

(ii) The comparative figures were audited by another firm of chartered accountants who expressed an unmodified opinion on those financial statements on 26 October 2018.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

STEPHEN WAN YENG LEONG
02963/07/2021 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 13 January 2020

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Note	Group 01.07.2018 to 30.09.2019 RM	Group Restated 01.07.2017 to 30.06.2018 RM	Company 01.07.2018 to 30.09.2019 RM	Company 01.07.2017 to 30.06.2018 RM
Revenue	4	311,361,314	187,542,724	-	-
Cost of sales		(183,219,078)	(103,881,608)	-	-
Gross profit		128,142,236	83,661,116	-	-
Other income		16,613,507	1,388,582	17,403,255	716,626
Administrative expenses		(76,393,621)	(41,309,430)	(27,420,933)	(2,465,973)
Selling and distribution expenses		(89,219,775)	(55,259,100)	-	-
Loss from operations		(20,857,653)	(11,518,832)	(10,017,678)	(1,749,347)
Finance cost		(487,004)	(120,190)	-	-
Loss before tax	5	(21,344,657)	(11,639,022)	(10,017,678)	(1,749,347)
Tax expenses	7	(155,016)	(205,876)	-	-
Loss for the period/year, net of tax		(21,499,673)	(11,844,898)	(10,017,678)	(1,749,347)
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation		(12,119)	(3,254)	-	-
Total comprehensive income for the financial period/year		(21,511,792)	(11,848,152)	(10,017,678)	(1,749,347)
Loss for the period/year, net of tax attributable to:					
Owners of the Company		(21,177,600)	(11,899,760)	(10,017,678)	(1,749,347)
Non-controlling interests		(322,073)	54,862	-	-
		(21,499,673)	(11,844,898)	(10,017,678)	(1,749,347)
Total comprehensive income attributable to:					
Owners of the Company		(21,186,408)	(11,903,014)	(10,017,678)	(1,749,347)
Non-controlling interests		(325,384)	54,862	-	-
		(21,511,792)	(11,848,152)	(10,017,678)	(1,749,347)
Loss per ordinary share attributable to Owners of the Company:					
Basic and diluted (sen)	8	(1.98)	(1.27)		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements

STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	Group			Company		
		30.09.2019 RM	Restated 30.06.2018 RM	Restated 01.07.2017 RM	30.09.2019 RM	30.06.2018 RM	01.07.2017 RM
ASSETS							
Non-Current Assets							
Plant and equipment	9	49,335,811	52,722,106	48,616,568	-	-	-
Intangible assets	10	39,575,229	29,605,551	21,693,987	-	-	-
Investments in subsidiaries	11	-	-	-	93,855,329	359,152	60,002
Other investments	12	1,442,214	2,724,182	5,735,200	1,442,214	2,724,182	5,735,200
Goodwill on consolidation	13	-	-	-	-	-	-
Other receivables	14	243,914	-	-	-	-	-
		90,597,168	85,051,839	76,045,755	95,297,543	3,083,334	5,795,202
Current Assets							
Inventories	15	7,201,652	9,259,722	7,585,943	-	-	-
Trade receivables	16	27,891,831	20,223,004	15,696,685	-	-	-
Other receivables	14	46,948,567	39,915,444	40,573,450	596,371	76,953	27,281
Amounts due from subsidiaries	17	-	-	-	1,360,465	96,485,716	80,590,820
Tax recoverable		342,537	213,924	408,487	17,530	16,555	38,267
Fixed deposits with a licensed bank and a financial institution	18	380,000	3,000,000	-	-	3,000,000	-
Cash and bank balances		8,572,671	9,564,743	16,593,007	204,285	85,195	2,424,926
		91,337,258	82,176,837	80,857,572	2,178,651	99,664,419	83,081,294
TOTAL ASSETS		181,934,426	167,228,676	156,903,327	97,476,194	102,747,753	88,876,496

Statements Of Financial Position (Cont'd)
As At 30 September 2019

		Group			Company		
			Restated	Restated			
	Note	30.09.2019 RM	30.06.2018 RM	01.07.2017 RM	30.09.2019 RM	30.06.2018 RM	01.07.2017 RM
EQUITY AND LIABILITIES							
Equity							
Share capital	19	126,892,891	122,255,081	107,437,179	126,892,891	122,255,081	107,437,179
Reserves	20	(33,706,396)	(12,519,988)	(1,338,939)	(29,835,523)	(19,817,845)	(18,790,463)
Total equity attributable to Owners of the Company		93,186,495	109,735,093	106,098,240	97,057,368	102,437,236	88,646,716
Non-controlling interests	11(c)	2,312,034	513,418	458,556	-	-	-
Total Equity		95,498,529	110,248,511	106,556,796	97,057,368	102,437,236	88,646,716
Non-Current Liabilities							
Finance lease payables	21	2,888,824	1,445,045	1,721,788	-	-	-
Deferred tax liabilities	22	98,184	51,502	17,698	-	-	-
		2,987,008	1,496,547	1,739,486	-	-	-
Current Liabilities							
Trade payables	23	34,300,524	22,139,985	25,983,322	-	-	-
Other payables and accruals	24	28,108,779	16,459,081	10,326,607	418,826	310,517	229,780
Contract liability	4	19,935,816	16,312,130	11,769,322	-	-	-
Finance lease payables	21	1,103,770	572,422	527,324	-	-	-
Tax payable		-	-	470	-	-	-
		83,448,889	55,483,618	48,607,045	418,826	310,517	229,780
Total Liabilities		86,435,897	56,980,165	50,346,531	418,826	310,517	229,780
TOTAL EQUITY AND LIABILITIES		181,934,426	167,228,676	156,903,327	97,476,194	102,747,753	88,876,496

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Attributable to Owners of the Company										
	Non-Distributable										
	Share Capital RM	Other Reserve RM	Sub-total RM	Capital Reserve RM	Warrants Reserve RM	Foreign Translation Reserve RM	Share Issuance Scheme Option Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group											
At 1 July 2017, as previously reported	107,637,181	(19,740,845)	87,896,336	2,200,000	19,740,845	-	5,931,111	(6,703,412)	109,064,880	605,108	109,669,988
Effect on adoption of MFRS 15 and MFRS 9 (Note 32)	-	-	-	-	-	-	-	(2,966,640)	(2,966,640)	(146,552)	(3,113,192)
Reclassification (Note 32)	(200,002)	-	(200,002)	-	-	-	-	200,002	-	-	-
At 1 July 2017, as restated	107,437,179	(19,740,845)	87,696,334	2,200,000	19,740,845	-	5,931,111	(9,470,050)	106,098,240	458,556	106,556,796
Loss for the financial year, as previously reported	-	-	-	-	-	-	-	(6,275,836)	(6,275,836)	54,862	(6,220,974)
Effect on adoption of MFRS 15 and MFRS 9 (Note 32)	-	-	-	-	-	-	-	(5,623,924)	(5,623,924)	-	(5,623,924)
Loss for the financial year, as restated	-	-	-	-	-	-	-	(11,899,760)	(11,899,760)	54,862	(11,844,898)
Other comprehensive income											
Foreign currency translations	-	-	-	-	-	(3,254)	-	-	(3,254)	-	(3,254)
Total comprehensive income for the financial year, as restated	-	-	-	-	-	(3,254)	-	(11,899,760)	(11,903,014)	54,862	(11,848,152)
Transactions with Owners of the Company:											
Issuance of ordinary shares pursuant to:											
- Private placement	8,373,391	-	8,373,391	-	-	-	-	-	8,373,391	-	8,373,391
- Share options exercised	6,444,511	-	6,444,511	-	-	-	(835,711)	-	5,608,800	-	5,608,800
Share options granted	-	-	-	-	-	-	1,557,676	-	1,557,676	-	1,557,676
Forfeiture of share options	-	-	-	-	-	-	(75,474)	75,474	-	-	-
Revocation of share options	-	-	-	-	-	-	(5,453,872)	5,453,872	-	-	-
Total transactions with Owners of the Company	14,817,902	-	14,817,902	-	-	-	(4,807,381)	5,529,346	15,539,867	-	15,539,867
At 30 June 2018, as restated	122,255,081	(19,740,845)	102,514,236	2,200,000	19,740,845	(3,254)	1,123,730	(15,840,464)	109,735,093	513,418	110,248,511

Statements Of Changes In Equity (Cont'd)

For The Financial Period Ended 30 September 2019

	Attributable to Owners of the Company										
	Non-Distributable										
	Share Capital RM	Other Reserve RM	Sub-total RM	Capital Reserve RM	Warrants Reserve RM	Foreign Translation Reserve RM	Share Issuance Scheme Option Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group											
At 1 July 2018, as restated	122,255,081	(19,740,845)	102,514,236	2,200,000	19,740,845	(3,254)	1,123,730	(15,840,464)	109,735,093	513,418	110,248,511
Loss for the financial period	-	-	-	-	-	-	-	(21,177,600)	(21,177,600)	(322,073)	(21,499,673)
Other comprehensive income											
Foreign currency translations	-	-	-	-	-	(8,808)	-	-	(8,808)	(3,311)	(12,119)
Total comprehensive income for the financial period, as restated	-	-	-	-	-	(8,808)	-	(21,177,600)	(21,186,408)	(325,384)	(21,511,792)
Transactions with Owners of the Company:											
Issuance of ordinary shares pursuant to:											
- Private placement	4,637,310	-	4,637,310	-	-	-	-	-	4,637,310	-	4,637,310
- Conversion of warrants	500	500	1,000	-	(500)	-	-	-	500	-	500
- Expired of warrants	-	19,740,345	19,740,345	-	(19,740,345)	-	-	-	-	-	-
Forfeiture of share options	-	-	-	-	-	-	(161,995)	161,995	-	-	-
Subscription of shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	-	2,124,000	2,124,000
Total transactions with Owners of the Company	4,637,810	19,740,845	24,378,655	-	(19,740,845)	-	(161,995)	161,995	4,637,810	2,124,000	6,761,810
At 30 September 2019	126,892,891	-	126,892,891	2,200,000	-	(12,062)	961,735	(36,856,069)	93,186,495	2,312,034	95,498,529

Statements Of Changes In Equity (Cont'd)

For The Financial Period Ended 30 September 2019

	Attributable to Owners of the Company							
	Non-Distributable							
	Share Capital RM	Other Reserve RM	Sub-total RM	Capital Reserve RM	Warrants Reserve RM	Share Issuance Scheme Option Reserve RM	Accumulated Losses RM	Total Equity RM
Company								
At 1 July 2017	107,437,179	(19,740,845)	87,696,334	2,200,000	19,740,845	5,931,111	(26,921,574)	88,646,716
Loss net of tax, representing total comprehensive income for the financial year	-	-	-	-	-	-	(1,749,347)	(1,749,347)
Transactions with Owners of the Company:								
Issuance of ordinary shares pursuant to:								
- Private placement	8,373,391	-	8,373,391	-	-	-	-	8,373,391
- Share options exercised	6,444,511	-	6,444,511	-	-	(835,711)	-	5,608,800
Share options granted	-	-	-	-	-	1,557,676	-	1,557,676
Forfeiture of share options	-	-	-	-	-	(75,474)	75,474	-
Revocation of share options	-	-	-	-	-	(5,453,872)	5,453,872	-
Total transactions with Owners of the Company	14,817,902	-	14,817,902	-	-	(4,807,381)	5,529,346	15,539,867
At 30 June 2018	122,255,081	(19,740,845)	102,514,236	2,200,000	19,740,845	1,123,730	(23,141,575)	102,437,236

Statements Of Changes In Equity (Cont'd)

For The Financial Period Ended 30 September 2019

	Attributable to Owners of the Company							
	Non-Distributable							
	Share Capital RM	Other Reserve RM	Sub-total RM	Capital Reserve RM	Warrants Reserve RM	Share Issuance Scheme Option Reserve RM	Accumulated Losses RM	Total Equity RM
Company								
At 1 July 2018	122,255,081	(19,740,845)	102,514,236	2,200,000	19,740,845	1,123,730	(23,141,575)	102,437,236
Loss net of tax, representing total comprehensive income for the financial period	-	-	-	-	-	-	(10,017,678)	(10,017,678)
Transactions with Owners of the Company:								
Issuance of ordinary shares pursuant to:								
- Private placement	4,637,310	-	4,637,310	-	-	-	-	4,637,310
- Conversion of warrants	500	500	1,000	-	(500)	-	-	500
- Expired of warrants	-	19,740,345	19,740,345	-	(19,740,345)	-	-	-
Forfeiture of share options	-	-	-	-	-	(161,995)	161,995	-
Total transactions with Owners of the Company	4,637,810	19,740,845	24,378,655	-	(19,740,845)	(161,995)	161,995	4,637,810
At 30 September 2019	126,892,891	-	126,892,891	2,200,000	-	961,735	(32,997,258)	97,057,368

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

		Group		Company	
			Restated		
		01.07.2018 to 30.09.2019	01.07.2017 to 30.06.2018	01.07.2018 to 30.09.2019	01.07.2017 to 30.06.2018
	Note	RM	RM	RM	RM
Cash Flows from Operating Activities					
Loss before tax		(21,344,657)	(11,639,022)	(10,017,678)	(1,749,347)
Adjustments for:-					
Amortisation of intangible assets		2,802,212	675,426	-	-
Depreciation of plant and equipment		11,565,287	7,525,079	-	-
Fair value adjustment on other investments		1,281,968	(754,858)	1,281,968	(754,858)
Gain on disposal of other investments		-	(606,396)	-	(606,396)
Impairment loss on:					
- Intangible assets		900,000	-	-	-
- Other receivables		56,432	13,603	-	-
- Trade receivables		9,832,694	568,435	-	-
- Amounts due from subsidiaries		-	-	24,915,056	-
Interest expense		487,004	120,190	-	-
Interest income		(75,621)	(130,926)	(66,943)	(110,230)
Loss on disposal of plant and equipment		380	-	-	-
Reversal of impairment on:					
- Trade receivables		(26,572)	(2,170,136)	-	-
- Investment in subsidiaries		-	-	(17,336,177)	-
Share-based payment expenses		-	1,557,676	-	1,557,676
Unrealised (gain)/loss on foreign exchange		(14,784)	9,251	-	-
Written off					
- Other receivables		6,795	5,400	6,171	-
- Plant and equipment		293,244	-	-	-
- Trade receivables		-	111,679	-	-
Operating profit/(loss) before changes in working capital		5,764,382	(4,714,599)	(1,217,603)	(1,663,155)

Statements Of Cash Flows (Cont'd)
For The Financial Period Ended 30 September 2019

		Group	Group	Company	Company
			Restated		
		01.07.2018 to 30.09.2019	01.07.2017 to 30.06.2018	01.07.2018 to 30.09.2019	01.07.2017 to 30.06.2018
	Note	RM	RM	RM	RM
Balance brought forward		5,764,382	(4,714,599)	(1,217,603)	(1,663,155)
Changes in working capital:					
Inventories		2,058,070	(1,673,779)	-	-
Trade receivables		(17,474,948)	(3,036,297)	-	-
Other receivables		(7,340,264)	639,003	(525,589)	(49,672)
Trade payables		12,160,539	(3,843,337)	-	-
Other payables		11,652,600	6,119,969	108,309	80,737
Contract liability		3,623,685	4,542,808	-	-
		4,679,682	2,748,367	(417,280)	31,065
Cash generated from/(used in) operations		10,444,064	(1,966,232)	(1,634,883)	(1,632,090)
Interest received		75,621	130,926	66,943	110,230
Interest paid		(487,004)	(120,190)	-	-
Tax paid		(521,177)	(438,481)	(19,040)	(18,326)
Tax refund		284,230	460,502	18,065	40,038
Net cash from/(used in) operating activities		9,795,734	(1,933,475)	(1,568,915)	(1,500,148)
Cash Flows from Investing Activities					
Investment in subsidiaries		-	-	-	(299,150)
Proceeds from subscription of shares in a subsidiary by non-controlling interests		2,124,000	-	-	-
Purchase of plant and equipment	9(a)	(5,165,873)	(11,300,617)	-	-
Purchase of intangible assets	10	(13,671,890)	(8,586,990)	-	-
Proceeds from disposal of other investments		-	4,372,272	-	4,372,272
Proceeds from disposal of plant and equipment		170	-	-	-
Net cash (used in)/from investing activities		(16,713,593)	(15,515,335)	-	4,073,122

Statements Of Cash Flows (Cont'd)
For The Financial Period Ended 30 September 2019

	Group		Company	
		Restated		
	01.07.2018 to 30.09.2019 RM	01.07.2017 to 30.06.2018 RM	01.07.2018 to 30.09.2019 RM	01.07.2017 to 30.06.2018 RM
Balance brought forward	(6,917,859)	(17,448,810)	(1,568,915)	2,572,974
Cash Flows from Financing Activities				
Proceeds from issuance of shares	4,637,810	13,982,191	4,637,810	13,982,191
Increase in fixed deposit pledged	(380,000)	-	-	-
Repayment of finance lease payables	(1,332,023)	(561,645)	-	-
Advances to subsidiaries	-	-	(5,949,805)	(15,894,896)
Net cash from/(used in) financing activities	2,925,787	13,420,546	(1,311,995)	(1,912,705)
Net (decrease)/increase in cash and cash equivalents	(3,992,072)	(4,028,264)	(2,880,910)	660,269
Cash and cash equivalents at the beginning of the financial period/year	12,564,743	16,593,007	3,085,195	2,424,926
Cash and cash equivalents at the end of the financial period/year	8,572,671	12,564,743	204,285	3,085,195
Cash and cash equivalents at the end of the financial period/year comprise:				
Fixed deposits with a licensed bank and a financial institution	380,000	3,000,000	-	3,000,000
Cash and bank balances	8,572,671	9,564,743	204,285	85,195
	8,952,671	12,564,743	204,285	3,085,195
Less: Fixed deposit pledged	(380,000)	-	-	-
	8,572,671	12,564,743	204,285	3,085,195

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 22-09 Menara 1MK, No.1, Jalan Kiara, 50480 Kuala Lumpur.

The Company is principally engaged in the business of investment holding. The principal activities of its subsidiaries are set out in Note 11. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial period.

The financial statements were authorised for issue in accordance with Board of Directors' resolution dated 13 January 2020.

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.

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int

(i) Adoption of new MFRSs, Amendments/Improvements to MFRSs and IC Int

The Group and the Company had adopted the following new MFRSs, Amendments/ Improvements to MFRSs and IC Int that are mandatory for the current financial period:

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 15	Clarification to MFRS 15: Revenue from Contracts with Customers
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014-2016 Cycle	

The adoption of the new MFRSs, Amendments/Improvements to MFRSs and IC Int did not have any significant effect on the financial statements of the Company except for the financial statements of the Group as disclosed in Note 32(iii).

2. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and Amendments/Improvements to MFRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company: -

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to MFRS 9, and MFRS 7	Interest Rate Benchmark Reform
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets – Web Site Costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (Cont'd)

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications, except as described below:

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease- Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company are currently assessing the impact of MFRS 16 and plan to adopt the new standards on the required effective date.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

2. BASIS OF PREPARATION (Cont'd)

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(ii) Carrying value of investment in subsidiaries

Investment in subsidiaries are reviewed for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of Investment in subsidiaries.

(iii) Control over an investee

Significant judgement is required in determining whether the Group has control over the PT Nusantara Mobile Telecommunication ("PTNMT"). In exercising its judgement, management considers the proportion of its ownership interest and voting rights, decision making authority as well as the Group's overall exposure to variable returns.

2. BASIS OF PREPARATION (Cont'd)

(d) Significant accounting estimates and judgements (Cont'd)

(iv) 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 accrued on a monthly basis based on agreed percentage with supplier which is the Directors' best estimate of the expenditure required to settle the Group's obligation. Upon the receipt of the actual invoices subsequently, the management would adjust any under/(over)provision to reflect the actual costs incurred. The carrying amount of the accrual of cost of recharge usage is disclosed in Note 24.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

<u>Consolidation</u>

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to Owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

Consolidation (Cont'd)

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Subsidiaries

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the Group's statements of comprehensive income and within equity in the Group's statements of financial position, separately from equity attributable to Owners of the Company. Non-controlling interest is initially measured at acquisition-date share of net assets other then goodwill as of the acquisition after and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

Non-controlling interests (Cont'd)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to Owners of the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency translations and balances

Transactions in foreign currencies are converted into the functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into the functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rates as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

Foreign operations

Financial statements of foreign operations are translated at end of each reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Revenue and other income recognition

(i) Revenue from contracts with customers

The Group is in the business of providing telecommunication and mobile application related services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(a) Telecommunication services

Telecommunication services revenue from postpaid and prepaid service provided by the Group are recognised over time, as the benefits of telecommunication services are simultaneously received and consumed by the customer. Telecommunication services also refers to Short Message Service ("SMS") blasting services rendered to customers.

Revenue from prepaid services (i.e. preloaded talk time, prepaid top-up vouchers, etc.) are recognised when services are rendered. Consideration from the sale of prepaid sim cards, reload vouchers and e-recharge to customers where services have not been rendered at the reporting date is deferred as contract liability until actual usage or when the cards, vouchers or reloaded amounts are expired or forfeited.

Postpaid services are provided in postpaid packages which consists of various services (i.e. call minutes, internet data, SMS, etc.). These postpaid packages have been assessed to meet the definition of a series of distinct services that are substantially the same and have the same pattern of transfer and as such the Group treats these packages as a single performance obligation.

Revenue from SMS blasting services are recognised based on monthly actual usage of the customers at point in time when services are rendered.

(b) Mobile application services

Revenue from mobile application services refers to prepaid services (i.e. preloaded air time) via Voopee mobile application provided by the Group is recognised over time, as the benefits of mobile application services are simultaneously received and consumed by the customer.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Revenue and other income recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(c) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

For prepaid and mobile application services, a contract liability is recognised when consideration is received from the customer, but services are yet to be performed.

(d) Cost to obtain a contract

The Group pays sales commissions to external distribution channels as an incentive for each new registration or top-up of reload vouchers or e-recharge by the customers to the Group's telecommunication services. Sales commissions have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised over the expected customer life cycle by reference to the basis consistent with the subsequent income recognition of the related deferred revenue. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred. Amortisation of contract costs are included as part of selling and distribution expenses in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

(ii) Interest income

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

(iii) Registration fee

Registration fee is recognised in profit or loss on the date the Group has rendered its services to its dealers. Registration fee from dealers is recognised as other income.

(d) Employee benefits

(i) Short term employee benefits

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Employee benefits (Cont'd)

(i) Short term employee benefits (Cont'd)

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 make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and of the Company have no further payment obligations.

(iii) Equity-settled share-based payment transaction

The Company 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 Company 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.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The share options reserves is transferred to share capital when the options are exercised. When options are not exercised and lapsed, the share options reserve is transferred to retained earnings.

(e) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying 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.

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 ceases 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(g) 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 the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Notes to the Financial Statements (Cont'd)
30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Leases (Cont'd)

(i) Finance Lease

Leases in terms of which the Group 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 in 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.

(ii) Operating Lease

Leases, where the Group does 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 statement 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.

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.

(h) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period/year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year, adjusted for the effects of all dilutive potential ordinary shares, which comprise free warrants granted to shareholders and share options granted to employees.

(i) Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Plant and equipment (Cont'd)

(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 plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

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 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.

(ii) Subsequent costs

The cost of replacing part of an item of 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 plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of plant and equipment at the following annual rates:

Telecommunication network and equipment	10%
Office equipment	20%
Furniture and fittings	10%
Renovation	10%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Intangible assets

(i) Recognition and measurement

Intangible assets which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets which have indefinite lives and are not yet available for use are stated at cost less accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific intangible asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated based on the cost of an intangible asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Mobile and telecommunication software	5 - 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(k) Capital Work-In-Progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction/development.

No depreciation/amortisation is provided on capital work-in-progress and upon completion of construction/development, the cost will be transferred to intangible asset.

(l) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand and fixed deposits placed with a licensed bank and a financial institution and 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 the statements of cash flows, cash and cash equivalents are presented net of pledged deposits, if any.

(n) Financial instruments

The Group and the Company have applied the following accounting policies retrospectively.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets under Note 3(o)(i) where the effective interest rate is applied to the amortised cost.

Notes to the Financial Statements (Cont'd)
30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

The Group and the Company categorise financial instruments as follows:

Financial assets (Cont'd)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment under Note 3(o)(i).

Financial liabilities

The category of financial liabilities at initial recognition is as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Financial instruments (Cont'd)

(iv) Regular way purchase or sale of financial assets (Cont'd)

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(o) Impairment

(i) Financial assets

The Group and the Company has applied the following accounting policies retrospectively.

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Group and of the Company are measured on either of the following basis:

(i) 12-month ECLs – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Impairment (Cont'd)

(i) Financial assets (cont'd)

Simplified approach - trade receivables

The Group applies the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- The financial asset is more than the range from 30 to 180 days past due, depending on customer profiles.

General approach - other financial instruments

The Group applies the general approach to provide for ECLs on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-months ECLs at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Impairment (Cont'd)

(i) Financial assets (Cont'd)

Credit impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g. being more than the range from 150 to 270 days past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

(ii) 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 then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately 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. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Notes to the Financial Statements (Cont'd)
30 September 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Impairment (Cont'd)

(ii) Non-financial assets (Cont'd)

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

Assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(p) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Operating segments

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

(b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and
(ii) the combined reported loss of all operating segments that reported a loss.

(c) its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75% of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

(s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Fair value measurements (Cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company used observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognised transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

		Group	
			Restated
		01.07.2018 to 30.09.2019	01.07.2017 to 30.06.2018
	Note	RM	RM
Telecommunication services			
- SMS blasting services	(i)	1,788,816	872,262
- Prepaid, postpaid and other services	(ii)	309,436,323	186,497,115
Mobile applications services	(ii)	136,175	173,347
		311,361,314	187,542,724

The timing of the revenue recognition for respective service lines are as follows:

(i) Services transferred at point in time; and
(ii) Services transferred over time.

Contract liability arising from revenue recognised over time

The Group has recognised the following contract liabilities:

		Group	
		Restated	Restated
	30.09.2019	30.06.2018	01.07.2017
	RM	RM	RM
Contract liability	(19,935,816)	(16,312,130)	(11,769,322)

Contract liability mainly relates to advance consideration received from subscribers at inception of contracts, for which revenue is only recognised upon rendering of telecommunication services and mobile application services via Voopee.

5. LOSS BEFORE TAX

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

	Group		Company	
		Restated		
	01.07.2018 to 30.09.2019 RM	01.07.2017 to 30.06.2018 RM	01.07.2018 to 30.09.2019 RM	01.07.2017 to 30.06.2018 RM
Auditors' remuneration				
- statutory audit	339,270	243,750	93,000	68,000
- (over)/underprovision in prior year	(16,000)	55,000	-	30,000
- non statutory audit	10,000	5,000	10,000	5,000
Amortisation of intangible assets	2,802,212	675,426	-	-
Depreciation of plant and equipment	11,565,287	7,525,079	-	-
Directors' remuneration (Note (a))	2,373,374	3,351,313	603,906	785,881
Employee benefits expense (Note (b))	25,078,948	17,873,316	-	-
Loss on disposal of property, plant and equipment	380	-	-	-
Gain on disposal of other investments	-	(606,396)	-	(606,396)
Goods and Services Tax ("GST") compensation rebate	(15,467,838)	-	-	-
Loss/(Gain) on foreign exchange				
- realised	57,189	(5,797)	-	-
- unrealised	(14,784)	9,251	-	-
Impairment loss on:				
- intangible assets	900,000	-	-	-
- other receivables	56,432	13,603	-	-
- trade receivables	9,832,694	568,435	-	-
- amounts due from subsidiaries	-	-	24,915,056	-
Interest income	(75,621)	(130,926)	(66,943)	(110,230)
Interest expense:				
- finance lease payables	487,004	120,190		
Written off:				
- plant and equipment	293,244	-	-	-
- trade receivables	-	111,679	-	-
- other receivables	6,795	5,400	6,171	-
Fair value adjustments on other investments	1,281,968	(754,858)	1,281,968	(754,858)
Reversal of impairment on:				
- trade receivables	(26,572)	(2,170,136)	-	-
- investment in subsidiaries	-	-	(17,336,177)	-
Rental of premises	6,768,967	3,151,553	-	-

5. LOSS BEFORE TAX (Cont'd)

(a) Directors' remuneration:

	Group		Company	
	01.07.2018 to 30.09.2019 RM	**01.07.2017 to 30.06.2018 RM**	**01.07.2018 to 30.09.2019 RM**	**01.07.2017 to 30.06.2018 RM**
Executive Directors:				
Directors' fees	154,181	48,000	154,181	48,000
Salary, allowances and bonus	1,464,875	2,294,000	46,875	5,000
Contributions to defined contribution plan	170,160	274,680	-	-
Social security contributions	1,308	1,752	-	-
Share options granted under SIS (Note 6)	-	431,881	-	431,881
	1,790,524	3,050,313	201,056	484,881
Non-executive Directors:				
Directors' fees	536,850	258,000	356,850	258,000
Other emoluments	46,000	43,000	46,000	43,000
	582,850	301,000	402,850	301,000
Total	2,373,374	3,351,313	603,906	785,881

(b) Employee benefits expense:

	Group	
		Restated
	01.07.2018 to 30.09.2019 RM	**01.07.2017 to 30.06.2018 RM**
Salary, allowances and bonus	21,181,370	13,568,759
Contributions to defined contribution plan	2,175,639	1,479,874
Social security contributions	202,088	132,032
Share options granted under SIS (Note 6)	-	1,125,795
Other benefits	1,519,851	1,566,856
	25,078,948	17,873,316

6. 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.

(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 and RM0.13 each ("new Shares") to be allotted and issued upon the exercise of the SIS Options shall, upon allotment and issue, rank pari passu in all respects with the existing Company's ordinary shares of RM0.10 and RM0.13 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 Options shall not carry any right to vote at a general meeting of the Company.

6. **SHARE ISSUANCE SCHEME ("SIS") (Cont'd)**

The movement of the options over ordinary shares in the Company and the weighted average market price during the financial period/ year are as follows:

		Number of options over ordinary shares					
30.09.2019	**Exercise price**	**At 01.07.2018**	**Granted**	**Exercised**	**Revocation**	**Forfeited^**	**At 30.09.2019**
First Grant	RM0.13	5,037,200	-	-	-	(1,580,700)	3,456,500
Second Grant	RM0.10	48,271,300	-	-	-	(2,353,300)	45,918,000
		53,308,500	-	-	-	(3,934,000)	49,374,500

		Number of options over ordinary shares					
30.06.2018	**Exercise price**	**At 01.07.2017**	**Granted**	**Exercised**	**Revocation**	**Forfeited^**	**At 30.06.2018**
First Grant	RM0.13	73,861,900	-	-	(67,918,700)	(906,000)	5,037,200
Second Grant	RM0.10	-	104,542,000	(56,088,000)	-	(182,700)	48,271,300
		73,861,900	104,542,000	(56,088,000)	(67,918,700)	(1,088,700)	53,308,500

^ Shares forfeited due to the resignation of employees

6. SHARE ISSUANCE SCHEME ("SIS") (Cont'd)

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

	Date of offer	Weighted average exercise price 30.09.2019 RM	30.06.2018 RM	Exercise period
First Grant	21 April 2016	0.13	0.13	21.04.2016 - 13.03.2021
Second Grant	9 January 2018	0.10	0.10	09.02.2018 - 08.02.2020

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 Options 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:

	30.09.2019 RM	30.06.2018 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
Fair value at grant date:		
9 January 2018	0.0149	0.0149
Weighted average share price	0.108	0.108
Weighted average exercise price	0.100	0.100
Expected volatility (%)	55.00	55.00
Expected life (years)	1 year	1 year
Risk free rate (%)	3.45	3.45
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 options), 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 options grant were incorporated into the measurement of fair value.

6. SHARE ISSUANCE SCHEME ("SIS") (Cont'd)

Directors of the Group and of the Company have been granted the following number options under the SIS:

	30.09.2019 Unit	Restated 30.06.2018 Unit
At beginning of the financial period/year	23,232,400	5,900,500
Granted	-	38,232,400
Revocation	-	(5,900,500)
Exercised	-	(15,000,000)
At end of the financial period/year	23,232,400	23,232,400

7. INCOME TAX EXPENSE

	Group		Company	
	01.07.2018 to 30.09.2019 RM	Restated 01.07.2017 to 30.06.2018 RM	01.07.2018 to 30.09.2019 RM	01.07.2017 to 30.06.2018 RM
Current tax:				
- Current period/year provision	142,627	181,790	-	-
- Overprovision in prior year	(34,293)	(9,718)	-	-
	108,334	172,072	-	-
Deferred tax (Note 22):				
Relating to origination of temporary differences				
- Current period/year	47,947	34,598	-	-
- Overprovision in prior year	(1,265)	(794)	-	-
	46,682	33,804	-	-
Tax expenses for the financial period/year	155,016	205,876	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (30.06.2018: 24%) of the estimated assessable profit for the period/year.

7. INCOME TAX EXPENSE (Cont'd)

The reconciliations from the tax amount at statutory income tax rate to the Group's and to the Company's tax expenses are as follows:

	Group		Company	
		Restated		
	01.07.2018 to 30.09.2019 RM	01.07.2017 to 30.06.2018 RM	01.07.2018 to 30.09.2019 RM	01.07.2017 to 30.06.2018 RM
Loss before tax	(21,344,657)	(11,639,022)	(10,017,678)	(1,749,347)
Tax at Malaysian statutory tax rate of 24% (30.06.2018: 24%)	(5,122,718)	(2,793,365)	(2,404,243)	(419,843)
Effect of different tax rate in other jurisdictions	(6,829)	675	-	-
Expenses not deductible for tax purposes	6,236,465	1,517,689	6,564,925	419,843
Income not subject to tax	-	-	(4,160,682)	-
Deferred tax assets not recognised	(916,344)	1,491,389	-	-
Overprovision in prior year:				
- Income tax expense	(34,293)	(9,718)	-	-
- Deferred tax	(1,265)	(794)	-	-
Income tax expense for the financial period/year	155,016	205,876	-	-

The Group has the following estimated unutilised tax losses and unabsorbed capital allowances respectively, available for set-off against future taxable profit as follows:

	Group	
		Restated
	30.09.2019 RM	30.06.2018 RM
Unutilised tax losses	24,464,136	32,354,370
Unabsorbed capital allowances	9,908,083	4,700,202
	34,372,219	37,054,572

The availability of the tax losses and unabsorbed capital allowances will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

With effect from Year of Assessment 2019, the unutilised tax losses and unabsorbed capital allowances in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment to be utilised against income from any business source.

Notes to the Financial Statements (Cont'd)
30 September 2019

8. LOSS PER ORDINARY SHARE

Basic loss per ordinary share for the financial period/year is calculated by dividing loss after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year.

	Group	
		Restated
	01.07.2018 to 30.09.2019 RM	01.07.2017 to 30.06.2018 RM
Basic loss per share:		
Loss after tax attributable to the Owners of the Company (RM)	(21,177,600)	(11,899,760)
Weighted average number of ordinary shares:		
Number of ordinary shares at beginning of the period/year	993,094,175	851,824,175
Effect of ordinary shares issued	73,877,462	81,835,342
Weighted average number of ordinary shares at end of the financial period/year	1,066,971,637	933,659,517
Basic loss per shares (sen)	(1.98)	(1.27)

The Group has no dilution in its loss per ordinary share as the exercise price of the SIS Options have exceeded the average market price of ordinary shares during the financial period/year. The options do not have any dilution effect on the weighted average number of ordinary shares.

9. PLANT AND EQUIPMENT

Group	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
2019							
Cost							
At 1 July 2018	12,598,006	56,414,698	8,390,579	681,389	2,186,034	4,350,481	84,621,187
Additions	3,915,309	680,070	1,121,753	-	2,755,891	-	8,473,023
Reclassification	(16,413,315)	16,289,603	123,712	-	-	-	-
Written off	(100,000)	(1,103,885)	(148,558)	-	(4,582)	-	(1,357,025)
Disposals	-	-	(125,388)	-	-	-	(125,388)
At 30 September 2019	-	72,280,486	9,362,098	681,389	4,937,343	4,350,481	91,611,797
Accumulated depreciation							
At 1 July 2018	-	24,622,435	4,513,249	256,948	605,105	1,801,344	31,799,081
Charge for the financial period	-	8,474,104	1,547,208	82,386	375,691	1,085,898	11,565,287
Written off	-	(810,641)	(148,558)	-	(4,582)	-	(963,781)
Disposals	-	-	(124,838)	-	-	-	(124,838)
Exchange differences	-	237	-	-	-	-	237
At 30 September 2019	-	32,286,135	5,787,061	339,334	976,214	2,887,242	42,275,986
Accumulated impairment losses							
At 1 July 2018	100,000	-	-	-	-	-	100,000
Written off	(100,000)	-	-	-	-	-	(100,000)
At 30 September 2019	-	-	-	-	-	-	-
Net carrying amount							
At 30 September 2019	-	39,994,351	3,575,037	342,055	3,961,129	1,463,239	49,335,811

9. PLANT AND EQUIPMENT (Cont'd)

Group	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
2018							
At Cost							
At 1 July 2017	6,315,489	54,464,555	5,733,333	662,135	1,969,398	3,845,660	72,990,570
Additions	8,205,661	225,210	2,459,035	19,254	216,636	504,821	11,630,617
Reclassification	(1,923,144)	1,724,933	198,211	-	-	-	-
At 30 June 2018	12,598,006	56,414,698	8,390,579	681,389	2,186,034	4,350,481	84,621,187
Accumulated depreciation							
At 1 July 2017	-	19,134,208	3,584,330	189,333	398,729	967,402	24,274,002
Charge for the financial year	-	5,488,227	928,919	67,615	206,376	833,942	7,525,079
At 30 June 2018	-	24,622,435	4,513,249	256,948	605,105	1,801,344	31,799,081
Accumulated impairment losses							
At 1 July 2017/30 June 2018	100,000	-	-	-	-	-	100,000
Net carrying amount							
At 30 June 2018, restated	12,498,006	31,792,263	3,877,330	424,441	1,580,929	2,549,137	52,722,106
At 1 July 2017, restated	6,215,489	35,330,347	2,149,003	472,802	1,570,669	2,878,258	48,616,568

9. PLANT AND EQUIPMENT (Cont'd)

(a) Acquisition of plant and equipment

	Group 30.09.2019 RM	Group Restated 30.06.2018 RM
Cash purchase	5,165,873	11,300,617
Financed through finance lease arrangement	3,307,150	330,000
Total acquisition of plant and equipment	8,473,023	11,630,617

(b) Included in the plant and equipment of the Group is motor vehicles and telecommunications network and equipment acquired under finance lease arrangement with carrying values of RM1,282,894 (30.06.2018: RM2,416,637; 01.07.2017: RM2,878,258) and RM3,114,233 (30.06.2018: RM Nil; 01.07.2017: RM Nil) respectively.

10. INTANGIBLE ASSETS

	Capital work-in-progress RM	Mobile and telecommunication software RM	Total RM
Group			
2019			
At Cost			
At 1 July 2018	26,358,515	6,011,569	32,370,084
Additions	4,251,185	9,420,705	13,671,890
Transfers	(23,259,011)	23,259,011	-
At 30 September 2019	7,350,689	38,691,285	46,041,974
Accumulated amortisation			
At 1 July 2018	-	2,764,533	2,764,533
Charge for the financial period	-	2,802,212	2,802,212
At 30 September 2019	-	5,566,745	5,566,745
Accumulated impairment losses			
At 1 July 2018	-	-	-
Additions	900,000	-	900,000
At 30 September 2019	900,000	-	900,000
Net carrying amount			
At 30 September 2019	6,450,689	33,124,540	39,575,229

10. INTANGIBLE ASSETS (Cont'd)

	Capital work-in-progress RM	Mobile and telecommunication software RM	Total RM
Group			
2018			
At Cost			
At 1 July 2017	18,026,825	5,756,269	23,783,094
Additions	8,331,690	255,300	8,586,990
At 30 June 2018	26,358,515	6,011,569	32,370,084
Accumulated amortisation			
At 1 July 2017	-	2,089,107	2,089,107
Charge for the financial year	-	675,426	675,426
At 30 June 2018	-	2,764,533	2,764,533
Net carrying amount			
At 30 June 2018, restated	26,358,515	3,247,036	29,605,551
At 1 July 2017, restated	18,026,825	3,667,162	21,693,987

Impairment of capital work-in-progress

As at 30 September 2019, the Group carried out a review of the recoverable amount of its intangible assets due to the cessation of one of the ongoing mobile application development during the current financial period. An impairment loss of RM900,000 (30.06.2018: RM Nil; 01.07.2017: RM Nil) was recognised as "administrative expenses" line item of the statements of comprehensive income for the financial period ended 30 September 2019.

The recoverable amount of the capital work-in-progress was determined at zero due to uncertainty over the status of mobile application development, which has temporary ceased during the financial period.

11. INVESTMENTS IN SUBSIDIARIES

	Company 30.09.2019 RM	Company 30.06.2018 RM
Unquoted shares, at cost		
At beginning of the financial period/year	55,701,150	55,402,000
Additions	76,160,000	299,150
At end of the financial period/year	131,861,150	55,701,150
Accumulated impairment losses		
At beginning of the financial period/year	55,341,998	55,341,998
Reversal	(17,336,177)	-
At end of the financial period/year	38,005,821	55,341,998
Net carrying amount		
At end of the financial period/year	93,855,329	359,152

The details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal activities	Effective Equity Interest 30.09.2019 %	Effective Equity Interest 30.06.2018 %
XOX Com Sdn. Bhd.	Malaysia	Provider of mobile telecommunication products and services	100	100
XOX Management Services Sdn. Bhd.	Malaysia	Provision of management services	100	100
XOX Media Sdn. Bhd.	Malaysia	Provision of telecommunication and mobile application services	100	100
XOX Wallet Sdn. Bhd.	Malaysia	Provision of trading of telecommunications airtime as a traded commodity for Shariah Compliant financing	100	100

11. INVESTMENTS IN SUBSIDIARIES (Cont'd)

The details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal activities	Effective Equity Interest 30.09.2019 %	30.06.2018 %
X Style Sdn. Bhd.	Malaysia	Provision of mobile virtual network operator services and broadband internet services. Ceased operation in prior year and remained dormant	51	51
One XOX Sdn. Bhd.	Malaysia	Wholesaler of mobile telecommunication products and services	60	60
XOX Mobile Pte. Ltd.*	Singapore	Intended engaged in provider of mobile cellular and other wireless telecommunication network operation	100	100
<u>Held through XOX Com Sdn. Bhd.</u>				
XOX Mobile Sdn. Bhd.	Malaysia	Provider of telecommunication products and related services	100	100
<u>Held through XOX Media Sdn. Bhd.</u>				
PT. Nusantara Mobile Telecommunication *	Indonesia	Intended engaged in telecommunication products and services, mobile application services and E-wallet services.	40	-

* *Not audited by Moore Stephens Associates PLT.*

11. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(a) Acquisition of a subsidiary

(i) Additions of subsidiaries by the Group

On 10 October 2018, the Group subscribed for 480,000 ordinary shares representing an equity interest of 40% in PT. Nusantara Mobile Telecommunication through XOX Media Sdn. Bhd. for a total cash consideration of RM1,459,200 equivalent to Indonesia Rupiah ("IDR") of 4.8 billion.

The Directors consider that the Group has de facto control of PT. Nusantara Mobile Telecommunication even though it has less than 50% of the equity shares. Based on the terms under which this entity was established, the Group is exposed to variable returns from its involvement and has the ability to affect those returns through its power over the entity. Consequently, it is regarded as subsidiary of the Group.

(ii) Additions of subsidiaries by the Company

During the financial period, the Company has capitalised the amounts owing by subsidiaries amounted to RM76,160,000 by way of subscription of additional share capital of the subsidiaries, represents additional investments into the subsidiaries by the Company.

In prior year, the Company incorporated a new wholly-owned subsidiary in Singapore with the name of XOX Mobile Pte. Ltd. with the registered capital of Singapore Dollar ("SGD") 100,000 only.

(b) Reversal of impairment loss on investment in subsidiaries

During the financial period, the management has reassessed its recoverable amount of its investment in subsidiaries based on value-in-use ("VIU") method and reversed part of the initially recognised impairment loss of RM17,336,177. The estimate of VIU was determined using a pre-tax discount rate of 11.28%.

The reversal of impairment loss has been recognised in the statements of comprehensive income under the line item "other income".

Notes to the Financial Statements (Cont'd)
30 September 2019

11. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(c) Non-controlling interests in subsidiaries

The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

	X Style Sdn. Bhd. RM	One XOX Sdn. Bhd. RM	PT. Nusantara Mobile Telecommunication RM	Total RM
30.09.2019				
NCI percentage of ownership and voting interest	49%	40%	60%	
Carrying amount of NCI (RM)	(282,020)	958,410	1,635,644	2,312,034
Profit/(loss) allocated to NCI (RM)	74,648	88,324	(485,045)	(322,073)
Restated 30.06.2018				
NCI percentage of ownership and voting interest	49%	40%		
Carrying amount of NCI (RM)	(356,668)	870,086	-	513,418
(Loss)/profit allocated to NCI (RM)	(17,825)	72,687	-	54,862

11. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(c) Non-controlling interests in subsidiaries (Cont'd)

The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

	X Style Sdn. Bhd.		One XOX Sdn. Bhd.		PT.Nusantara Mobile Telecommunication
	30.09.2019 RM	Restated 30.06.2018 RM	30.09.2019 RM	Restated 30.06.2018 RM	30.09.2019 RM
Assets and liabilities:					
Non-current assets	2,458	4,082	976,356	1,278,122	563,888
Current assets	12,653	24,005	16,552,859	12,191,529	2,819,681
Non-current liabilities	-	-	(103,335)	(188,755)	-
Current liabilities	(590,663)	(755,981)	(15,029,855)	(11,105,680)	(657,495)
Net (liabilities)/assets	(575,552)	(727,894)	2,396,025	2,175,216	2,726,074

	01.07.2018 to 30.09.2019 RM	Restated 01.07.2017 to 30.06.2018 RM	01.07.2018 to 30.09.2019 RM	Restated 01.07.2017 to 30.06.2018 RM	01.07.2018 to 30.09.2019 RM
Results:					
Revenue	-	-	92,543,952	54,293,178	-
Net profit/(loss) for the financial period/year	152,342	(36,377)	220,809	181,720	(808,408)
Cash flows:					
Net cash (used in)/ from operating activities	(28,022)	(9,472)	204,255	352,740	(3,120,398)
Net cash used in investing activities	-	-	(57,061)	(530,383)	(598,819)
Net cash from/ (used in) financing activities	20,000	(350,461)	(70,802)	(53,362)	3,986,726
Net (decrease)/ increase in cash and cash equivalents	(8,022)	(359,933)	76,392	(231,005)	267,509

12. OTHER INVESTMENTS

	Group and Company	
		Restated
	30.09.2019	30.06.2018
	RM	RM
Investment in quoted shares, at fair value		
At beginning of the financial period/year	2,724,182	5,735,200
Less: Changes in fair value	(1,281,968)	754,858
Less: Disposal	-	(3,765,876)
At end of the financial period/year	1,442,214	2,724,182

The investment has a quoted market price in an active market and hence, the fair value was derived based on the market price of the quoted shares. The fair value of the investment is categorised at Level 1 of the fair value hierarchy.

13. GOODWILL ON CONSOLIDATION

	Group	
	30.09.2019	30.06.2018
	RM	RM
At beginning of the financial period/year	2,859	2,859
Accumulated impairment loss	(2,859)	(2,859)
At end of the financial period/year	-	-

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

14. OTHER RECEIVABLES

	Note	Group 30.09.2019 RM	Restated 30.06.2018 RM	Restated 01.07.2017 RM
Non-current asset:				
Other receivables	(a)	243,914	-	-
Current assets:				
Other receivables, gross	(b)	18,717,760	5,178,586	21,642,194
Less: Allowance for impairment loss	(c)	(362,917)	(379,795)	(366,192)
Other receivables, net		18,354,843	4,798,791	21,276,002
Deposits, gross		2,420,271	4,245,775	2,777,316
Less: Allowance for impairment loss		(60,000)	(60,000)	(60,000)
Deposits, net		2,360,271	4,185,775	2,717,316
Prepayments		9,763,906	14,505,631	7,571,120
Contract costs	(d)	4,633,574	3,469,854	2,630,637
Deferred costs	(e)	11,835,973	12,955,393	6,378,375
		46,948,567	39,915,444	40,573,450

	Company 30.09.2019 RM	30.06.2018 RM	01.07.2017 RM
Current assets:			
Other receivables	-	75,953	1
Deposits	1,000	1,000	1,000
Prepayments	595,371	-	26,280
	596,371	76,953	27,281

14. OTHER RECEIVABLES (Cont'd)

(a) The non-current other receivables represent the principal outstanding sum of staff advances which are expected to be recoverable more than 1 year. The effective interest rate of the non-current other receivables discounting is 3.85% (30.06.2018: Nil; 01.07.2017: Nil) per annum.

(b) Included in the other receivables is RM2,124,000 (30.06.2018: RM Nil; 01.07.2017: RM Nil) which represents the amount due from shareholders of a subsidiary.

(c) Movements in the allowance for impairment losses on other receivables during the financial period/year are as follows:

	Group	
		Restated
	30.09.2019	30.06.2018
	RM	RM
Balance at beginning of the period/year as per MFRS 139	86,913	73,310
Adjustment on effect of adoption of MFRS 9	292,882	292,882
Balance at beginning of the period/year as per MFRS 9	379,795	366,192
Addition	56,432	13,603
Reversal	(73,310)	-
Balance at end of the financial period/year	362,917	379,795

(d) The contract costs represent the capitalised incremental cost to obtain a contract in relation to the deferred revenue.

(e) The deferred costs represent mobile tariff directly attributable to the deferred telecommunication revenue from prepaid services and mobile application services which the services have yet to be rendered.

15. INVENTORIES

		Group	
	30.09.2019	30.06.2018	01.07.2017
	RM	RM	RM
At cost:			
Sim cards, recharge cards and E-recharge	7,199,692	9,239,510	7,565,393
Handphones	1,960	20,212	20,550
	7,201,652	9,259,722	7,585,943

The Group recognised inventories as cost of sales amounted to RM183,219,078 (30.06.2018: RM103,881,608; 01.07.2017: RM98,561,172).

16. TRADE RECEIVABLES

	Note	Group 30.09.2019 RM	Restated 30.06.2018 RM	01.07.2017 RM
Trade receivables, gross	(a)	39,234,042	22,483,902	19,988,501
Less: Allowance for impairment loss	(b)	(11,342,211)	(2,260,898)	(4,291,816)
Trade receivables, net		27,891,831	20,223,004	15,696,685

The normal credit terms extended to customers is ranging from 7 to 210 days (30.06.2018: 7 to 210 days; 01.07.2017: 7 to 210 days). Other credit terms are assessed and approved on a case by case basis.

(a) Included in trade receivables is RM112,222 (30.06.2018: RM22,816; 01.07.2017: RM17,577) represents the amount owing by Directors' related company which is unsecured, interest free and subject to normal credit term granted by the Group.

(b) Movements in the allowance for impairment losses on trade receivables during the financial period/year are as follows:

	Group 30.09.2019 RM	Restated 30.06.2018 RM
Balance at beginning of the period/year as per MFRS 139	2,150,423	4,291,816
Adjustment on effect of adoption of MFRS 9	110,475	-
Balance at beginning of the period/year as per MFRS 9	2,260,898	4,291,816
Addition:		
- as per MFRS 139	-	457,960
- as per MFRS 9	9,832,694	110,475
Reversal	(26,572)	(2,170,136)
Written off	(724,809)	(429,217)
Balance at end of the financial period/year	11,342,211	2,260,898

Notes to the Financial Statements (Cont'd)
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17. AMOUNTS DUE FROM SUBSIDIARIES

	Company		
	30.09.2019 RM	30.06.2018 RM	01.07.2017 RM
Amounts due from subsidiaries	26,275,521	96,485,716	80,590,820
Less: Allowance for impairment loss	(24,915,056)	-	-
	1,360,465	96,485,716	80,590,820

These amounts are non-trade in nature, unsecured, interest free advances which are collectible on demand.

18. FIXED DEPOSITS WITH A LICENSE BANK AND A FINANCIAL INSTITUTION

Fixed deposit with a licensed bank

The effective interest rate of fixed deposit is 3.35% (30.06.2018: Nil; 01.07.2017: Nil) per annum. The fixed deposit with the carrying amount of RM380,000 (30.06.2018: RM Nil; 01.07.2017: RM Nil) has maturity period of 365 days (30.06.2018: Nil; 01.07.2017: Nil). The fixed deposit is pledged by a subsidiary to a licensed bank for bank guarantee granted to a third party.

Fixed deposit with a financial institution

The effective interest rate of fixed deposit is Nil (30.06.2018: 4%; 01.07.2017: Nil) per annum. The fixed deposit with the carrying amount of RM Nil (30.06.2018: RM3,000,000; 01.07.2017: RM Nil) has maturity period of Nil (30.06.2018: 365 days; 01.07.2017: Nil).

19. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	30.09.2019 Units	30.06.2018 Units	30.09.2019 RM	30.06.2018 RM
Issued and fully paid:				
At beginning of the financial period/year	993,094,175	851,824,175	122,255,081	107,437,179
Issued during the period/year				
- private placement	99,300,000	85,182,000	4,637,310	8,373,391
- conversion of warrants	2,500	-	500	-
- share options exercised	-	56,088,000	-	6,444,511
At end of the financial period/year	1,092,396,675	993,094,175	126,892,891	122,255,081

On 26 October 2018, the Company has increased its issued share capital from RM122,255,081 to RM126,892,391 by issuance and allotment of 99,300,000 new ordinary shares at an issue price of RM0.0467 per share for the purpose of raising working capital by way of private placement.

Subsequently on 4 February 2019, 2,500 of Warrants A 2016/2019 ("Warrants A") were exercised at an exercise price of RM0.20 per Warrants A, hence the Company paid-up share capital has increased from RM126,892,391 to RM126,892,891.

19. SHARE CAPITAL (Cont'd)

In prior year, the Company increased its issued and paid up ordinary share capital by way of the issuance of 56,088,000 ordinary shares through the exercise of the share options that was granted under Share Issuance Scheme at an issue price of RM0.10 per ordinary share for cash consideration and the issuance of 85,182,000 ordinary shares through private placement at issue price of RM0.0983 per ordinary share for the purpose of raising working capital.

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

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.

20. RESERVES

			Group	
			Restated	Restated
		30.09.2019	30.06.2018	01.07.2017
	Note	RM	RM	RM
Non-distributable:				
Capital reserve	(a)	2,200,000	2,200,000	2,200,000
Warrants reserve	(b)	-	19,740,845	19,740,845
Other reserve	(c)	-	(19,740,845)	(19,740,845)
Foreign translation reserve	(d)	(12,062)	(3,254)	-
Share Issuance Scheme option reserve	(e)	961,735	1,123,730	5,931,111
Distributable:				
Accumulated losses		(36,856,069)	(15,840,464)	(9,470,050)
		(33,706,396)	(12,519,988)	(1,338,939)

			Company	
		30.09.2019	30.06.2018	01.07.2017
		RM	RM	RM
Non-distributable:				
Capital reserve	(a)	2,200,000	2,200,000	2,200,000
Warrants reserve	(b)	-	19,740,845	19,740,845
Other reserve	(c)	-	(19,740,845)	(19,740,845)
Share Issuance Scheme option reserve	(e)	961,735	1,123,730	5,931,111
Distributable:				
Accumulated losses		(32,997,258)	(23,141,575)	(26,921,574)
		(29,835,523)	(19,817,845)	(18,790,463)

20. RESERVES (Cont'd)

(a) 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.

(b) Warrants reserve

Warrants 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 8 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 September 2019, the total numbers of Warrants that remain unexercised stands at 200,412,175 (30.06.2018: 200,414,675; 01.07.2017: 200,414,675) were expired and lapsed on 8 February 2019.

(c) Other reserve

Other reserve represents the discount on issuance of shares and the value of which is represented by the fair value of the warrants. The other reserve, in substance, form part of the issued and paid-up share capital and is presented separately for better understanding.

(d) Foreign translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(e) Share Issuance Scheme options reserve

Share Issuance Scheme options 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 options is disclosed in Note 6.

21. FINANCE LEASE PAYABLES

	Group		
	30.09.2019 RM	30.06.2018 RM	01.07.2017 RM
Minimum finance lease payments:			
Repayable within one year	1,337,634	661,956	638,628
Repayable between one and two years	1,550,728	568,236	652,212
Repayable between two and five years	1,591,310	960,109	1,210,541
	4,479,672	2,190,301	2,501,381
Less: Future finance charges	(487,078)	(172,834)	(252,269)
Present value of minimum finance lease payments	3,992,594	2,017,467	2,249,112
Present value of finance lease payables:			
Repayable within one year	1,103,770	572,422	527,324
Repayable between one and two years	1,433,312	513,600	510,955
Repayable between two and five years	1,455,512	931,445	1,210,833
	3,992,594	2,017,467	2,249,112
Representing:			
Current portion	1,103,770	572,422	527,324
Non-current portion	2,888,824	1,445,045	1,721,788
	3,992,594	2,017,467	2,249,112

The effective interest rates of the finance lease payables ranging from 2.47% to 4.91% (30.06.2018: 2.47% to 4.91%; 01.07.2017: 2.55% to 4.91%) per annum.

22. DEFERRED TAX LIABILITIES

	Group	
	30.09.2019	30.06.2018
	RM	RM
At beginning of the financial period/year	51,502	17,698
Recognised in profit or loss (Note 7)	46,682	33,804
At end of the financial period/year	98,184	51,502

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

	Group	
	30.09.2019	30.06.2018
	RM	RM
Deferred tax liabilites	7,106,466	5,113,943
Deferred tax assets	(7,008,282)	(5,062,441)
	98,184	51,502

The recognised deferred tax (assets)/liabilities before offsetting are as follows:

	Accelerated capital allowances RM
Group	
Deferred tax liabilities:	
At 1 July 2018	5,113,943
Recognised in profit or loss	1,992,523
At 30 September 2019	7,106,466
At 1 July 2017	5,941,809
Recognised in profit or loss	(827,866)
At 30 June 2018	5,113,943

22. DEFERRED TAX LIABILITIES (Cont'd)

The recognised deferred tax (assets)/liabilities before offsetting are as follows: (cont'd)

	Unabsorbed capital allowances RM	Unutilised tax losses RM	Others temporary differences RM	Total RM
Group				
Deferred tax assets:				
At 1 July 2018	(674,670)	(4,387,771)	-	(5,062,441)
Recognised in profit or loss	(752,317)	(51,242)	(1,142,282)	(1,945,841)
At 30 September 2019	(1,426,987)	(4,439,013)	(1,142,282)	(7,008,282)
At 1 July 2017	(787,588)	(5,136,523)	-	(5,924,111)
Recognised in profit or loss	112,918	748,752	-	861,670
At 30 June 2018	(674,670)	(4,387,771)	-	(5,062,441)

The estimated amount of temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows (stated at gross):

	Group 30.09.2019 RM	Group 30.06.2018 RM
Unabsorbed capital allowances	3,962,308	1,793,931
Unutilised tax losses	5,968,246	11,954,722
	9,930,554	13,748,653

The availability of tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

The comparative figures have been restated to reflect the actual tax losses and unabsorbed capital allowances carried forward available to the Group.

23. TRADE PAYABLES

The normal trade credit terms granted to the Company range from 30 to 60 days (30.06.2018: 30 to 60 days; 01.07.2017: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

24. OTHER PAYABLES

	Note	30.09.2019 RM	Group Restated 30.06.2018 RM	01.07.2017 RM
Other payables	(a)	7,967,913	7,364,688	3,873,296
Deposits	(b)	7,582,392	2,819,281	461,513
Accruals	(c)	12,558,474	6,275,112	5,991,798
		28,108,779	16,459,081	10,326,607

	30.09.2019 RM	Company 30.06.2018 RM	01.07.2017 RM
Other payables	180,976	123,737	90,370
Accruals	237,850	186,780	139,410
	418,826	310,517	229,780

(a) Included in other payables of the Group is an amount of RM2,202,166 (30.06.2018: RM2,537,038; 01.07.2017: RM1,976,225) due to the vendors for the purchase and enhancement of telecommunication network equipment and software.

Included in other payables of the Group is RM42,280 (30.06.2018: RM12,903; 01.07.2017: RM509) represents the amount owing to Directors' related company which is unsecured, interest free and is subject to normal credit term granted to the Group.

(b) Included in deposits is an amount of RM5,000,000 (30.06.2018: RM Nil; 01.07.2017: RM Nil) received from a Directors' related company for future mobile application business arrangement.

(c) Included in accruals of the Group is the cost of recharge usage accrued amounting to RM6,837,105 (30.06.2018: RM647,704; 01.07.2017: RM1,032,025).

25. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have 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 and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with Directors' related companies and key management personnel. The Directors' related companies refer to companies in which certain Directors of the Group are also Directors of the related companies. The related party balances of the Group and of the Company are disclosed in Notes 16, 17 and 24.

(b) Related party transactions

Other than disclosed elsewhere in the financial statements, the significant related party transactions between the Group and the Company and their related parties during the financial period/year are as follows:

	Group	
	01.07.2018 to 30.09.2019 RM	01.07.2017 to 30.06.2018 RM
Transactions with Directors' related companies:		
- Sales	135,125	26,352
- Deposits received	5,000,000	-
- Service charge	(31,585)	(12,200)
- Rental charge	(152,715)	-

	Company	
	01.07.2018 to 30.09.2019 RM	01.07.2017 to 30.06.2018 RM
Transaction with subsidiaries:		
- Advances to	(5,949,805)	(15,894,896)

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly, including any Directors of the Company and its subsidiaries.

The remunerations paid by the Group and the Company to key management personnel during the financial period/year have been disclosed in Note 5(a).

Notes to the Financial Statements (Cont'd)
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26. CAPITAL COMMITMENT

The future capital commitment payable for the acquisition of intangible assets at the reporting date but not recognised as payable is as follows:

	Group	
	30.09.2019 RM	30.06.2018 RM
Contracted for:		
Capital work-in-progress	2,805,540	2,152,062

27. OPERATING LEASE COMMITMENT

The future minimum rental payable under non-cancellable operating lease at the reporting date but not recognised as payable are as follows:

	Group	
	30.09.2019 RM	30.06.2018 RM
Not more than 1 year	3,437,672	2,540,868
Later than one year and not later than three years	3,238,080	4,256,373
	6,675,752	6,797,241

28. SEGMENTAL INFORMATION

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised as amortised costs respectively.

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 the financial risks, including credit risk, interest risk, foreign currency risk and liquidity risk. 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 and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) 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 exposure to credit risk arises principally from its receivables (which consist of trade and other receivables). The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to prior years.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

There is no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position as at the end of the reporting period.

Concentration of credit risk

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at 30 September 2019, the Group has significant concentration of credit risk arising from the amounts owing by 5 (30.06.2018: 4; 01.07.2017: 5) distribution channels constituting 51% (30.06.2018: 78%; 01.07.2017: 75%) of net trade receivables of the Group.

Recognition and measurement of impairment loss

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime expected credit losses.

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

Distribution channels and others

The Group assesses impairment of trade receivable on individual basis due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the period/year.

Any receivables having significant balances past due more than the period range from 90 to 180 days (i.e. observation periods) from different customer profiles are deemed to have higher credit risk. The Group has subsequently recognised a loss allowance of 100% against all receivables after 90 days of observation periods (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable.

Postpaid users

The Group assesses impairment of trade receivable on collective basis. The Group uses an allowance matrix to measure ECL of collective assessed receivables as they are grouped based on shared credit risk characteristics, the days past due and similar types of contracts which have similar risk characteristics. Consistent with the debt recovery process, invoices which are past due more than 150 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the period/year.

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables (Cont'd)

Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the reporting date:

	Gross RM	Loss Allowance RM	Net RM
Group			
Postpaid users, distribution channels and others			
30.09.2019			
Neither past due nor impaired	15,821,907	-	15,821,907
Past due and impaired:			
Less than 30 days	5,363,901	-	5,363,901
31 days to 60 days	4,431,245	(1,488,738)	2,942,507
61 days to 90 days	4,485,315	(1,432,191)	3,053,124
91 days to 120 days	1,744,937	(1,285,531)	459,406
121 days to 150 days	6,033,227	(5,911,137)	122,090
151 days to 210 days	102,498	-	102,498
211 days to 270 days	24,778	-	24,778
More than 270 days	1,226,234	(1,224,614)	1,620
	23,412,135	(11,342,211)	12,069,924
Total trade receivables	39,234,042	(11,342,211)	27,891,831
Restated			
30.06.2018			
Neither past due nor impaired	9,562,236	-	9,562,236
Past due and impaired:			
Less than 30 days	5,034,594	(173,695)	4,860,899
31 days to 60 days	2,900,549	(99,350)	2,801,199
61 days to 90 days	1,952,629	(22,208)	1,930,421
91 days to 120 days	579,287	(572,349)	6,938
121 days to 150 days	15,667	-	15,667
151 days to 210 days	10,493	-	10,493
211 days to 270 days	6,359	-	6,359
More than 270 days	2,422,088	(1,393,296)	1,028,792
	12,921,666	(2,260,898)	10,660,768
Total trade receivables	22,483,902	(2,260,898)	20,223,004

Notes to the Financial Statements (Cont'd)
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29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables (Cont'd)

Impairment losses (Cont'd)

	Gross RM	Loss Allowance RM	Net RM
Group			
Postpaid users, distribution channels and others			
01.07.2017			
Neither past due nor impaired	5,711,667	-	5,711,667
Past due and impaired:			
Less than 30 days	4,057,026	-	4,057,026
31 days to 60 days	288,090	-	288,090
61 days to 90 days	41,384	-	41,384
91 days to 120 days	5,648,287	(1,549,281)	4,099,006
121 days to 150 days	1,743	-	1,743
151 days to 210 days	619,786	-	619,786
211 days to 270 days	14,568	-	14,568
More than 270 days	3,605,950	(2,742,535)	863,415
	14,276,834	(4,291,816)	9,985,018
Total trade receivables	19,988,501	(4,291,816)	15,696,685

Credit impaired

Distribution channels and others

Trade 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 subsequent to 90 days after observation periods. These receivables are not secured by any collateral or credit enhancements.

Postpaid users

Trade receivables that are collectively determined to be impaired at the reporting date relate to debtors that have defaulted on payments and due more than 150 days. These receivables are not secured by any collateral or credit enhancements.

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables (Cont'd)

<u>Receivables that are neither past due nor impaired</u>

Distribution channels and others

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

Postpaid users

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

<u>Receivables that are past due but not impaired</u>

Distribution channels and others

The Group has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable. The Group has generally set the observation period between 90 to 180 days for the different customer profile after individual trade receivables has passed its credit term granted. These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default and settled within observation period. The Group does not hold any collateral or other credit enhancement over these balances.

Postpaid users

The Group has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable according to the Group's postpaid validity cycle. The Group does not hold any collateral or other credit enhancement over these balances.

Cash and cash equivalents

The cash and cash equivalents are held with banks. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Expected credit loss of other receivable is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. The Group has assessed debtors which are past due more than 1 year as credit impaired. As such, the Group has provided allowances for expected credit losses on the debtors as disclosed in Note 14.

Notes to the Financial Statements (Cont'd)
30 September 2019

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Amounts due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral.

Recognition and measurement of impairment loss

Intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loans is demanded at the reporting date.

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers subsidiaries loans or advances to be credit impaired when the subsidiaries are unlikely to repay the loans or advances to the Company in full given insufficient highly liquid resources when the loans are demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

At the reporting date, the Company assumes that there is a significant increase in credit risk given the subsidiaries financial position has deteriorated significantly which may lead to high probability of default for the advances to the subsidiaries. An impairment loss of RM24,915,056 has been recognised in profit or loss as disclosed in Note 17.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value of cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than functional currency of the Group. The currency giving rise to this risk is primarily United States Dollar (''USD'').

Foreign exchange exposures in transactional currency other than functional currency of the Group is kept to an acceptable level.

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(b) Foreign currency risk (Cont'd)

Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than functional currency of the Group) risk, based on carrying amounts as at end of the reporting period was:

	Denominated in USD RM
Group	
30.09.2019	
Other payables	(438,326)
30.06.2018	
Other payables	(871,588)
01.07.2017	
Other payables	(1,976,225)

A 5% strengthening/weakening of the RM against the USD at the end of the reporting period would have immaterial impact on profit after tax. This assumes that all other variables remain constant.

(c) Interest rate risk

The Group and the Company did not have any floating rate instruments as at 30 September 2019, 30 June 2018 and 1 July 2017, a change in interest rates would not have any impact to the profit after tax and equity of the Group and of the Company.

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. 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 objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

All of the Company's liabilities at the reporting date mature within one year or repayable on demand.

Notes to the Financial Statements (Cont'd)
30 September 2019

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(d) Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations:

			Contractual Cash Flows		
	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	Between 1 to 2 years RM	Between 2 to 5 years RM
Group					
30.09.2019					
Trade payables	34,300,524	34,300,524	34,300,524	-	-
Other payables	28,108,779	28,108,779	28,108,779	-	-
Finance lease payables	3,992,594	4,479,672	1,337,634	1,550,728	1,591,310
	66,401,897	66,888,975	63,746,937	1,550,728	1,591,310
30.06.2018					
Trade payables	22,139,985	22,139,985	22,139,985	-	-
Other payables	16,459,081	16,459,081	16,459,081	-	-
Finance lease payables	2,017,467	2,190,301	661,956	568,236	960,109
	40,616,533	40,789,367	39,261,022	568,236	960,109
01.07.2017					
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	2,249,112	2,501,381	638,628	652,212	1,210,541
	38,559,041	38,811,310	36,948,557	652,212	1,210,541

30. FAIR VALUE INFORMATION

Financial instrument at fair value

The fair value measurement hierarchies used to measure financial instruments at fair value in the statements of financial position are disclosed in Note 12.

There were no material transfer between Level 1, Level 2 and Level 3 during the financial period.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

The fair values of finance lease payables are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period. The carrying values and fair values of the finance lease payables are not materially different.

31. 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.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes finance lease payables less cash and cash equivalents whilst total capital is the equity attributable to the Owners of the Company.

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

The net debt-to-equity ratio as at the end of the reporting period was as follows:

	Group	
	30.09.2019	**30.06.2018**
	RM	**RM**
Finance lease payables (Note 21)	3,992,594	2,017,467
Less: Cash and cash equivalents	(8,952,671)	(12,564,743)
Total net debts	(4,960,077)	(10,547,276)
Equity attributable to the Owners of the Company, representing total capital	93,186,495	109,735,093
Debt-to-equity ratio (%)	*	*

** Not meaningful*

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

32. COMPARATIVE FIGURES

(i) The financial statements of the Group and of the Company for the financial year ended 30 June 2018 were audited by a firm of chartered accountants other than Moore Stephens Associates PLT who expressed an unmodified opinion on those financial statements on 26 October 2018.

(ii) The comparatives relating to the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are made up from 1 July 2017 to 30 June 2018 and therefore are not comparable with the current financial period from 1 July 2018 to 30 September 2019.

(iii) The following are changes in comparative figures due to adoption of MFRS 9, MFRS 15 and reclassification:

<u>MFRS 15 Revenue from contracts with customers</u>

MFRS 15 supersedes MFRS 11 *Construction Contracts*, MFRS 118 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to the customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

On 1 July 2018, the Group has adopted the standard using the full retrospective approach. Prior to the adoption of MFRS 15, the Group did not recognise cash receipts for prepaid services where services yet to be delivered as deferred revenue. Under MFRS 15, cash receipts which result in an entity having the obligation to transfer goods or services is defined as a contract liability (Note 4). Accordingly, contract liability is recognised in relation to preloaded talk time where consideration is received from customers but services have yet to be performed.

Correspondingly, the cost of sales in relation to services yet to be delivered would be capitalised as deferred costs (Note 14) and would be amortised based on the basis consistent with the subsequent income recognition of the deferred revenue as revenue.

In addition, a reassessment conducted by the Directors upon the adoption of MFRS 15 found some discrepancies in Group's revenue and cost of sales for the financial year ended 30 June 2018. Accordingly, the Directors have rectified the discrepancies upon the adoption of MFRS 15.

32. COMPARATIVE FIGURES (Cont'd)

(iii) The following are changes in comparative figures due to adoption of MFRS 9, MFRS 15 and reclassification: (Cont'd)

MFRS 15 Revenue from contracts with customers (Cont'd)

Incremental costs of obtaining a contract

The Group pays sales commissions to external distribution channel as an incentive for each new registration to the Group's telecommunication services or top-up of reload vouchers or e-recharge by the customers which were previously expensed as incurred.

As sales commissions meet the definition of MFRS 15 as an incremental cost of obtaining a contract, the Group has capitalised sales commission (Note 14) as contract costs which have an expected amortisation of more than one year and will amortise by reference to the basis consistent with the subsequent income recognition of the related deferred revenue. For sales commission with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise an expense when incurred.

MFRS 9 Financial instruments

Classification and measurement

Trade and other receivables and other financial assets previously classified as Loans and Receivables under MFRS 139 *Financial Instruments: Recognition and Measurement* as at 30 June 2018 are measured at amortised cost and there is no material difference in the measurement upon adoption of MFRS 9.

Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon the adoption of MFRS 9, the Group is recording expected credit losses on its trade and other receivables on a life time or 12-month basis. The reconciliation of the allowance for impairment loss as at 1 July 2017 and 30 June 2018 in accordance with MFRS 139 to the opening loss allowance determined in accordance with MFRS 9 are shown in Notes 14 and 16.

Reclassification

Certain comparative figures are reclassified to conform with the current period's presentation.

Notes to the Financial Statements (Cont'd)
30 September 2019

32. COMPARATIVE FIGURES (Cont'd)

(iii) The following are changes in comparative figures due to adoption of MFRS 9, MFRS 15 and reclassification: (Cont'd)

	As previously reported RM	Effect on adoption of MFRS 9 RM	Effect on adoption of MFRS 15 RM	Reclassification RM	As restated RM
Group					
1 July 2017					
Statements of financial position					
Plant and equipment	70,310,555	-	-	(21,693,987)	48,616,568
Intangible assets	-	-	-	21,693,987	21,693,987
Other receivables	31,917,320	(352,882)	9,009,012	-	40,573,450
Contract liability	-	-	11,769,322	-	11,769,322
Share capital	107,637,181	-	-	(200,002)	107,437,179
Non-controlling interest	605,108	(146,552)	-	-	458,556
Reserves	1,427,699	(206,330)	(2,760,310)	200,002	(1,338,939)
Statements of changes in equity					
Share capital	107,637,181	-	-	(200,002)	107,437,179
Accumulated losses	(6,703,412)	(206,330)	(2,760,310)	200,002	(9,470,050)
30 June 2018					
Statements of comprehensive income					
Revenue	200,959,634	-	(12,818,006)	(598,904)	187,542,724
Cost of sales	(110,458,627)	-	6,577,019	-	(103,881,608)
Other income	789,678	-	-	598,904	1,388,582
Administrative expenses	(41,087,276)	(222,154)	-	-	(41,309,430)
Selling and distribution expenses	(56,098,317)	-	839,217	-	(55,259,100)

32. COMPARATIVE FIGURES (Cont'd)

(iii) The following are changes in comparative figures due to adoption of MFRS 9, MFRS 15 and reclassification: (Cont'd)

	As previously reported RM	Effect on adoption of MFRS 9 RM	Effect on adoption of MFRS 15 RM	Reclassification RM	As restated RM
Group					
30 June 2018					
Statements of financial position					
Plant and equipment	82,327,657	-	-	(29,605,551)	52,722,106
Intangible assets	-	-	-	29,605,551	29,605,551
Trade receivables	20,464,282	(222,154)	-	(19,124)	20,223,004
Other receivables	32,118,276	(352,882)	8,150,050	-	39,915,444
Other payables	16,478,205	-	-	(19,124)	16,459,081
Contract liability	-	-	16,312,130	-	16,312,130
Share capital	122,455,083	-	-	(200,002)	122,255,081
Non-controlling interest	659,970	(146,552)	-	-	513,418
Reserves	(4,129,426)	(428,484)	(8,162,080)	200,002	(12,519,988)
Statements of changes in equity					
Share capital	122,455,083	-	-	(200,002)	122,255,081
Accumulated losses	(7,449,902)	(428,484)	(8,162,080)	200,002	(15,840,464)
Statements of cash flows					
Cash flows from operating activities					
Loss before tax	(6,015,098)	(222,154)	(5,401,770)	-	(11,639,022)
Adjustments:-					
Depreciation on plant and equipment	8,200,505	-	-	(675,426)	7,525,079
Amortisation on intangible assets	-	-	-	675,426	675,426
Impairment loss on trade receivables	457,960	110,475	-	-	568,435
Fair value adjustment on other investment	-	-	-	(754,858)	(754,858)
Reversal of impairment loss on other investment	(754,858)	-	-	754,858	-
Unrealised loss on foreign exchange	12,505	-	-	(3,254)	9,251
Written off of other receivables	-	-	-	5,400	5,400
Written off of trade receivables	-	111,679	-	-	111,679

Notes to the Financial Statements (Cont'd)
30 September 2019

32. COMPARATIVE FIGURES (Cont'd)

(iii) The following are changes in comparative figures due to adoption of MFRS 9, MFRS 15 and reclassification: (Cont'd)

	As previously reported RM	Effect on adoption of MFRS 9 RM	Effect on adoption of MFRS 15 RM	Reclassification RM	As restated RM
Group					
30 June 2018					
Statements of cash flows (cont'd)					
Changes in working capital					
Trade receivables	(3,055,421)	-	-	19,124	(3,036,297)
Other receivables	(214,559)	-	858,962	(5,400)	639,003
Other payables	6,135,839	-	-	(15,870)	6,119,969
Contract liability	-	-	4,542,808	-	4,542,808
Cash flows from investing activities					
Purchase of intangible assets	-	-	-	(8,586,990)	(8,586,990)
Purchase of plant and equipment	(19,887,607)	-	-	8,586,990	(11,300,617)
Company					
30 June 2018					
Statements of cash flows					
Cash flow from operating activities					
Fair value adjustment on other investment	-	-	-	(754,858)	(754,858)
Reversal of impairment loss on other investment	(754,858)	-	-	754,858	-

33. SIGNIFICANT AND SUBSEQUENT EVENTS

The Company had on 10 June 2019 announced that the Company proposes to undertake the following corporate exercise: -

(i) Proposed renounceable rights issue of up to 2,651,255,354 new irredeemable convertible preference shares in XOX ("ICPS") together with up to 662,813,838 free detachable warrants in XOX ("Warrant B") on the basis of 4 ICPS together with 1 free Warrant B for every 2 existing ordinary shares in XOX ("XOX Shares" or "Shares") held by the entitled shareholders of the Company ("Shareholders") ("Entitled Shareholders") on an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights issue of ICPS with Warrants");

(ii) Proposed amendments to the constitution of the Company ("Proposed Constitution Amendments"); and

(iii) Proposed amendments to the by-laws governing the Company's existing share issuance scheme ("Proposed By-laws Amendments").

On 26 November 2019, the Company had submitted an application to seek the approval of Bursa Securities for an extension of time for XOX to implement and complete the corporate exercise.

On 2 December 2019, Bursa Securities has issued an approval letter for an extension of time of 6 months from 24 December 2019 up to 23 June 2020 for the Company to complete the corporate exercise.

As at the date of this report, the Company has yet to complete the corporate exercise.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 DECEMBER 2019

SHARE CAPITAL

Total Number of Issued Share	:	1,092,396,675
Issued and Paid-Up Capital	:	RM126,257,181.60
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 DECEMBER 2019

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	154	1.98	6,859	0.00
100 – 1,000	575	7.39	341,748	0.03
1,001 – 10,000	1,766	22.68	10,777,813	0.99
10,001 – 100,000	3,741	48.05	181,709,360	16.63
100,001 to less than 5% of issued shares	1,549	19.89	800,260,895	73.26
5% and above of issued shares	1	0.01	99,300,000	9.09
TOTAL	**7,786**	**100.00**	**1,092,396,675**	**100.00**

SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS AS AT 31 DECEMBER 2019

Substantial Shareholders

		Direct		Indirect	
		No. of Shares Held	Percentage Held	No. of Shares Held	Percentage Held
1	Key Alliance Group Berhad	99,300,000	9.09	-	-

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	0.04	-	-
2	Tan Sik Eek	-	-	-	-
3	Ng Kok Heng	17,237,035	1.58	-	-
4	Soo Pow Min	-	-	161,255 [(a)]	0.01
5	Hew Tze Kok	-	-	-	-
6	Edwin Chin Vin Foong	-	-	-	-
7	Roy Ho Yew Kee	-	-	-	-

[(a)] *Deemed interested through direct holding of spouse.*

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 31 DECEMBER 2019)

No.	Name	Shares Held	Percentage
1.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR MAYBANK KIM ENG SECURITIES PTE LTD	99,300,000	9.09
2.	CHOONG KEAN LEANG	12,500,000	1.14
3.	MARA INCORPORATED SDN BHD	11,559,945	1.06
4.	CHOO WAI KIT	10,500,000	0.96
5.	SIM KIAN SENG	9,000,000	0.82
6.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG HO LENG	8,640,000	0.79
7.	CHOO WAI KIT	8,400,000	0.77
8.	NG AUN HOOI	8,200,000	0.75
9.	ONG SOI TAT	8,000,000	0.73
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KOK HENG	8,000,000	0.73
11.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE CHI VUN	7,700,000	0.71
12.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SOON CHAI	7,276,000	0.67
13.	WONG AH YONG	6,700,000	0.61
14.	WONG KOK SIN	6,499,800	0.60
15.	WONG KAR CHUAN	5,500,000	0.50
16.	SU HOW GIONG	5,400,000	0.49
17.	NG KOK HENG	5,000,005	0.46
18.	CHOONG KEAN LEANG	4,710,400	0.43
19.	LOH KOK WAI	4,520,000	0.41
20.	MOHD JAMEL BIN ABDUL MUNIN	4,500,000	0.41
21.	HENG DING DING	4,500,000	0.41
22.	NG KOK HENG	4,237,030	0.39
23.	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG	4,100,000	0.38
24.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG	4,100,000	0.38
25.	ONG NGOH ING @ ONG CHONG OON	4,000,000	0.37
26.	LOH CHOON ONG	4,000,000	0.37
27.	YAN HOCK CHUAN	3,684,643	0.34
28.	LIM CHONG YAW	3,607,000	0.33
29.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHU MEI FOONG	3,530,000	0.32
30.	TAN TUAN NEO @ TAN TUAN NEW	3,500,000	0.32
	Total	**281,164,823**	**25.74**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth (9th) 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, Section U1, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 27 February 2020 at 9.00 a.m. for the purpose of transacting the following businesses:

AGENDA

1.	To receive the Audited Financial Statements for the financial period ended 30 September 2019 together with the Directors' and Auditors' Reports thereon.	**Please refer to Explanatory Note 1**
2.	To approve the payment of additional Directors' fees of RM230,100 for the financial period from 1 July 2018 up to the conclusion of Ninth (9th) Annual General Meeting.	**Ordinary Resolution 1**
3.	To re-elect Mr Roy Ho Yew Kee who retires pursuant to Clause 125 of the Company's Constitution.	**Ordinary Resolution 2**
4.	To re-elect the following Directors who retire pursuant to Clause 115 of the Company's Constitution:	
	i) Mr Hew Tze Kok	**Ordinary Resolution 3**
	ii) Mr Edwin Chin Vin Foong	**Ordinary Resolution 4**
	iii) Mr Tan Sik Eek	**Ordinary Resolution 5**
5.	To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 6**
6.	To transact any other business of the Company for which due notice shall have been given.	

By order of the Board,

Chong Voon Wah (MAICSA 7055003)
Thai Kian Yau (MIA 36921)
Company Secretaries

Kuala Lumpur
29 January 2020

Notes

1. **The Company has changed its financial year end from 30 June to 30 September and an announcement has been made to Bursa Malaysia Securities Berhad on 30 August 2019 on the change of financial year end. Section 340 (1) of the Companies Act, 2016 states that an Annual General Meeting ("AGM") must be held once in every calendar year. The Companies Commission of Malaysia had granted its approval for an extension of time until 31 March 2020 for the Company to hold its AGM in respect of the calendar year 2019. The Company did not hold any AGM in the calendar year 2019. Hence, the forthcoming Ninth (9th) AGM will be held to table the 15-months Audited Financial Statements made up from 1 July 2018 to 30 September 2019 as well as other ordinary businesses, and this AGM shall be deemed to be held for the calendar year 2019.**

Notice of Annual General Meeting (Cont'd)

2. 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.

3. 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.

4. 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.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.

6. 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 appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

7. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 20 February 2020 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

8. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out above will be put to vote by way of poll.

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Period Ended 30 September 2019

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 1: To Approve the Payment of Additional Directors' Fees

At the Eighth (8th) Annual General Meeting of the Company held on 29 November 2018, the shareholders of the Company had approved the payment of Directors' fees of up to RM397,800 payable to the Directors for the financial year ended 30 June 2019.

On 30 August 2019, the Company had announced to Bursa Malaysia Securities Berhad for the change of the Company's financial year end from 30 June to 30 September and the new financial period of the Company covered a period of 15 months from 1 July 2018 to 30 September 2019.

The additional Directors' fees payable to the Directors mainly due to extension of the Company's financial period to 15 months as well as the payment made to additional Director appointed during the financial period.

Notice of Annual General Meeting (Cont'd)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Rule 8.29 (2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the Ninth (9th) Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth (10th) 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, Section U1, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 27 February 2020 at 11.00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Ninth (9th) Annual General Meeting which will be held at 9.00 a.m. on the same day and at the same venue, for the purpose of transacting the following businesses:

AGENDA

1. To re-elect the following Directors who retire pursuant to Clause 115 of the Company's Constitution:

   i) Dato' Seri Abdul Azim Bin Mohd Zabidi — **Ordinary Resolution 1**
   ii) Mr Soo Pow Min — **Ordinary Resolution 2**
   iii) Mr Ng Kok Heng — **Ordinary Resolution 3**

2. To approve the increase of the Directors' fees payable to the Directors of the Company. **Ordinary Resolution 4**

3. To approve the payment of Directors' fees of up to RM600,000 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM180,000 for the period commencing from 27 February 2020 until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 5**

4. To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

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

5. **Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 7**

   "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."

6. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **Ordinary Resolution 8**

"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 29 January 2020 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%,

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."

7. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

Chong Voon Wah (MAICSA 7055003)
Thai Kian Yau (MIA 36921)
Company Secretaries

Kuala Lumpur
29 January 2020

Notes

1. **Section 340 (1) of the Companies Act, 2016 states that an Annual General Meeting ("AGM") must be held once in every calendar year. Therefore, the forthcoming Tenth (10th) AGM of the Company will be held in respect of the calendar year 2020. There will be no Audited Financial Statements tabled at this AGM. The 15-months Audited Financial Statements for the financial period ended 30 September 2019 will be tabled at the Ninth (9th) AGM.**

2. 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.

3. 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.

4. 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.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.

Notice of Annual General Meeting (Cont'd)

6. 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 appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

7. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 20 February 2020 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

8. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out above will be put to vote by way of poll.

EXPLANATORY NOTES

1. Ordinary Resolution 4 : To approve the increase of the Directors' Fees

The Nomination and Remuneration Committee ("NRC") of the Company had conducted a review of the Directors' fees to determine whether the said fees is competitive and adequate to attract and retain individuals with strong credentials and high calibre to serve on the Board.

The NRC having taken into account the fee levels and as well as the time commitment required from the Directors, recommended the said fees to be revised as follows:

	Current	**Proposed**
Chairman of the Board	RM7,150 per month	RM8,000 per month
Other Board Members	RM5,200 per month	RM5,800 per month

The Board had reviewed and accepted the NRC's proposal as it opined that the said proposal was fair and reasonable and was in the Company's best interest.

2. Ordinary Resolution 5 : 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 27 February 2020 until the conclusion of the next Annual General Meeting for the Company.

Notice of Annual General Meeting (Cont'd)

3. **Ordinary Resolution 7 : Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016**

   The proposed Ordinary Resolution 7, if passed, is a 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, the Company has not issued any new shares pursuant to the General Mandate granted to the Directors at the Eighth (8th) Annual General Meeting held on 29 November 2018 and which will lapse at the conclusion of the Ninth (9th) Annual General Meeting.

4. **Ordinary Resolution 8 : Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The proposed Ordinary Resolution 8, 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
(Pursuant to Rule 8.29 (2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the Tenth (10th) Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Rule 6.04 (3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of Tenth (10th) Annual General Meeting of the Company for the details.

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XOX BHD
Company No. 201001016682 (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 No. ____________________

of ____________________

and/or ____________________ NRIC No. / Passport No. ____________________

of ____________________

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Ninth (9th) Annual General Meeting of the Company to be held at Inspire I & II, Food Tree Café (under Only World Group), No.10, Section U1, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 27 February 2020 at 9.00 a.m. or at any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicate below :

No.	Resolutions		For	Against
1.	To approve the payment of the additional Directors' fees.	**Ordinary Resolution 1**		
2.	To re-elect Roy Ho Yew Kee as Director.	**Ordinary Resolution 2**		
3.	To re-elect Hew Tze Kok as Director.	**Ordinary Resolution 3**		
4.	To re-elect Edwin Chin Vin Foong as Director.	**Ordinary Resolution 4**		
5.	To re-elect Tan Sik Eek as Director.	**Ordinary Resolution 5**		
6.	To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 6**		

(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)

Dated this ___________ day of ______________________, 2020.

____
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. ***The Company has changed its financial year end from 30 June to 30 September and an announcement has been made to Bursa Malaysia Securities Berhad on 30 August 2019 on the change of financial year end. Section 340 (1) of the Companies Act, 2016 states that an Annual General Meeting ("AGM") must be held once in every calendar year. The Companies Commission of Malaysia had granted its approval for an extension of time until 31 March 2020 for the Company to hold its AGM in respect of the calendar year 2019. The Company did not hold any AGM in the calendar year 2019. Hence, the forthcoming Ninth (9th) AGM will be held to table the 15-months Audited Financial Statements made up from 1 July 2018 to 30 September 2019 as well as other ordinary businesses, and this AGM shall be deemed to be held for the calendar year 2019.***
2. *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.*
3. *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.*
4. *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.*
5. *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.*
6. *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 appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.*
7. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 20 February 2020 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*
8. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.*

Affix Stamp

THE SHARE REGISTRAR OF

XOX BHD Company No. 201001016682 (900384-X)

SHAREWORKS SDN. BHD.

No.2-1, Jalan Sri Hartamas 8, Sri Hartamas

50480 Kuala Lumpur, Malaysia

XOX BHD

Company No. 201001016682 (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 No. ______________________________

of ______________________________

and/or ______________________________ NRIC No. / Passport No. ______________________________

of ______________________________

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Tenth (10^{th}) Annual General Meeting of the Company to be held at Inspire I & II, Food Tree Café (under Only World Group), No. 10, Section U1, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 27 February 2020 at 11.00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the Ninth (9^{th}) Annual General Meeting which will be held at 9.00 a.m. on the same day and at the same venue.

My/Our Proxy(ies) is/are to vote as indicate below :

No.	Resolutions		For	Against
1.	To re-elect Dato' Seri Abdul Azim Bin Mohd Zabidi as Director.	**Ordinary Resolution 1**		
2.	To re-elect Soo Pow Min as Director.	**Ordinary Resolution 2**		
3.	To re-elect Ng Kok Heng as Director.	**Ordinary Resolution 3**		
4.	To approve the increase of the Directors' fees.	**Ordinary Resolution 4**		
5.	To approve the payment of Directors' fees and other benefits payable to the Directors.	**Ordinary Resolution 5**		
6.	To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 6**		
7.	To approve the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	**Ordinary Resolution 7**		
8.	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	**Ordinary Resolution 8**		

(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)

Dated this ___________ day of ______________________, 2020.

____

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. ***Section 340 (1) of the Companies Act, 2016 states that an Annual General Meeting ("AGM") must be held once in every calendar year. Therefore, the forthcoming Tenth (10^{th}) AGM of the Company will be held in respect of the calendar year 2020. There will be no Audited Financial Statements tabled at this AGM. The 15-months Audited Financial Statements for the financial period ended 30 September 2019 will be tabled at the Ninth (9th) AGM.***
2. *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.*
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7. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 20 February 2020 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*
8. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.*

Affix Stamp

THE SHARE REGISTRAR OF

XOX BHD Company No. 201001016682 (900384-X)

SHAREWORKS SDN. BHD.

No.2-1, Jalan Sri Hartamas 8, Sri Hartamas

50480 Kuala Lumpur, Malaysia

XOX BHD
Registration No. 201001016682 (900384-X)
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