

The logo for XOX BHD features the letters 'XOX' in a stylized font where the 'O' is a light blue circle and the 'X's are red. To the right, 'BHD' is written in a bold, white, sans-serif font. The background is a dark space with a network of white lines and glowing orange and purple nodes.

XOX BHD

(900364-X)

CONNECTING IDEAS

ANNUAL REPORT 2018

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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

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

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

Principal Bankers

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

Registered Office

Suite 10.02, Level 10, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : (603) 2298 0263
Facsimile : (603) 2298 0268

Business Office

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

Auditors

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

Share Registrar

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

Listing

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

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

Website www.xox.com.my

Investors Relations

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

PROFILE OF DIRECTORS

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 saw 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, 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 and Fintec Global Berhad (formerly known as Asia Bioenergy Technologies 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.



Dato' Seri Abdul Azim bin Mohd Zabidi

*59 years of age, Malaysian,
Male
Non-Independent
Non-Executive Chairman*

Profile of Directors (Cont'd)



Tan Sik Eek

*42 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 (formerly known as Asia Bioenergy Technologies 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.

Profile of Directors (Cont'd)

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 Share Issuance Scheme (“SIS”) Committee of the Company.

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



Ng Kok Heng

*55 years of age, Malaysian,
Male
Executive Director /
Chief Executive Officer*

Profile of Directors (Cont'd)



Soo Pow Min

*53 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 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 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. He is currently working in the area of corporate finance and business development with an investment holding company.

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.



Hew Tze Kok

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

Profile of Directors (Cont'd)

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

On graduation, he started his career in the advertising and promotions industry and 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. Europlus was subsequently taken over by Larut Consolidated Berhad (now known as Kumpulan Europlus Berhad). 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.

Towards the end of 2009, he joined Volume One Sdn Bhd, a leader in the event management industry which provides comprehensive conference and event logistics services.

Mr. Edwin is the Chairman for both the SIS as well as Nomination and Remuneration 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.



Edwin Chin Vin Foong

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

PROFILE OF KEY SENIOR MANAGEMENT

NG KOK HENG

55 years of age, Malaysian, Male
Executive Director / Chief Executive Officer

(Please refer to page 5 of Profile of Directors)

SYLVIA KONG CHOO HUI

52 years of age, Malaysian, Female
Chief Financial Officer

Ms Sylvia Kong graduated with a Bachelor of Business (Accounting) from the University of Technology, Sydney. She has more than 20 years of experience in finance and accounting 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 oversees the Finance, Taxation, Legal, Human Resources and Administration of the Company.

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

40 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 the 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.

FINANCIAL HIGHLIGHTS

GROUP FINANCIAL SUMMARY

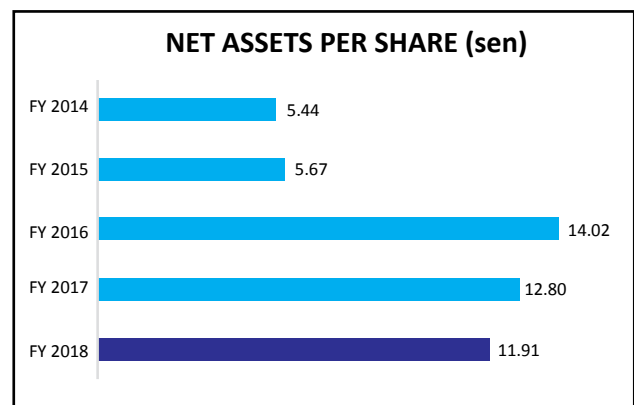
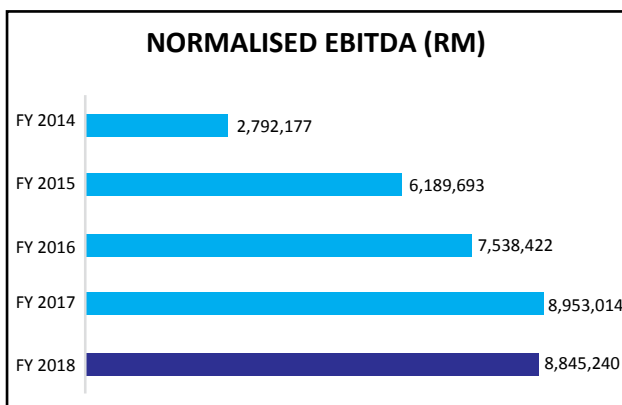
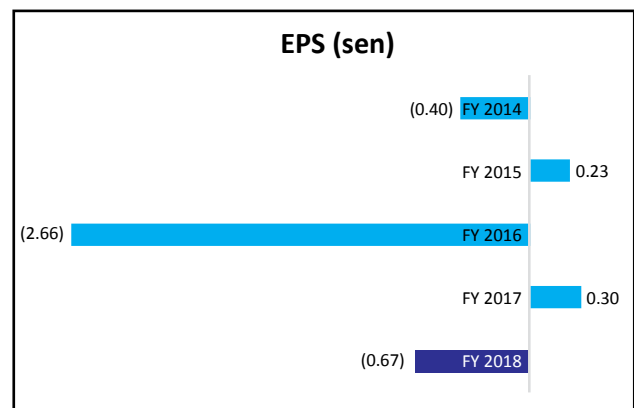
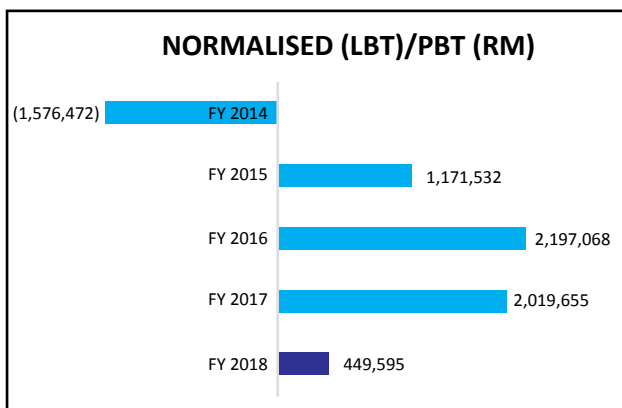
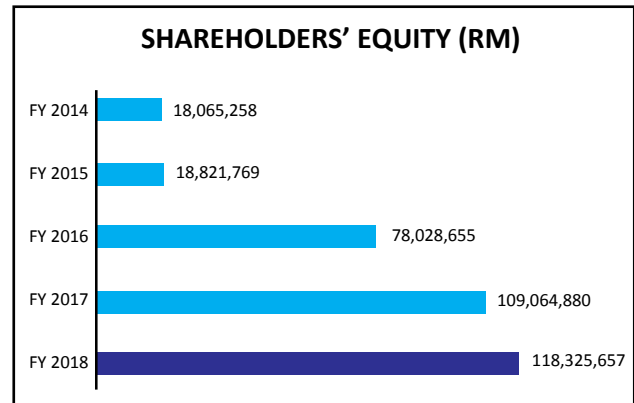
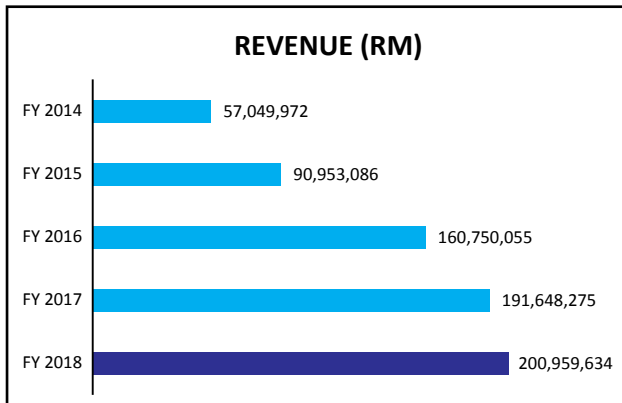
FINANCIAL RESULTS	FY 2018 RM	FY 2017 RM	FY 2016 RM	FY 2015 RM	FY 2014 RM
Revenue	200,959,634	191,648,275	160,750,055	90,953,086	57,049,972
(Loss)/Profit Before Tax ("LBT/PBT")	(6,015,098)	2,324,846	(9,050,724)	1,628,276	(1,598,506)
Normalised (LAT)/PBT*	655,471	2,355,852	2,530,925	1,628,276	(1,598,506)
(Loss)/Profit After Tax (LAT)/PAT	(6,220,974)	1,988,649	(9,384,581)	1,171,532	(1,576,472)
Normalised (LAT)/PAT*	449,595	2,019,655	2,197,068	1,171,532	(1,576,472)
Earnings Before Interest Tax Depreciation & Amortisation ("EBITDA")	2,174,671	8,922,008	(4,043,227)	6,189,693	2,792,177
Normalised EBITDA *	8,845,240	8,953,014	7,538,422	6,189,693	2,792,177
(Loss)/Profit Attributable to Shareholders	(6,275,836)	2,027,090	(9,575,836)	756,511	(1,253,343)
Total Assets	159,672,786	148,247,197	112,797,522	77,739,927	66,104,296
Total Non-current Liabilities	1,496,547	1,739,486	452,672	415,649	101,190
Total Current Liabilities	39,190,612	36,837,723	33,672,646	58,353,924	48,242,378
Shareholders' Equity	118,325,657	109,064,880	78,028,655	18,821,769	18,065,258
FINANCIAL RATIOS					
Net Assets Per Share (sen)	11.91	12.80	14.02	5.67	5.44
Net (Loss)/Earnings Per Share (sen)	(0.67)	0.30	(2.66)	0.23	(0.40)

Note:

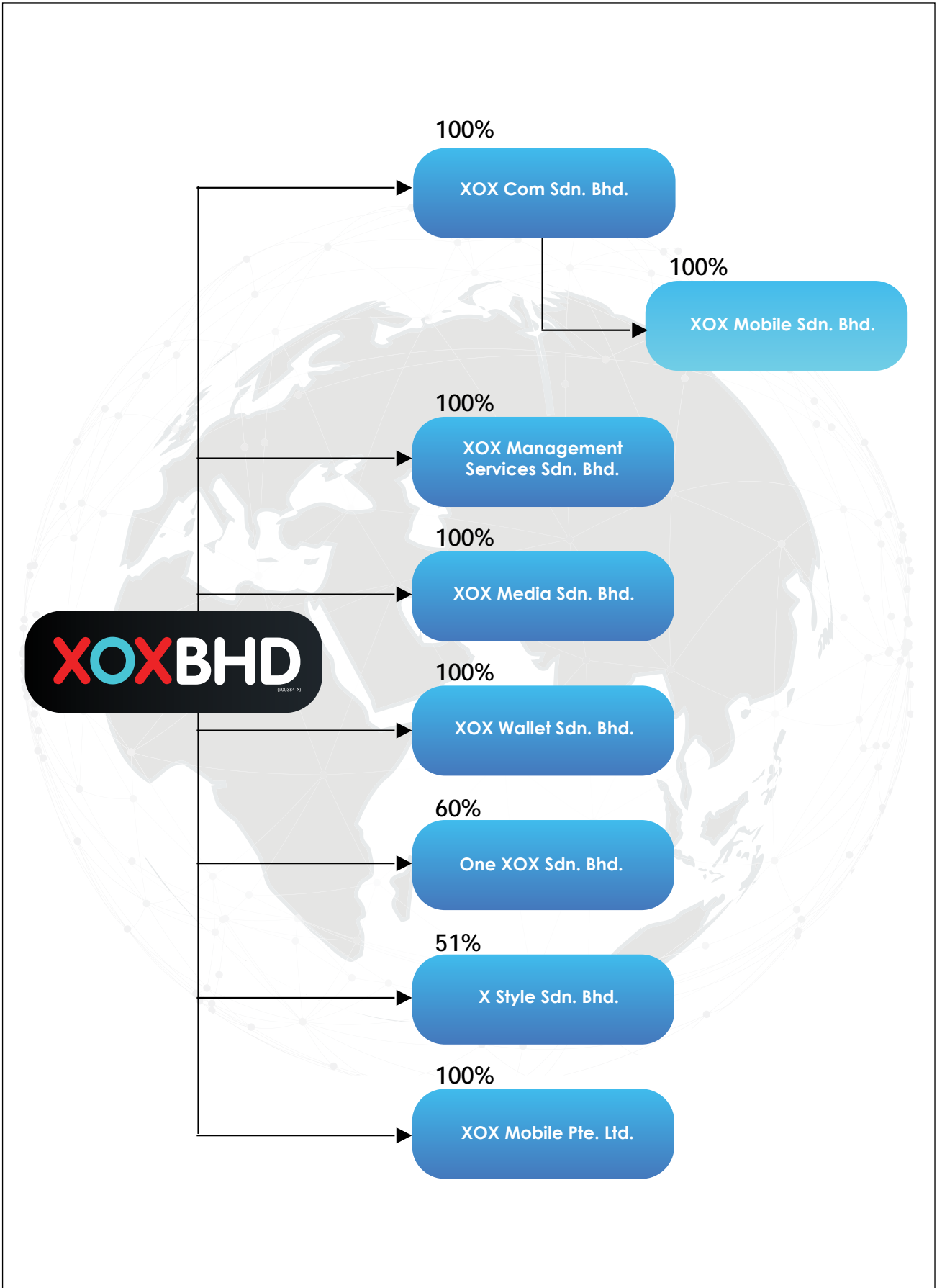
* Results exclude the following items for the respective years to provide readers additional financial information on performance of the Company under normal operating activities:-

- FY 2018, RM6.67 million comprising Goods & Services Tax rebate & Sales & Services Tax refunds of RM6.47 million due to the uncertainty of the receipts; RM1.56 million of the staff cost under Share options granted under SIS, offset by gain on disposal and impairment write back of RM1.36 million on other investment.
- FY 2017, RM31,006 comprising RM1.34 million gain on disposal offset by RM1.37 million impairment loss on other investment.
- FY 2016, RM11.58 million comprising of RM10.60 million of staff cost under share options granted under SIS, RM1.30 million impairment loss on other investment, offset by RM0.32 million of disposal gain on subsidiary.

Financial Highlights (Cont'd)



CORPORATE STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

XOX Bhd, the first Mobile Virtual Network Operator (“MVNO”) listed on Bursa Malaysia, is primarily an investment holding while its subsidiary companies are involved in the provision of mobile telecommunication products and services, mobile application services and mobile wallet services. Among the notable innovative and competitive products and services which has changed the industry's landscape are ONEXOX Prepaid, ONEXOX BLACK, Season Pass and Voopee.

The core business activities of XOX Group is its simcard business comprise of mobile prepaid (ONEXOX Prepaid) and mobile hybrid (ONEXOX BLACK). Complementing the simcard business are ancillary services namely Voopee, an over the top (OTT) application produced by XOX, Gamesland; a mobile game platform exclusively to XOX subscribers and content services which XOX extends to its subscribers via a content aggregator partner.

XOX being a technology-driven company pushes itself continues to be ahead of the competition through various technology projects. Key projects which XOX embarks on are Voopee, XOX E-Wallet which XOX will produce its own branded products and big data initiatives which will enable XOX to know its subscribers in-depth and serves them better.

The simcard business will remain as its core business activities and XOX will roll out competitive products and packages to address the changing market needs of consumers. The ancillary services will complement the overall user experience using XOX mobile services and will motivate increased usage which will drive higher Average Revenue Per User (ARPU) for XOX. The technology projects which XOX embarks on are meant to create a complementing revenue stream to the simcard business and more importantly to put XOX ahead of the industry and competitors.

FINANCIAL REVIEW

FINANCIAL INDICATORS	FY 2018 RM	FY 2017 RM
Revenue	200,959,634	191,648,275
(Loss)/Profit Before Tax (“LBT/PBT”)	(6,015,098)	2,324,846
Normalised LBT/PBT	655,471	2,355,852
Earnings Before Interest Tax Depreciation & Amortisation (EBITDA)	2,174,671	8,922,008
Normalised EBITDA	8,845,240	8,953,014
Total Assets	159,672,786	148,247,197
Total Liabilities	40,687,158	38,577,209
Shareholders' Equity	118,325,657	109,064,880

Financial Results

Revenue for the Group increased by 4.86% to RM200.96 million from RM191.65 million as compared to the previous financial year. The growth in revenue is attributed to the continued growth in revenue generating subscribers and encouraging response to “ONEXOX BLACK” which was launched in January 2018.

Management Discussion and Analysis (Cont'd)

Despite the increased in revenue, the Group reported a loss before tax of RM6.02 million. Besides the intense price-focused competition resulted in lower margin, and higher spending on promotional activity in enhancing customer services and branding; the Group performance was negatively impacted by the following non-operational factors: -

- (a) Goods & Services Tax rebate & Sales & Services Tax refunds of RM6.47 million due to the uncertainty of the receipts;
- (b) One-off non-cash share based payment expenses of RM1.56 million as a result of share options granted under the Share Issuance Scheme.

Normalised EBITDA remains flat as the lower profit margin was offset by higher depreciation attributed to the upgrading of system & hardware to handle subscribers' growth and strengthening of our network resiliency.

Financial Position

Total assets strengthened by 7.71 % to RM159.62 million; mainly due to the net increase in property, plant & equipment of RM12.02 million for data center migration and backup system as part of the business continuity plan.

Total capital expenditure for the year was RM20.22 million which was funded from the proceeds received from the issuance of share capital and disposal of other investment. The capital expenditure is catered for the capacity expansion and backup solution as part of the risk management initiative.

Generally, the Group has been financing its operations through a combination of internally generating funds and issuance of shares through corporate exercises with minimum borrowings. As at 30 June 2018, the Group's cash and cash equivalent stood at RM12.56 million with total borrowings of RM2.02 million.

The Group concluded a private placement exercise which entailed placement of 85,182,000 new ordinary shares, coupled with the issuance of 56,088,000 ordinary shares pursuant to the share options granted under Share Issuance Scheme, raising total proceeds of RM13.98 million for working capital. This has also lifted the shareholders' equity/net assets to RM118.33 million as at FYE2018 after RM6.22 million loss attributed to shareholders.

OPERATION REVIEW

XOX is gearing up for exponential growth in terms of acquisition of new subscribers and longer retention of subscribers on XOX platform attributed to the existing ONEXOX Prepaid & ONEXOX BLACK which promotes high loyalty. In order to sustain and ensure growth, high service availability and better user experience is required. Both factors are critical in ensuring subscribers have a good experience as well as create positive word of mouth and overall consumer perception towards XOX. Following measures have been taken to address the gap: -

- a. Enhancing and diversifying the core billing system to handle higher traffic and availability;
- b. Revamping of Business Support System ("BSS") to ensure a more streamlined user experience and subscriber management on multiple-channel;
- c. Revamping of XOX Selfcare Portal and MyXOX mobile application to provide a better user experience;
- d. Review and enhancement of various process flow to improve subscriber management and optimize processes and turnaround time; and
- e. Increase the ground visibility and branding by having 5 XPP stores and 77 promotional spaces to enhance our services.

Management Discussion and Analysis (Cont'd)

From the technological projects, it is identified that more technological knowledge and current trend information has to be acquired in order for XOX to achieve its intended objective. Furthermore, higher technology and technical capabilities should be developed in-house in order to safeguard the technology against the future threat. Procurement approached was then changed from acquiring of solution from vendors to partnership business model.

ANTICIPATED RISKS OR OPERATIONAL RISKS

XOX Group is operating in a rapidly evolving environment; the speed and scale of technological innovation and competition increase, smartphone penetration, speed of internet access, advanced digital solutions and remarkable new technologies are rapidly transforming our daily life, at the same time creating a range of new commercial, regulatory and social challenges to our business.

The following are the anticipated risks that might impact our business operation: -

- a. Compliance to Regulatory guideline to enhance subscriber registration process using Optical Character Recognition (OCR) and facial recognition (termed eKYC) to and eliminate false registration and fraud including the threat to national security;
- b. E-Sim or embedded sim is the latest technology and standards adopted by the mobile telecommunication industry worldwide. E-Sim eliminates the need for a physical simcard as the device can download the simcard profile over the air into the mobile device, whereby dependency on physical presence is no longer there. In mitigating the risk, XOX is embarking on the E-Sim platform to be able to serve consumers with E-Sim devices using eKYC as the registration process;
- c. Increasing challenges in the digital era, communication tools based on the internet have dramatically reduced the revenue and profit of voice calls and SMS; transforming the business model to bring new products and services become crucial; and
- d. Transforming the business model in response to the rapidly changing digital landscape and customer demands, to up-skill the existing talent, sourcing and retain talent with digital competencies become challenging.

FUTURE PROSPECTS OR OUTLOOK GOING FORWARD

In order to stay ahead of the competition, XOX will continue its current offering and notable features which are unique propositions, namely long prepaid validity date, Season Pass (purchase and keep, buy in bulk discount) and sharing of data and minutes among subscribers as the key factors to attract consumers to XOX. Those features will provide immediate savings to subscribers which is a key criterion for a prepaid subscriber.

The Group will continue to expand the customer base in order to strengthen its market position coupled with its expansion plans for revenue growth; besides further enhancement of the existing core business; we also focus on technology ideas which can complement 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 mobile internet and big data. Key in the pipeline today is e-money services which XOX is developing to become the primary wallet for the subscribers.

XOX venture into Indonesia is via a strategic partnership with Nahdlatul Ulama ("NU"), the largest Muslim organization in Indonesia with 94 million members. XOX is supporting NU's aspiration for a digital society in Indonesia with XOX's technological know how. The digital society agenda requires a catalyst and one of the key components is connectivity which XOX operating as an MVNO with unique value propositions is able to export the knowledge in implementing a community based MVNO specifically for NU.

Barring any unforeseen circumstances, which include competitive pressures and the uncertain economic environment are expected to have an impact on the Group's performance, XOX's outlook going forward remains positive with a clear strategic direction to evolve our business and capture the opportunities ahead.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of XOX Bhd (“XOX” or “the Company”), I am pleased to present the Annual Report and the audited financial statements of the Company and its subsidiary companies (“Group”) for the financial year ended (“FYE”) 30 June 2018.

BUSINESS ENVIRONMENT

The telecommunications industry is operating in an environment of enormous challenge and change, in terms of both speed and scale of technology innovation. This has led to a surge in competition which has resulted in our market dynamics shifting rapidly. At the same time, customer expectations are also changing quickly, driven by technological improvements of new and better applications available on smartphones.

Driven by the increase in smartphone penetration, the demand for mobile data is rising rapidly due to the growing use of social media, video applications and other mobile-based solutions. The challenge for mobile operators is to monetise this strong volume growth by offering attractive bigger data bundle packages with competitive prices.

These factors have influenced our performance this year and underpinned our decision to take bolder steps to transform our business in order to stay competitive.

FINANCIAL PERFORMANCE

Despite the challenges in the market, the demand for our products and services continues to grow and show strong subscriber growth. We are pleased to report that we have passed the 2 million customer milestone during the year. Our revenue grew by 4.86% to RM200.96 million mainly contributed by our new product “ONEXO BLACK” despite a substantial price deflation for data.

However, our reported normalised PBT decreased to RM0.66 million from RM2.02 million for FYE 2017 due to intense price competition for data, and the Company’s higher expenditure to enhance customer services, credibility and branding. Normalised EBITDA however remain flat at RM8.85 million. As a result of the uncertainty in the receipt of refunds for the Goods and Service Tax and the one-off share based payment expenses from share options granted under the Share Issuance Scheme that impacted the earnings, we reported a Loss per Share of 67 sen for the financial year.

CORPORATE DEVELOPMENT

During the financial year, the Company increased its issued and paid-up capital to RM122.46 million, through the issuance of 85,182,000 ordinary shares pursuant to a Private Placement and 56,088,000 ordinary shares through the exercise of share options that were granted under the Share Issuance Scheme.

As part of our regional expansion plan, a new wholly-owned subsidiary company was incorporated in Singapore with the name, XOX Mobile Pte. Ltd in July 2017, to engage in the business of mobile cellular and other wireless telecommunications network operations.

Chairman's Statement (Cont'd)

Another key development during the period under review was the announcement in June 2018, that XOX Media Sdn Bhd, a wholly-owned subsidiary of the Company has entered into a Joint Venture Agreement with Yayasan Nahdatul Ulama, EH Integrated Systems Sdn Bhd and PT Nusantara Digital Telekomunikasi, to form a company called PT Nusantara Mobile Telecommunication to engage in the business related to telecommunication products and services, provision of mobile application services (Voopee) and e-wallet services in Indonesia.

BUSINESS DEVELOPMENT

Distribution channels play a pivotal role in reaching out to our subscribers and facilitate the various services in our business operation. During the financial year, we have increased the ground visibility and branding of XOX through the XOX Partners Program and Project X-Force. To this end, 5 XPP stores and 77 promotional space or kiosks have been established to support our dealers for subscribers' activation as well as enhancing our services.

On 17 November 2017, XOX Media, PT Inovasi Telematika Nusantara and Nahdatul Ulama (NU) jointly launched NU Mobile, a SIM-less mobile payment application with e-wallet capacities aimed at providing a secure, convenient and fast option to serve more Indonesians, especially the unbanked population. The NU Mobile application will offer SIM-less mobile services which will be linked for purposes of transacting with the authorities, banking and education through e-wallet for NU members.

Taking the approach to maximise value for money for subscribers, ONEXOX BLACK with "BURNPROOF" feature was launched in the market in early 2018. ONEXOX BLACK enables prepaid segment subscribers to enjoy better value with a lower monthly commitment coupled with carrying forward their quotas, and even sharing the quotas with other subscribers. This goes against the industry norm of forfeiting unutilized quota for the month. This approach is powerful and unconventional especially in the market where mobile operators prefer to maximise profitability through various conditions imposed on subscribers.

In order to stay ahead of the competition, XOX will continue its current offering and notable product features which are unique propositions namely long prepaid validity, Season Pass and sharing of data and minutes among subscribers as the key factors to attract consumers to XOX. To stay ahead in the industry and addressing the changing consumer needs, XOX will have to transform itself from a conventional mobile operator to a technology driven company by implementing new technology offerings.

HUMAN RESOURCES

The Group believes the backbone of the business is the organisation's employees. Through the regular Talent Management Review process, training of existing employees is an ongoing activity to ensure the Group is able to retain the best talent by broadening their knowledge, cultivate reading habits through book club activities and equip employees with up-to-date skills to face competition, at the same time to identify employees with high potential to take on added responsibilities which will aid in their career advancement.

Our ongoing Management Trainee Programme attracts talented graduates into our Group businesses to undergo comprehensive programmes, on-the-job engagements, exposure to different business activities, so as to equip them with the skills set to become the future leaders of XOX.

Chairman's Statement (Cont'd)

BUSINESS OUTLOOK

The world is undergoing a rapid digital transformation. New technologies including smartphones, cloud computing, artificial intelligence and robotic process automation are enabling companies to connect with customers directly, proactively offering personalised solutions, while automating operational processes and improving operational efficiency. Digitalisation is becoming a key operational theme for the telecommunications industry. By using advanced digital technologies' process automation, one can now have an unrivalled insight into customers' usage trends which will enable mobile operators to enhance their customers' experience while generating incremental revenue opportunities and reduce costs.

Smartphone penetration and the growing adoption of mobile-based tools and solutions will contribute to developments in the digital ecosystem, as mobile internet users are the addressable market for e-commerce, fintech and a range of digitally delivered services and content.

The slowing down in subscriber growth, regulatory intervention and intense competition continue to put pressure on mobile operators' traditional mobile revenues, coupled with increasing consumer propensity to engage in the digital world is driving the mobile operators to explore into new revenue streams in a fast-changing competitive landscape.

The current competitive environment is expected to continue to intensify in the ensuing years. Notwithstanding this, the Group has a clear strategic direction to evolve our business and capture the opportunities ahead, focus on our performance, enhancing the experience for our customers, simplifying and streamlining processes to achieve a higher level of efficiency and generate higher returns.

APPRECIATION

On behalf of the Board, I would like to place on record my sincere appreciation to our subscribers for their confidence in XOX as their preferred telecommunications and digital services provider, our major creditor for the trust and continued support, the authorities, business associates, bankers and most importantly our esteemed shareholders for their unwavering support and faith in XOX.

In addition, I wish to thank my fellow Board Members for their guidance, support and invaluable commitment to the Group. I would also like to recognise the collective effort of the Management team and employees of the Group who are playing an active role in our exciting journey. All of us on the Board appreciate their ongoing commitment and tenacity in executing our strategies.

The continued trust and support from all parties have been a catalyst to our continued improvement in customer satisfaction, which remains our core focus and clear point of differentiation in mobile connectivity and digital needs.

EVENT HIGHLIGHTS

Rumah Love & Care Donation



30 January 2018

In conjunction of the Chinese New Year, we visited the old folks home, Rumah Love & Care located in Kajang for a simple celebration to brighten up their Lunar New Year with a cash sponsorship as a small token to help with their expenses especially during the festive season.

Joint Hari Raya Activities for Orphans of Pusat Jagaan Kasih Murni with MYDIN



25 May 2018

XOX in collaboration with Mydin treated orphans from Pusat Jagaan Kasih Murni for a Buka Puasa dinner in conjunction with Hari Raya Aidilfitri. Each orphan was given RM150 to choose new clothes and essentials for Hari Raya.

Event Highlights (Cont'd)

XOX Majlis Rumah Terbuka Aidilfitri 2017



19 July 2017

XOX celebrated the Majlis Rumah Terbuka Aidilfitri with its valued business partners and distributors at the XOX Theater Room. The celebration was organized to commemorate and thank all our dealers who have been with us throughout the progressive journey all these years.

DNCE KL Pre-Party



5 August 2017

DNCE KL Pre-Party at XOX Space. Other than DNCE, there were special performances by talented local artists such as Sid Murshid, Eunice Hoo and many more. Universal Music also gave away exclusive soundcheck passes and photo opportunity to a few lucky XOX subscribers as well as extending special offers on showcase tickets for the DNCE Live in KL Pre-Party event.

Partnership with Star Media Group - Cheerleading Competition CHEER 2017



18 August 2017

XOX Mobile partnered with Star Media Group as an official sponsor for Malaysia's most prestigious cheerleading competition, Cheer 2017. This is an annual cheerleading competition where students from secondary schools and colleges/universities from across the nation compete to be known as the best cheerleading squad and the final was held in Tropicana City Mall.

Event Highlights (Cont'd)

Annual Dinner 2018



10 February 2018

The yearly affair was held in JW Marriott Hotel KL to commemorate and thank all our staff members for striving and contributing to the company. We are looking to achieve a World Class company through everyone's contribution in their respective responsibilities.

XOX Partnership Program - XPP Opening



28 October 2017

Opening of the 1st XPP outlet at C Mart, Arau, Kedah. XPP is the XOX Partnership Program which serves as a service center by managed by XOX Dealers to provide convenient access for subscribers to XOX services nationwide.



13 December 2017

Second XPP Outlet was opened at Ayer Tawar, Perak.



9 March 2018

The third outlet of XPP was opened at Dataran Centrio Pusat Dagangan, Seremban 2.

Event Highlights (Cont'd)

XPP Opening (Cont'd)



30 April 2018

Fourth XPP Outlet was opened at Mahkota Parade, Malacca.



12 July 2018

Opening ceremony marking the official opening of fifth XPP outlet at Central Point, Kota Kinabalu.

AAM Malaysia Cub Prix Championship 2018



ONEXOX is one of the official sponsors for Malaysian Cub Prix 2018, where the championship events were held in Tangkak (31 March – 1 April), MAEPS (7 – 8 July), Jasin (21 – 22 July), Temerloh (18 – 19 August), Teluk Intan (1 – 2 Sept), Kangar (22 – 23 September), Kuala Terengganu (5 – 6 October), Batu Kawan (27 – 28 October), and Jempol (17 – 18 November). The last round will be held at Bandar Penawar (15 – 16 December).

Event Highlights (Cont'd)

MD & AD Retreat



The MD & AD Retreat was held on 29 and 30 Jun 2018 at The Saujana Hotel KL, to facilitate interactions with dealers by understanding and solving their concerns effectively. It was also an opportunity to showcase the company's appreciation for its dealers who have been striving for better achievements in the name of XOX.

OUR PRODUCTS & SERVICES

ONEXO PREPAID

ONEXO
SHARE AJE!
NO GIMMICK
RM10

2 IN 1 FLEXIBLE PLAN
FOR MORE SAVINGS!

BUY 10GB FREE 10GB
WELCOME PROMOT!
RM50

DA MA

4G+
SUPER FAST + SUPER WIDE

30
NO MIDDIN CHARGES

LOWEST VALSITY

FREE CREDIT

ONEXO BLACK

ONEXO
BLACK

ZERO WASTAGE
#BURNPROOF

24 MONTHS
CONTRACT FREE

24/7 HIGH SPEED INTERNET

PLAN	DATA	TALKTIME	SMS	MONTHLY
B39	6GB	50MINS	50SMS	RM39
B59	12GB	100MINS	100SMS	RM59

HOT PACKAGES WITH ZERO WASTAGE

Our Products & Services (Cont'd)

OTHER PRODUCTS AND SERVICES

SEASON PASS



NOW YOU CAN **SHARE, SAVE AND BURNPROOF** EVERYTHING!

SUBSCRIBE when you really need it

STORE your unused data

SHARE to your loved ones!

Unlimited Sharing of Data, Talk Time & SMS Quota to All XOX MOBILE Numbers!

It's a revolutionary new prepaid that can be shared. The Season Pass plan from XOX MOBILE gives you the ultimate freedom and choice to decide what you need and when you need it.

VOOPEE



Voopee is a SIM-FREE app that provides you with an actual mobile number on your existing smartphone without the need of an additional SIM card. Unlike other apps, Voopee allows you to call and text non-Voopee phone numbers. It works like any normal mobile service.

Voopee Utilizes the power of the Internet via mobile data connection or WiFi to provide you with mobile services that allows you to enjoy unlimited high quality voice calls and text messaging from anywhere in the world!

Our Products & Services (Cont'd)

INTERNATIONAL DIRECT DIALING (IDD)

**Our rates for international calls bring you closer to your loved ones overseas!
Connect to Over 60 Countries. It's that easy.**

Make calls to any corner of the world easily! Being one of the most affordable International direct dialling (IDD) rates available, we let you make international calls instantly.

XOX GAMESLAND

A promotional banner for XOX GamesLand. On the left, there are cartoon characters: a boy in a red hoodie, a white cat, a grey cat, and a red character. A black circle contains the XOX logo and a game controller icon, with the text 'Games Land' below it. To the right, the text reads 'For RM4/Week GET ACCESS TO WORLD'S TOP MOBILE GAMES' in a stylized font. Below this, it says 'Only for Android Users' and 'SUBSCRIBE NOW' in a red button. At the bottom right, there are two more cartoon characters, a green one and a white one.

Subscribe to XOX and get exclusive access to XOX GamesLand, the only fun and high-quality entertainment portal you will ever find. Get access to more than 400 premium games like Subway Surfers and Cut the Rope series. Enjoy the full version that's ad-free with no in-app purchase for only RM4 per week. Play to your heart's content to relax and keep yourself occupied.

Our Products & Services (Cont'd)

XOX FUN AND XOX PLANET



Never miss a chance to watch your favourite mini movie on-the-go and exercise your brain always with loads of mini games using your 4G+ data. XOX Fun and XOX PLANET by XOX MOBILE let you play games and get all sorts of content on your preferred device of choice such as mobile or tablet. You may also subscribe to your weekly beauty diet tips as well as latest entertainment news!

NEWS MOBILE SERVICES



Get news delivered directly to your mobile. With options of up to four major newspapers for you to choose from, take your pick from either Sin Chew Daily, China Press, Nanyang Siang Pau or the Oriental Daily news! Get up to six articles on-the-go when you subscribe.

CORPORATE SUSTAINABILITY STATEMENT

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

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

Workforce

XOX's goal is to create a safe and supportive working environment for every employee to contribute their best and recognise the importance of our employees to feel proud and inspired to work with the Group.

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

We are committed to developing our people to the best of their abilities as we believe every employee plays a vital role in the Group's success. To promote and develop our human capital to meet challenges, XOX continues to build and upgrade our human resources to ensure our employee realise their full potential and talents. XOX encourages continual professional and personal development of employees through various training programmes, book club activities, workshops and seminar. This is to enhance their knowledge, career advancement and expand the employees' competency level in executing daily functions.

Safety and Health

XOX is committed to ensure an environmentally friendly, healthy and safe workplace for all its employees, contractors and visitors at its business premises. As an employer, the Company is responsible for its employees' safety and wellbeing. Not only does providing a healthy working environment offer employees with a sense of comfort, thereby boosting morale and work performance, the avoidance of health and safety breaches also safeguards against reputational risks and costly fines.

The Executive Directors have the ultimate responsibility for the health, safety and welfare for all employees, contractors and visitors by delegation through individual companies' health and safety structure, to provide a safe working environment. Information on safety matters is communicated through emails, the Notice Boards and regular management briefings.

Corporate Sustainability Statement (Cont'd)

Marketplace

XOX is committed to maintaining a proper framework to ensure that the business is run efficiently and transparently in the interest of all its stakeholders. Ensuring that the business is conducted in a fair, transparent, sustainable and professional manner, XOX is focused on delivering products of quality and being customer focused. Our business imperative is to carry out our activities responsibly and with integrity. Our people are expected to behave honestly and ethically following our policies, business rules and guidelines.

Environmental Awareness

The Group values the importance of the environmental protection, pollution prevention and resource conservation, which are essential to a sustainable environment. The Group will ensure that its business activities are conducted in compliance with the applicable environmental rules and regulations and explore feasible opportunities to minimise any adverse impact from its business operations and waste disposal.

In addition, the Group has also initiated among its staff awareness towards recycling of waste materials. In the workplace, the employees have developed a culture of reducing electricity and paper usage, recycling waste plastic materials as well as reusing paper or adopting a paperless system for selected processes. These steps contribute towards a greener environment.

Social Awareness

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

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

- i) XOX Recreation Club 1st Friendly Bowling Event on 15 November 2017; the event was hosted with the aim of ensuring the wellbeing of our employee by promoting a healthy lifestyle and behaviour. The enjoyable activity helped to inculcate a sense of belonging in the company and strengthening the bond among employees.
- ii) XOX CNY reunion with old folks on 30 Jan 2018; Rumah Love & Care in Kajang was brought some additional cheer and joy with a simple celebration in lieu of the Lunar New Year. As additional expenses for the festive season was expected, a cash sponsorship was contributed to help with ease the festive season burden.
- iii) Blood Donation & Organ Donation Awareness on 3 March 2018; with hospitals and medical institutions facing shortages of blood supplies and long waiting lists for organ transplants, XOX organised the "Be A Hero- Save A Life" Blood Donation Drive & Organ Donation Awareness in collaboration with the Hospital Tengku Ampuan Rahimah Klang & Rotary Club Bandar Sunway at XOX Space, Sunway Pyramid. The event was participated by approximately 50 donors which would potentially save 50 other lives.
- iv) XOX Buka Puasa with orphans on 25 May 2018; the orphans of Pusat Jagaan Kasih Murni were invited to Hari Raya Open House jointly hosted by XOX and Mydin. As tradition beckons new clothes for the festive season, each orphan was given RM150 to purchase clothes and essentials allowing for a better Hari Raya Aidilfitri feel.

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. The Executive Directors brief the Board on business performance and operations as well as the management initiatives during quarterly Board’s meetings.

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 of 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.

Statement of Corporate Governance (Cont'd)

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, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgment. This offers a strong check and balance on the Board's deliberations.

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

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

Statement of Corporate Governance (Cont'd)

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 MCGG where the positions of the Chairman and the Chief Executive Officer are held by different individuals, 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 Memorandum and Articles of Association, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend all Board and 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.

Statement of Corporate Governance (Cont'd)

In addition, all Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. The senior management team from different business units will also be invited to participate in the Board meetings to enable 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) A position description of the role of the Chairman, the Executive Directors as well as the Independent Directors;
- v) Board process;
- vi) Directors remuneration;
- vii) Appointment of Board Committees; and
- viii) Relationship with shareholders.

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

Code of Conduct and Ethics

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

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

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

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

Statement of Corporate Governance (Cont'd)

Promote Sustainability

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

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

Whistle-Blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices. The policy is a specific mean by which an employee can exercise their responsibility to report or disclose through established channels, their legitimate concerns regarding any unethical conduct, illegal acts or failure to comply with the Company's policies and regulatory requirements 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 six (6) members, comprising a Non-Independent Non-Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Company thus complies with Rule 15.02 of the Listing Requirements whereby at least two (2) or one-third (1/3) of the Board of Directors, whichever is higher, are Independent Directors and recommendation of MCCG of at least half of the Board of Directors comprises of 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 pages 3 and 7 of this Annual Report.

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

Statement of Corporate Governance (Cont'd)

Tenure of Independent Directors

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

However, as recommended by the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the 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 at 30 June 2018, the tenure of the Independent Non-Executive Directors of the Company are as follows :

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

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 Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NRC. The NRC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

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

Statement of Corporate Governance (Cont'd)

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 basically evaluate the suitability of candidates as a new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Currently, our Board does not comprise of any female director. 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.

Statement of Corporate Governance (Cont'd)

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 year ended 30 June 2018, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section below.

Board Meetings

There were five (5) Board of Directors' meetings held during the financial year ended 30 June 2018. 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	5/5
Datuk Chai Woon Chet *	5/5
Soo Pow Min	5/5
Hew Tze Kok	5/5
Edwin Chin Vin Foong	5/5
Tan Sik Eek	5/5

Note :

* *Datuk Chai Woon Chet has resigned as Managing Director of the Company on 17 August 2018.*

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 30 June 2018.

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.

Statement of Corporate Governance (Cont'd)

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	<ul style="list-style-type: none"> • Corporate Governance Briefing Session: MCGG Reporting and CG Guide • Post Commonwealth Games: Challenges of Sport in Malaysia
Datuk Chai Woon Chet *	<ul style="list-style-type: none"> • An Overview On The Malaysian Code On Corporate Governance 2017
Soo Pow Min	<ul style="list-style-type: none"> • Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
Hew Tze Kok	<ul style="list-style-type: none"> • Malaysian Code on Corporate Governance
Tan Sik Eek	<ul style="list-style-type: none"> • 8th SBY Tax & Corporate Review • Blockchain Economic Forum Singapore • MSSG Reporting & CG Guide
Edwin Chin Vin Foong	<ul style="list-style-type: none"> • Blockchain Seminar 2018

Note :

* *Datuk Chai Woon Chet has resigned as Managing Director of the Company on 17 August 2018.*

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

Statement of Corporate Governance (Cont'd)

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 balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis. At the same time, the NRC is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.

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

The present members of the NRC of the Company are:

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

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

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

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, with a view to meeting 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 2018, the Board and the NRC is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members and the independence of its Independent Non-Executive Directors.

Statement of Corporate Governance (Cont'd)

Re-Election of Directors

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

Upon the recommendation of the NRC and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming Annual General Meeting of the Company to be held in 2018 are as stated in the Notice of Annual General Meeting.

Annual Assessment of Independence

Annual assessments will be conducted by the NRC 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 year ended 30 June 2018, the Board and the NRC is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfil the definition of independence as set out in the Listing Requirements of Bursa Securities.

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 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.

Statement of Corporate Governance (Cont'd)

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 year ended 30 June 2018 are as follows:

Director	Company		Group	
	Fees (RM)	Salaries and other emoluments (RM)	Fees (RM)	Salaries and other emoluments (RM)
Dato' Seri Abdul Azim bin Mohd Zabidi	66,000	5,000	66,000	5,000
Datuk Chai Woon Chet *	48,000	5,000	48,000	1,315,400
Soo Pow Min	48,000	11,000	48,000	11,000
Hew Tze Kok	48,000	11,000	48,000	11,000
Tan Sik Eek	48,000	6,000	48,000	6,000
Edwin Chin Vin Foong	48,000	10,000	48,000	10,000
Total	306,000	48,000	306,000	1,358,400

Note :

* *Datuk Chai Woon Chet has resigned as Managing Director of the Company on 17 August 2018.*

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.

Statement of Corporate Governance (Cont'd)

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 were 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 3 to 7 of this Annual Report. During the financial year ended 30 June 2018, all 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 year ended 30 June 2018 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

The statement by the Board pursuant to Rule 15.26(a) of the Listing Requirements on its responsibilities in preparing the financial statements is set out on page 48 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.

Statement of Corporate Governance (Cont'd)

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

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- 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 year ended 30 June 2018.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 30 June 2019.

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 review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

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 in pages 53 to 56 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 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 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 internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred by the Group for the internal audit function during the financial year ended 30 June 2018 amounted to RM48,072.

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.

Statement of Corporate Governance (Cont'd)

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
XOX Management Services Sdn Bhd	Human Resources and Administration
XOX Com Sdn Bhd	Finance and Accounts Marketing and Products Development
XOX Mobile Sdn Bhd	Marketing and Products Development
One XOX Sdn Bhd	Finance and Accounts

- 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, taken the decision 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 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 dispatched 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 MCG, 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.

Statement of Corporate Governance (Cont'd)

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 27 November 2017, all the 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.

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

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

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

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

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2018, 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 presents members of the 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 June 2018 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	42,020,900	30,076,100
Total	243,015,900	101,497,500	88,209,900	53,308,500

The options offered to and exercised by the Non-Executive Directors of the Company pursuant to SIS as well as their outstanding options in respect of the financial year ended 30 June 2018 are as follows:

Name of Director	No. of SIS Options Over Ordinary Shares			
	Balance as at 01.07.2017	Number of SIS Options Granted	No. of SIS Options Revoked	Balance as at 30.06.2018
Dato' Seri Abdul Azim Bin Mohd Zabidi	12,487,000	-	12,487,000	-
Soo Pow Min	9,519,900	9,247,100	9,519,900	9,247,100
Hew Tze Kok	9,140,800	-	9,140,800	-
Edwin Chin Vin Foong	-	-	-	-
Tan Sik Eek *	-	-	-	-

Note

* Mr Tan Sik Eek had re-designation as Executive Director of the Company on 17 August 2018.

Statement Of Share Issuance Scheme (“Sis”) Committee (Cont’d)

Pursuant to the SIS By-Laws, the aggregate maximum allocation of SIS Options applicable to the eligible employee (including the allocation to the Directors and senior management) shall be determined by the SIS Committee at its sole and absolute discretion. As at 30 June 2018, the actual number of SIS Options granted to the Directors and senior management 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 year ended 30 June 2018, were in accordance with the criteria of allocation of share options set out in the SIS By-Laws.

COMPLIANCE STATEMENT

Other than as disclosed and/or explained in this Annual Report, the Board is 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.

AUDIT COMMITTEE REPORT

Attendance of Meetings

During the financial year ended 30 June 2018, the Audit Committee held five (5) meetings and the details of the attendance are as follows:

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

Note

* *Mr Tan Sik Eek had on 17 August 2018 resigned as a member of Audit Committee due to his re-designation to Executive Director of the Company on the same day.*

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 year ended 30 June 2018;
- 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 year ended 30 June 2018 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;

Audit Committee Report (Cont'd)

- viii) Reviewed the effectiveness of the Group's system of internal control;
- ix) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
- x) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- xi) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- xii) Reviewed the Statement of Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and
- xiii) Report to the Board on its activities and significant findings and results.

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 year ended 30 June 2018, 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 ongoing 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.

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.

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

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

- i) The management is entrusted to develop, operate and monitor the system of 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.

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.

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

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 internal audit covered were Finance and Accounts, Human Resources and Administration and Marketing and Products Development functions 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.
- 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.

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

Review of the Statement by External Auditors

As required by Rule 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 30 June 2018.

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 disclosure in the Annual Report. The Board is of the view that the existing system of the 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 June 2018, the gross proceeds raised by the Company from the following corporate proposals were partially utilised in the following manner :

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

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

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

Details	Proposed Utilisation RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a) Voopee expansion plan:			
(i) Expansion of Voopee to Indonesia, the Philippines, Thailand and/or any other countries to be identified	12,293,900	11,133,589	1,160,311
(ii) Enhancement of features and software maintenance of Voopee	5,000,000	4,911,226	88,774
(iii) Expansion of network capacity for Voopee	5,000,000	4,740,220	259,780
(b) Estimated expenses related to the Share Issuance	812,000	812,000	-
Total	23,105,900	21,597,035	1,508,865

(iii) Private Placement (completed on 20 October 2017) :

Details	Proposed Utilisation RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a) Branding and marketing expenses	8,258,391	8,258,391	-
(b) Estimated expenses for the Private Placement	115,000	115,000	-
Total	8,373,391	8,373,391	-

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

2 Audit and Non-Audit Fee Paid to External Auditors

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 30 June 2018 were as follows :

	Company RM	Group RM
Audit Services Rendered	98,000	298,750
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	5,000	5,000

3 Material Contracts and Contracts Relating to Loan

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

4 Material Properties

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

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

The Company is seeking approval from shareholders for the proposed renewal of the existing shareholders' mandate for XOX Group to enter into RRPT(s) of a revenue or trading nature pursuant at the forthcoming Annual General Meeting to be held on 29 November 2018.

The details of RRPTs of a revenue or trading nature of the Group for the financial year ended 30 June 2018 are follows:

Related Party and its Principal Activities	XOX Group - Transacting Party	Nature of Transaction with XOX Group	Value of Transaction RM	Interested Director and Major Shareholders and nature of their relationship with Related Party
Anzo Holdings Berhad ("Anzo") and its subsidiaries companies -Construction, property development, manufacturing and timber related services	XOX Group	Provision of telecommunication products and services by XOX Group Provision of construction work to XOX Group Provision of project management and development to XOX Group Supply of construction and building materials to XOX Group Supply of timber and timber products to XOX Group	Nil	Datuk Chai Woon Chet is the Managing Director of Anzo and deemed Major Shareholders of Anzo by virtue of his indirect interest in Zenith City Investments Limited. Datuk Chai Woon Chet was the Managing Director of XOX until 17 August 2018. He is currently the Director of the subsidiary companies of XOX Group. Dato' Seri Abdul Azim Bin Mohd Zabidi is the Independent Non-Executive Chairman of Anzo. He is also the Non-Independent Non-Executive Chairman and shareholder of XOX.

Other 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	26,352	XOX Bhd is a Substantial Shareholder of M3Tech with a shareholding of 5.46%.
		Provision of mobile value added services to XOX Group	12,903	Datuk Chai Woon Chet is the Non-Independent and Non-Executive Director of M3Tech. He was the Managing Director of XOX until 17 August 2018. He is currently the Director of the subsidiary companies of XOX Group. Mr Ng Kok Heng is the Independent Non-Executive Director of M3Tech. He is also the Executive Director of XOX.
Signahill Sdn. Bhd. ("SSB") – Construction	XOX Group	Provision of telecommunication products and services by XOX Group	NIL	Datuk Chai Woon Chet is a Managing Director and a Major Shareholder of SSB with a shareholding of 50%. Datuk Chai Woon Chet was the Managing Director of XOX until 17 August 2018. He is currently the Director of the subsidiary companies of XOX Group.
		Provision of construction work to XOX Group		
		Provision of project management and development to XOX Group		
		Supply of construction and building materials to XOX Group		

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
KL Northgate Sdn. Bhd. ("KNSB") – Property development	XOX Group	Provision of telecommunication products and services by XOX Group Provision of construction work to XOX Group Provision of project management and development to XOX Group Supply of construction and building materials to XOX Group Leasing / renting / letting of office premises to and/or from XOX Group Hire of equipment to XOX Group	NIL	Datuk Chai Woon Chet is an Executive Director and a Major Shareholder of KNSB with a shareholding of 24.5%. Datuk Chai Woon Chet was the Managing Director of XOX until 17 August 2018. He is currently the Director of the subsidiary companies of XOX Group.
Ocean Mileston Sdn Bhd ("OMSB") - Property development and construction	XOX Group	Provision of telecommunication products and services by XOX Group Provision of construction work to XOX Group Provision of project management and development to XOX Group Supply of construction and building materials to XOX Group	NIL	Datuk Chai Woon Chet is a Managing Director and a Major Shareholder of OMSB with a shareholding of 99%. Datuk Chai Woon Chet was the Managing Director of XOX until 17 August 2018. He is currently the Director of the subsidiary companies of XOX Group.

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XOXBHD

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

Principal Activities

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

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

Financial Results

	Group RM	Company RM
Net loss for the financial year	6,220,974	1,749,347
Attributable to:		
Owners of the parent	6,275,836	1,749,347
Non-controlling interests	(54,862)	-
	6,220,974	1,749,347

Reserves and Provisions

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

Dividend

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

Issue of Shares and Debentures

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

- (i) the issuance of 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
- (ii) 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 year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debenture during the financial year.

Directors' Report (Cont'd)

Options Granted Over Unissued Shares

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

At an extraordinary general meeting held on 30 March 2015, the Company's shareholders approved the establishment of SIS of not more than 30% of the issued and paid up share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group. The salient features and other terms of the SIS are disclosed in the Note 25 to the financial statements.

As at 30 June 2018, the options offered to take up unissued ordinary shares and the exercise price are as follows:

	Exercise price	Number of options over ordinary shares				At 30.6.2018
		At 1.7.2017	Forfeited	Exercised	Revoked	
21 April 2016	RM0.13	73,861,900	(906,000)	-	(67,918,700)	5,037,200
	Exercise price	At 1.7.2017	Granted	Exercised	Forfeited	At 30.6.2018
9 January 2018	RM0.10	-	104,542,000	(56,088,000)	(182,700)	48,271,300

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

Warrants 2016/2019

The Warrants 2016/2019 were constituted under the Deed Poll dated 4 January 2016. As at 30 June 2018, the total numbers of Warrants that remain unexercised were 200,414,675.

The salient features and other terms of the Warrants are disclosed in Note 14(c) to the financial statements.

Directors

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

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

* Director of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Report (Cont'd)

Directors' Interest

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

	Number of ordinary shares			
	At 1.7.2017/ Date of Appointment	Bought	Sold	At 30.6.2018
Interests in the Company				
Direct Interests				
Dato' Seri Abdul Azim Bin Mohd Zabidi	451,380	-	-	451,380
Ng Kok Heng	17,237,035	-	-	17,237,035
Indirect Interests				
Soo Pow Min #	161,255	-	-	161,255

	Number of options over ordinary shares				
	At 1.7.2017/ Date of Appointment	Granted	Revoked	Exercise	At 30.6.2018
Interests in the Company					
Direct Interests					
Dato' Seri Abdul Azim Bin Mohd Zabidi	12,487,000	-	(12,487,000)	-	-
Soo Pow Min	9,519,900	9,247,100	(9,519,900)	-	9,247,100
Hew Tze Kok	9,140,800	-	(9,140,800)	-	-
Ng Kok Heng	-	15,198,800	-	(8,000,000)	7,198,800

Deemed interested through spouse's shareholdings in the Company.

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 21 and 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Directors' Report (Cont'd)

Indemnity and insurance costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM7,000,000 and RM38,451 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

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

Directors' Report (Cont'd)

Subsidiary Companies

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

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 21 to the financial statements.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 October 2018.

DATO' SERI ABDUL AZIM BIN MOHD ZABIDI

NG KOK HENG

KUALA LUMPUR

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 73 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 October 2018.

DATO' SERI ABDUL AZIM BIN MOHD ZABIDI

KUALA LUMPUR

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 XOX BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 73 to 141 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at KUALA LUMPUR in the)
Federal Territory on 26 October 2018)

NG KOK HENG

Before me,

NO. W710
MOHAN A.S. MANIAM
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XOX BHD.

(COMPANY NO. : 900384-X) (INCORPORATED IN MALAYSIA)

Report on the 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 June 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 141.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Requirements

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

Key Audit Matters

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

Independent Auditors' Report (Cont'd)

To the Members of XOX Bhd.
(Company No. : 900384-X) (Incorporated In Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters

Recognition of additional discount from a trade payable

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

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

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

Impairment of trade and other receivables

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

How we addressed the key audit matters

Our procedures in relation to the additional discounts included:

We tested accuracy of the amounts recognised by reviewing and comparing the past trend of the actual discounts granted and received.

We circularised to the trade payable for assurance that the arrangement recorded is accurate and complete and, where outstanding balance is significant at the year end, to confirm the amount owed.

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

Our procedures in relation to the impairment included:

Obtain an understanding of:

- the Group's controls over the receivables collection process;
- how the Group identify and assess the impairment of receivables.
- Reviewed the ageing analysis of receivables and tested the reliability thereof.
- Reviewed subsequent collections for major receivables.

Enquired management in respect of the action plans to recover overdue amounts.

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

Evaluated the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

Independent Auditors' Report (Cont'd)

To the Members of XOX Bhd.

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

Key Audit Matters (Cont'd)

Key Audit Matters

Impairment assessment on property, plant and equipment

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

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

How we addressed the key audit matters

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

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

Assessing the valuation methodology;

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

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

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

Performed physical sighting to ensure the existence of the property, plant and equipment.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Independent Auditors' Report (Cont'd)

To the Members of XOX Bhd.
(Company No. : 900384-X) (Incorporated In Malaysia)

Responsibilities of Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report (Cont'd)

To the Members of XOX Bhd.

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Other Matters

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

UHY

Firm Number: AF 1411
Chartered Accountants

NG LEONG TECK

Approved Number: 03168/12/2019 J
Chartered Accountant

KUALA LUMPUR
26 October 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Non-Current Assets					
Property, plant and equipment	4	82,327,657	70,310,555	-	-
Investments in subsidiary companies	5	-	-	359,152	60,002
Other investments	6	2,724,182	5,735,200	2,724,182	5,735,200
Goodwill on consolidation	7	-	-	-	-
		85,051,839	76,045,755	3,083,334	5,795,202
Current Assets					
Inventories	8	9,259,722	7,585,943	-	-
Trade receivables	9	20,464,282	15,696,685	-	-
Other receivables	10	32,118,276	31,917,320	76,953	27,281
Amounts owing by subsidiary companies	11	-	-	96,485,716	80,590,820
Tax recoverable		213,924	408,487	16,555	38,267
Fixed deposit with a financial institution	12	3,000,000	-	3,000,000	-
Cash and bank balances		9,564,743	16,593,007	85,195	2,424,926
		74,620,947	72,201,442	99,664,419	83,081,294
Total Assets		159,672,786	148,247,197	102,747,753	88,876,496

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

Statements of Financial Position (Cont'd)

As at 30 June 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Equity					
Share capital	13	122,455,083	107,637,181	122,255,081	107,437,179
Reserves	14	(4,129,426)	1,427,699	(19,817,845)	(18,790,463)
Equity attributable to owners of the parent		118,325,657	109,064,880	102,437,236	88,646,716
Non-controlling interests		659,970	605,108	-	-
Total Equity		118,985,627	109,669,988	102,437,236	88,646,716
Non-Current Liabilities					
Finance lease payables	15	1,445,045	1,721,788	-	-
Deferred tax liabilities	16	51,502	17,698	-	-
		1,496,547	1,739,486	-	-
Current Liabilities					
Trade payables	17	22,139,985	25,983,322	-	-
Other payables	18	16,478,205	10,326,607	310,517	229,780
Finance lease payables	15	572,422	527,324	-	-
Tax payable		-	470	-	-
		39,190,612	36,837,723	310,517	229,780
Total Liabilities		40,687,159	38,577,209	310,517	229,780
Total Equity and Liabilities		159,672,786	148,247,197	102,747,753	88,876,496

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	19	200,959,634	191,648,275	-	-
Cost of sales		(110,458,627)	(104,939,547)	-	-
Gross profit		90,501,007	86,708,728	-	-
Other income		789,678	5,064,957	716,626	1,386,957
Administrative expenses		(41,087,276)	(36,737,907)	(2,465,973)	(3,056,602)
Selling and distribution expenses		(56,098,317)	(52,587,825)	-	-
(Loss)/Profit from operations		(5,894,908)	2,447,953	(1,749,347)	(1,669,645)
Finance cost	20	(120,190)	(123,107)	-	-
(Loss)/Profit before tax	21	(6,015,098)	2,324,846	(1,749,347)	(1,669,645)
Taxation	22	(205,876)	(336,197)	-	-
Net (loss)/profit for the financial year, representing total comprehensive (loss)/ income for the financial year		(6,220,974)	1,988,649	(1,749,347)	(1,669,645)
Net (loss)/profit for the financial year attributable to:					
Owners of the parent		(6,275,836)	2,027,090		
Non-controlling interests		54,862	(38,441)		
		(6,220,974)	1,988,649		
(Loss)/Earnings per share (sen) Basic/Diluted	23	(0.67)	0.30		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Group	Share Capital		Share Premium	Capital Reserve	Warrants Reserve	Foreign Translation Reserve		Other Reserve	Share Issuance Scheme Options Reserve	Accumulated Losses	Total	Non-Controlling Interests	Total Equity
	RM	RM				RM	RM						
At 1 July 2017	107,637,181	-	2,200,000	19,740,845	-	(19,740,845)	5,931,111	(6,703,412)	109,064,880	605,108	109,669,988		
Net (loss)/profit for the financial year, representing total comprehensive (loss) / income for the financial year	-	-	-	-	-	-	-	-	(6,275,836)	54,862	(6,220,974)		
Transactions with owners:													
Issue of ordinary shares - pursuant to private placement	8,373,391	-	-	-	-	-	-	-	-	-	8,373,391	-	8,373,391
- pursuant to share options exercised	6,444,511	-	-	-	-	-	721,965	-	-	-	7,166,476	-	7,166,476
Realisation of share options	-	-	-	-	-	-	(5,529,346)	5,529,346	-	-	-	-	-
Other comprehensive loss during the financial year	14,817,902	-	-	-	-	(3,254)	(4,807,381)	5,529,346	15,539,867	-	15,539,867	-	(3,254)
At 30 June 2018	122,455,083	-	2,200,000	19,740,845	(3,254)	(19,740,845)	1,123,730	(7,449,902)	118,325,657	659,970	118,985,627		

Attributable to owners of the parent

Non-Distributable

Share Issuance Scheme

Options Reserve

Accumulated Losses

Total

Non-Controlling Interests

Total Equity

Statements of Changes In Equity (Cont'd)

For the Financial Year Ended 30 June 2018

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

Statements of Changes In Equity (Cont'd)

For the Financial Year Ended 30 June 2018

Company	Attributable to owners of the parent		Non-Distributable				Share Issuance Scheme		Total Equity RM
	Share Capital RM	Share Premium RM	Capital Reserve RM	Warrant Reserve RM	Other Reserve RM	Option Reserve RM	Accumulated Losses RM		
At 1 July 2017	107,437,179	-	2,200,000	19,740,845	(19,740,845)	5,931,111	(26,921,574)	88,646,716	
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	-	-	-	(1,749,347)	(1,749,347)	
Transactions with owners:									
Issue of ordinary shares	8,373,391	-	-	-	-	-	-	8,373,391	
- pursuant to private placement	6,444,511	-	-	-	-	721,965	-	7,166,476	
- pursuant to share options exercised	-	-	-	-	-	(5,529,346)	5,529,346	-	
Realisation of share options	-	-	-	-	-	(4,807,381)	5,529,346	15,539,867	
At 30 June 2018	122,255,081	-	2,200,000	19,740,845	(19,740,845)	1,123,730	(23,141,575)	102,437,236	

Statements of Changes In Equity (Cont'd)

For the Financial Year Ended 30 June 2018

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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash Flows From Operating Activities				
(Loss)/Profit before tax	(6,015,098)	2,324,846	(1,749,347)	(1,669,645)
Adjustments for:				
Depreciation of property, plant and equipment	8,200,505	6,532,950	-	-
Gain on disposal of property, plant and equipment	-	(52,473)	-	-
Gain on disposal of other investments	(606,396)	(1,344,344)	(606,396)	(1,344,344)
Impairment loss on:				
- Goodwill	-	2,859	-	-
- Other investments	-	1,375,350	-	1,375,350
- Trade receivables	457,960	1,730,423	-	-
- Other receivables	13,603	-	-	-
Interest expense	120,190	123,107	-	-
Interest income	(130,926)	(58,897)	(110,230)	(42,613)
Inventories written off	-	1,386	-	-
Reversal of impairment loss on:				
- Trade receivables	(2,170,136)	-	-	-
- Other investments	(754,858)	-	(754,858)	-
Share-based payment expenses	1,557,676	-	1,557,676	-
Waiver of debt by an other payable	-	(3,436,975)	-	-
Unrealised loss on foreign exchange	12,505	172,517	-	-
Operating profit/(loss) before working capital changes	685,025	7,370,749	(1,663,155)	(1,681,252)
Changes in working capital:				
Inventories	(1,673,779)	(5,312,459)	-	-
Trade receivables	(3,055,421)	2,930,672	-	-
Other receivables	(214,559)	(15,359,578)	(49,672)	(26,280)
Trade payables	(3,843,337)	4,192,600	-	-
Other payables	6,135,839	1,903,715	80,737	(17,523)
	(2,651,257)	(11,645,050)	31,065	(43,803)
Cash used in operations	(1,966,232)	(4,274,301)	(1,632,090)	(1,725,055)
Interest received	130,926	58,897	110,230	42,613
Interest paid	(120,190)	(123,107)	-	-
Tax paid	(438,481)	(518,398)	(18,326)	(19,481)
Tax refund	460,502	183,674	40,038	-
	32,757	(398,934)	131,942	23,132
Net cash used in operating activities	(1,933,475)	(4,673,235)	(1,500,148)	(1,701,923)

Statements of Cash Flows (Cont'd)

For the Financial Year Ended 30 June 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash Flows From Investing Activities				
Acquisition of property, plant and equipment (Note 4(a))	(19,887,607)	(23,212,039)	-	-
Acquisition of other investments	-	(6,000,000)	-	(6,000,000)
Acquisition of subsidiary company	-	-	(299,150)	-
Proceeds from disposal of other investments	4,372,272	1,344,344	4,372,272	1,344,344
Proceeds from disposal of property, plant and equipment	-	70,530	-	-
Net cash (used in)/from investing activities	(15,515,335)	(27,797,165)	4,073,122	(4,655,656)
Cash Flows From Financing Activities				
Repayment of finance lease payables	(561,645)	(440,414)	-	-
Proceeds from issuance of share capital	13,982,191	29,009,135	13,982,191	29,009,135
Advance to subsidiary companies	-	-	(15,894,896)	(30,424,297)
Net cash from/(used in) financing activities	13,420,546	28,568,721	(1,912,705)	(1,415,162)
Net (decrease)/increase in cash and cash equivalents	(4,028,264)	(3,901,679)	660,269	(7,772,741)
Cash and cash equivalents at the beginning of the financial year	16,593,007	20,494,686	2,424,926	10,197,667
Cash and cash equivalents at the end of the financial year	12,564,743	16,593,007	3,085,195	2,424,926
Cash and cash equivalents at the end of the financial year comprises:				
Fixed deposit with a financial institution	3,000,000	-	3,000,000	-
Cash and bank balances	9,564,743	16,593,007	85,195	2,424,926
	12,564,743	16,593,007	3,085,195	2,424,926

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

1. Corporate Information

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

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

The registered office of the Company is located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

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

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

2. Basis of Preparation

(a) Statement of compliance

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

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

Adoption of new and amended standards

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

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 26. Other than that, the adoption of above new MFRSs and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Notes to the Financial Statements (Cont'd)

30 June 2018

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instrument (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2	Classification and measurement of Share-based payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments with</i> MFRS 4 <i>Insurance Contracts</i>	1 January 2018*
Amendments to MFRS 15	Clarification to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfer of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		
MFRS 17	Insurance Contracts	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2021

Note:

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

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

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

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable options at inception to present changes in fair value in other profit or loss and other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other profit or loss and other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

Based on the analysis of the Group's and the Company's financial assets and liabilities as at 30 June 2018 on the basis of facts and circumstances that existed at that date, the Directors of the Group and the Company have assessed the impact of MFRS 9 to the Group's and the Company's financial statements as follows:

(1) Classification and measurement

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:

- Amortised Cost ("AC");
- Fair Value through Other Comprehensive Income ("FVOCI"); and
- Fair Value through Profit or Loss ("FVTPL").

Notes to the Financial Statements (Cont'd)

30 June 2018

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

(1) Classification and measurement (Cont'd)

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity (“HTM”), Loans and Receivables (“L&R”) and Available-for-Sale (“AFS”).

Based on its assessment, the Group and the Company believe that the new classification requirements will have no material impact on the Group’s and the Company’s financial assets and financial liabilities.

Accordingly, the Group and the Company does not expect the new guidance to affect the classification and measurement of the above financial assets.

(2) Impairment

MFRS 9 replaces the “incurred loss” model in MFRS 139 with a forward-looking “expected credit loss” (“ECL”) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

Under MFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. A financial asset’s credit risk deemed not increased significantly if the asset has low credit risk at the reporting date. However, the Group and the Company have adopted lifetime ECL measurements for loans and receivables due to the expected lifetime period of loans and receivables are generally less than 12 months.

Based on the assessments undertaken to date, the Group and the Company do not expect the above new requirements to affect the classification and measurements of its financial assets and financial liabilities. On the ECL impact, the Group and the Company expects a decrease in the Group’s and the Company’s allowance for impairment by less than 10% of loans and receivables.

The Group and the Company will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparative for 2018 will not be restated.

Notes to the Financial Statements (Cont'd)

30 June 2018

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

(3) Hedge accounting

The Group and Company does not adopt hedge accounting in the Group's and the Company's financial statements. Hence, hedging requirements of MFRS 9 will not have any impact on the Group's and the Company's financial statements.

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in 2018 when the Group and the Company adopt MFRS 9.

MFRS 15 *Revenue from Contracts with Customers*

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

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

An entity recognises revenue in accordance with the core principle by applying the following steps:

- (1) Identify the contracts with a customer;
- (2) Identify the performance obligation in the contract;
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in the contract;
- (5) Recognise revenue when the entity satisfies a performance obligation.

The Group and the Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Based on the assessment, the Group and the Company do not expect the application of MFRS 15 to have a significant impact on its consolidated financial statements. Consequently its property development cost and inventories are not expected to be significantly impacted.

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in 2018 when the Group and the Company adopt MFRS 15 and the Group and the Company have not finalised the testing and assessment of controls over its new accounting system.

Notes to the Financial Statements (Cont'd)

30 June 2018

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 16 Leases

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

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group and the Company do not expect the application of MFRS 16 to have a significant impact on its consolidated financial statements.

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

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

Notes to the Financial Statements (Cont'd)

30 June 2018

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty

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

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

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

Impairment of goodwill on consolidation (Note 7)

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

Impairment of loans and receivables

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

Inventories valuation

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

Accrual of cost of recharge usage

Accrual of cost of recharge usage is the cost of mobile tariff incurred based on the recharge usage. It is recognised on a quarterly basis by reviewing the unsold recharge balance at average cost margin which is the directors' best estimate of the expenditure required to settle the Group's obligation. When the actual invoices received, the Management will do the necessary under/(over) provision in the accrual account to reflect the actual costs incurred. The carrying amount of the accrual of cost of recharge usage is disclosed in Note 18.

Notes to the Financial Statements (Cont'd)

30 June 2018

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 25.

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 June 2018, the Group has tax recoverable and payable of RM213,924 (2017: RM408,487) and RM Nil (2017: RM470) respectively, and as of that date, the Company has tax recoverable of RM16,555 (2017: RM38,267).

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 30(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

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

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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

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

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

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

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

(iii) Disposal of subsidiary companies

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

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

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

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

(b) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(c) Leases

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

As lessee

(i) Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(c) Leases (Cont'd)

(ii) Operating lease

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

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

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(d) Financial assets

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

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

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

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

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(d) Financial assets (Cont'd)

(ii) Available-for-sale financial assets

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

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

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

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

(e) Financial liabilities

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

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

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(e) Financial liabilities (Cont'd)

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

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

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

(f) Offsetting of financial instruments

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

(g) Inventories

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

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

(h) Cash and cash equivalents

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

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(i) Impairment of assets

(i) Non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(i) Impairment of assets (Cont'd)

(ii) Financial assets

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

Financial assets carried at amortised cost

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

Available-for-sale financial assets

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(i) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

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

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

(j) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

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

(k) Foreign currency transactions and balances

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(l) Provisions

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

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(m) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(iii) Equity-settled share-based payment transaction

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

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(m) Employee benefits (Cont'd)

(iii) Equity-settled share-based payment transaction (Cont'd)

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

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.

(n) Revenue

(i) Sales of goods

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

(ii) Rendering of services

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

(iii) Interest income

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

(o) Borrowing costs

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

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(p) Income taxes

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

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

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

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

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

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

(q) Goods and Service Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

Notes to the Financial Statements (Cont'd)

30 June 2018

3. Significant Accounting Policies (Cont'd)

(r) Contingencies

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

(s) Segments reporting

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

Notes to the Financial Statements (Cont'd)

30 June 2018

4. Property, 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
2018							
Cost							
At 1 July 2017	24,342,314	60,220,824	5,733,333	662,135	1,969,398	3,845,660	96,773,664
Additions	16,537,351	480,510	2,459,035	19,254	216,636	504,821	20,217,607
Reclassification	(1,923,144)	1,724,933	198,211	-	-	-	-
At 30 June 2018	38,956,521	62,426,267	8,390,579	681,389	2,186,034	4,350,481	116,991,271
Accumulated depreciation							
At 1 July 2017	-	21,223,315	3,584,330	189,333	398,729	967,402	26,363,109
Charge for the financial year	-	6,157,883	934,689	67,615	206,376	833,942	8,200,505
Reclassification	-	5,770	(5,770)	-	-	-	-
At 30 June 2018	-	27,386,968	4,513,249	256,948	605,105	1,801,344	34,563,614
Accumulated impairment losses							
At 1 July 2017/30 June 2018	(100,000)	-	-	-	-	-	(100,000)
Carrying amount							
At 30 June 2018	38,856,521	35,039,299	3,877,330	424,441	1,580,929	2,549,137	82,327,657

Notes to the Financial Statements (Cont'd)

30 June 2018

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

Notes to the Financial Statements (Cont'd)

30 June 2018

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

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

	Group	
	2018 RM	2017 RM
Aggregate costs	20,217,607	25,267,539
Less: Finance lease arrangement	(330,000)	(2,055,500)
	<hr/>	<hr/>
Cash payments	19,887,607	23,212,039
	<hr/>	<hr/>

- (b) Included in the property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangement with carrying amount of RM2,416,637 (2017: RM2,878,258).
- (c) The capital work-in-progress is in respect of the costs incurred on acquisition of software in relation to telecommunication network equipment. The acquisition is financed by internally generated fund and expected to be completed in next financial year.

5. Investments in Subsidiary Companies

	Company	
	2018 RM	2017 RM
In Malaysia:		
Unquoted shares, at cost		
At 1 July/30 June	55,402,000	55,402,000
	<hr/>	<hr/>
Outside Malaysia:		
Unquoted shares, at cost		
At 1 July	-	-
Acquisition	299,150	-
	<hr/>	<hr/>
At 30 June	299,150	-
	<hr/>	<hr/>
Accumulated impairment losses		
At 1 July/30 June	55,341,998	55,341,998
	<hr/>	<hr/>
	359,152	60,002
	<hr/>	<hr/>

Notes to the Financial Statements (Cont'd) 30 June 2018

5. Investments in Subsidiary Companies (Cont'd)

The details of the subsidiary companies, are as follows:

Name of Company	Country of Incorporation	Effective interest		Principal activities
		2018 %	2017 %	
XOX Com Sdn. Bhd.	Malaysia	100	100	Provider of mobile telecommunication products and services
XOX Management Services Sdn. Bhd.	Malaysia	100	100	Provision of management services
XOX Media Sdn. Bhd.	Malaysia	100	100	Provision of mobile application services
XOX Wallet Sdn. Bhd.	Malaysia	100	100	Provision of mobile wallet services and the trading of telecommunications airtime as a traded commodity for Shariah compliant financing
X Style Sdn. Bhd.	Malaysia	51	51	Provision of mobile virtual network operator services and broadband internet services
One XOX Sdn. Bhd.	Malaysia	60	60	Provider of mobile telecommunication products and services
XOX Mobile Pte. Ltd.*	Singapore	100	-	Provider of mobile cellular and other wireless telecommunications network operation
<u>Held through</u> XOX Com Sdn. Bhd. XOX Mobile Sdn. Bhd.	Malaysia	100	100	Agent for marketing, promotion, support services and managing the distribution channels of mobile telecommunication products and services, and providing mobile virtual network operator services and broadband internet service

* Subsidiary company audited by member firm of UHY International Limited.

Notes to the Financial Statements (Cont'd)

30 June 2018

5. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies

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

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2018	2017	2018	2017	2018	2017
	%	%	RM	RM	RM	RM
X Style Sdn. Bhd.	49	49	(17,826)	(63,848)	(327,269)	(309,443)
One XOX Sdn. Bhd.	40	40	72,688	25,407	987,239	914,551
Total non-controlling interests					659,970	605,108

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

(i) Summarised statements of financial position

	X Style Sdn. Bhd.		One XOX Sdn. Bhd.	
	2018	2017	2018	2017
	RM	RM	RM	RM
Non-current assets	4,082	31,182	1,278,122	949,120
Current assets	84,005	447,114	12,503,534	9,711,944
Non-current liabilities	-	-	(188,755)	(211,228)
Current liabilities	(755,980)	(1,109,813)	(11,124,804)	(8,163,458)
Net (liabilities)/assets	(667,893)	(631,517)	2,468,097	2,286,378

Notes to the Financial Statements (Cont'd) 30 June 2018

5. Investments in Subsidiary Companies (Cont'd)

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

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

	X Style Sdn. Bhd.		One XOX Sdn. Bhd.	
	2018	2017	2018	2017
	RM	RM	RM	RM
Revenue	-	191,159	81,472,274	80,731,735
Net (loss)/profit for the financial year	(36,379)	(130,302)	181,720	63,518

(iii) Summarised statements of cash flows

	X Style Sdn. Bhd.		One XOX Sdn. Bhd.	
	2018	2017	2018	2017
	RM	RM	RM	RM
Net cash (used in)/from operating activities	(9,472)	30,092	2,708,019	(3,733,612)
Net cash from/(used in) investing activities	-	370,663	(530,383)	(174,517)
Net cash (used in)/from financing activities	(350,461)	(30,091)	(2,408,641)	4,128,317
Net (decrease)/increase in cash and cash equivalents	(359,933)	370,664	(231,005)	220,188

(b) Acquisition of subsidiary companies

On 28 July 2017, the Company incorporated a new wholly-owned subsidiary company in Singapore with the name of XOX Mobile Pte. Ltd. with the registered capital of SGD100,000 only. The intended principal activity of XOX Mobile Pte. Ltd. is to engage in the business of mobile cellular and other wireless telecommunications network operation.

Notes to the Financial Statements (Cont'd)

30 June 2018

5. Investments in Subsidiary Companies (Cont'd)

The purchase consideration of the acquisition consists of:

<u>Fair value consideration transferred</u>	RM
Cash consideration paid	299,150
	<hr/>
<u>Fair value of identifiable assets acquired and liabilities assumed</u>	RM
Cash and bank balances	299,150
	<hr/>

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

6. Other Investments

	Group and Company 2018 RM	2017 RM
Available-for-sale financial assets		
Quoted shares in Malaysia, at fair value		
At 1 July	8,409,751	2,409,751
Additions	-	6,000,000
Disposal	(4,650,150)	-
	<hr/>	<hr/>
At 30 June	3,759,601	8,409,751
	<hr/>	<hr/>
Accumulated impairment losses		
At 1 July	2,674,551	1,299,201
Addition	-	1,375,350
Reversal during the financial year	(754,858)	-
Disposal	(884,274)	-
	<hr/>	<hr/>
At 30 June	1,035,419	2,674,551
	<hr/>	<hr/>
	2,724,182	5,735,200
	<hr/>	<hr/>
Market value of quoted shares	2,724,182	5,735,200
	<hr/>	<hr/>

The Group and the Company recognised an impairment loss of RM1,375,350 in previous financial year for quoted shares classified as available-for-sale financial assets as there were significant decrease in the fair value of this investment above its costs.

Notes to the Financial Statements (Cont'd) 30 June 2018

7. Goodwill on Consolidation

	Group	
	2018	2017
	RM	RM
At 1 July	2,859	2,859
Impairment loss recognised	(2,859)	(2,859)
At 30 June	-	-

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

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

8. Inventories

	Group	
	2018	2017
	RM	RM
Sim cards, recharge cards and E-recharge Handphones	9,238,124	7,565,393
	21,598	20,550
	9,259,722	7,585,943
Recognised in profit or loss:		
Inventories recognised as cost of sales	110,458,627	104,939,547
Inventories written off	-	1,386

9. Trade Receivables

	Group	
	2018	2017
	RM	RM
Trade receivables	22,614,705	19,988,501
Less: Accumulated impairment losses	(2,150,423)	(4,291,816)
	20,464,282	15,696,685

Trade receivables are non-interest bearing and are generally on 7 to 210 days (2017: 7 to 210 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes to the Financial Statements (Cont'd)

30 June 2018

9. Trade Receivables (Cont'd)

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

	2018 RM	Group 2017 RM
At 1 July	4,291,816	2,561,393
Impairment loss recognised	457,960	1,730,423
Written off against impairment	(429,217)	-
Reversal	(2,170,136)	-
	<hr/>	<hr/>
At 30 June	2,150,423	4,291,816

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

	2018 RM	Group 2017 RM
Neither past due nor impaired	9,152,988	6,594,485
Past due but not impaired:		
Less than 30 days	4,529,694	2,965,833
31 to 60 days	3,109,661	195,535
More than 60 days	3,671,939	5,940,832
	<hr/>	<hr/>
	11,311,294	9,102,200
	<hr/>	<hr/>
Impaired	20,464,282	15,696,685
	2,150,423	4,291,816
	<hr/>	<hr/>
	22,614,705	19,988,501

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

As at 30 June 2018, trade receivables of RM11,311,294 (2017: RM9,102,200) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM2,150,423 (2017: RM4,291,816), related to customers that are in financial difficulties, have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

Notes to the Financial Statements (Cont'd) 30 June 2018

10. Other Receivables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	13,453,782	21,642,194	75,953	1
Deposits	4,256,683	2,777,316	1,000	1,000
Prepayments	14,494,724	7,571,120	-	26,280
	32,205,189	31,990,630	76,953	27,281
Less: Accumulated impairment losses	(86,913)	(73,310)	-	-
	32,118,276	31,917,320	76,953	27,281

Included in other receivables is an amount of RM8,275,198 relating to e-recharge received from subscribers.

In previous financial year end, included in other receivables is an amount of RM11,210,652 relating to GST rebate receivable from relevant authority.

Included in prepayments, are promotions, billboards and sponsorship of RM8,858,523 (2017: RM2,965,000), expenses incurred for Indonesia office RM2,517,343 (2017: RM NIL).

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

	Group	
	2018 RM	2017 RM
At 1 July	73,310	73,310
Impairment losses recognised	13,603	-
At 30 June	86,913	73,310

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

11. Amounts Owing by Subsidiary Companies

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

12. Fixed Deposit With a Financial Institution

The interest rate of fixed deposit with a financial institution of the Company is 4.00% (2017: Nil) per annum and the maturity of the fixed deposit is 365 days (2017: Nil).

Notes to the Financial Statements (Cont'd)

30 June 2018

13. Share Capital

	Group			
	Number of shares		Amount	
	2018	2017	2018	2017
	Units	Units	RM	RM
Issued and fully paid				
Ordinary shares with no par value				
At 1 July	851,824,175	556,414,675	107,637,181	55,641,468
Issuance of shares				
- private placement	85,182,000	250,000,000	8,373,391	23,105,900
- share options exercised	56,088,000	45,409,500	6,444,511	4,540,950
Transition to no-par value regime on 31 January 2017 under the Companies Act, 2016	-	-	-	24,348,863
At 30 June	993,094,175	851,824,175	122,455,083	107,637,181

	Company			
	Number of shares		Amount	
	2018	2017	2018	2017
	Units	Units	RM	RM
Issued and fully paid				
Ordinary shares with no par value				
At 1 July	851,824,175	556,414,675	107,437,179	55,641,468
Issuance of shares				
- private placement	85,182,000	250,000,000	8,373,391	23,105,900
- share options exercised	56,088,000	45,409,500	6,444,511	4,540,950
Transition to no-par value regime on 31 January 2017 under the Companies Act, 2016	-	-	-	24,148,861
At 30 June	993,094,175	851,824,175	122,255,081	107,437,179

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

- (i) 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
- (ii) 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 year 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.

Notes to the Financial Statements (Cont'd) 30 June 2018

14. Reserves

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable					
Share premium	(a)	-	-	-	-
Capital reserve	(b)	2,200,000	2,200,000	2,200,000	2,200,000
Warrant reserve	(c)	19,740,845	19,740,845	19,740,845	19,740,845
Other reserve	(d)	(19,740,845)	(19,740,845)	(19,740,845)	(19,740,845)
Foreign translation reserve		(3,254)	-	-	-
Share Issuance Scheme option reserve	(e)	1,123,730	5,931,111	1,123,730	5,931,111
Accumulated losses		(7,449,902)	(6,703,412)	(23,141,575)	(26,921,574)
		<u>(4,129,426)</u>	<u>1,427,699</u>	<u>(19,817,845)</u>	<u>(18,790,463)</u>

(a) Share premium

The movements in the share premium are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 July	-	19,340,195	-	19,140,193
Premium arises from issuance of shares:				
- through exercise of share options	-	1,362,285	-	1,362,285
Share options exercised	-	3,646,383	-	3,646,383
Transition to no-par value regime	-	(24,348,863)	-	(24,148,861)
At 30 June	-	-	-	-

(b) Capital reserve

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

(c) 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 10 February 2019. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

Notes to the Financial Statements (Cont'd)

30 June 2018

14. Reserves (Cont'd)

(c) Warrants reserve (Cont'd)

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

As at 30 June 2018, the total numbers of Warrants that remain unexercised were 200,414,675 (2017: 200,414,675).

(d) Other reserve

This represents fair value allocated to the detachable warrants issued in conjunction with rights issue refer to Note 14(c).

(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 25.

15. Finance Lease Payables

	2018 RM	Group 2017 RM
Minimum lease payments:		
Within one year	661,956	638,628
Later than one year and not later than two years	568,236	652,212
Later than two years and not later than five years	960,109	1,210,541
	2,190,301	2,501,381
Less: Future finance charges	(172,834)	(252,269)
Present value of minimum lease payments	2,017,467	2,249,112
Present value of minimum lease payments:		
Within one year	572,422	527,324
Later than one year and not later than two years	513,600	510,955
Later than two years and not later than five years	931,445	1,210,833
	2,017,467	2,249,112
Analysed as:		
Repayable within twelve months	572,422	527,324
Repayable after twelve months	1,445,045	1,721,788
	2,017,467	2,249,112

The finance lease payables bear interest at rates ranging from 2.47% to 4.91% (2017: 2.55% to 4.91%) per annum.

Notes to the Financial Statements (Cont'd)

30 June 2018

16. Deferred Tax Liabilities

	2018	Group
	RM	2017
		RM
At 1 July	17,698	13,116
Recognised in profit or loss (Note 22)	33,804	4,582
	51,502	17,698

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

	2018	Group
	RM	2017
		RM
Deferred tax liabilities	5,113,943	5,941,809
Deferred tax assets	(5,062,441)	(5,924,111)
	51,502	17,698

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

	Accelerated capital allowances RM
Deferred tax liabilities	
At 1 July 2017	5,941,809
Recognised in profit or loss	(827,866)
	5,113,943
At 30 June 2018	
At 1 July 2016	6,665,715
Recognised in profit or loss	(723,906)
	5,941,809
At 30 June 2017	

Notes to the Financial Statements (Cont'd)

30 June 2018

16. Deferred Tax Liabilities (Cont'd)

	Unabsorbed capital allowances RM	Unused tax losses RM	Total RM
Deferred tax assets			
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)
At 1 July 2016	(4,702,860)	(1,949,739)	(6,652,599)
Recognised in profit or loss	3,915,272	(3,186,784)	728,488
At 30 June 2017	(787,588)	(5,136,523)	(5,924,111)

The amount of temporary difference for which no deferred tax asset have been recognised in the statements of financial position are as follows:

	2018 RM	Group 2017 RM
Unabsorbed capital allowances	1,903,738	1,423,967
Unused tax losses	14,524,186	14,413,809
Other temporary differences	53	-
	16,427,977	15,837,776

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

17. Trade Payables

The normal trade credit terms granted to the Company ranges from 30 to 60 days (2017: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

Notes to the Financial Statements (Cont'd) 30 June 2018

18. Other Payables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	7,380,264	3,873,296	123,737	90,370
Accruals	6,278,660	5,991,798	186,780	139,410
Deposits	2,819,281	461,513	-	-
	16,478,205	10,326,607	310,517	229,780

Included in accruals is the accrual cost of recharge usage from a trade payable amounting to RM647,704 (2017: RM1,032,025).

Included in other payables is the amount due to the vendor for the purchase of telecommunication network equipment which amounting to RM639,490 (2017: RM1,976,225).

19. Revenue

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

20. Finance Cost

	Group	
	2018 RM	2017 RM
Interest expense on:		
Finance lease payables	120,190	123,107
	120,190	123,107

Notes to the Financial Statements (Cont'd)

30 June 2018

21. (Loss)/Profit Before Tax

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- statutory audit				
- current year	243,750	199,200	68,000	55,000
- under/(over)provision in prior year	55,000	(13,500)	30,000	-
- non statutory audit	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	8,200,505	6,532,950	-	-
Non-executive Directors' remuneration				
- Director fees	258,000	222,000	258,000	222,000
- Other emolument	43,000	41,000	43,000	41,000
Gain on disposal of property, plant and equipment	-	(52,473)	-	-
Gain on disposal of other investments	(606,396)	(1,344,344)	(606,396)	(1,344,344)
(Gain)/Loss on foreign exchange				
- realised	(5,797)	44,228	-	-
- unrealised	12,505	172,517	-	-
Impairment loss on financial assets:				
- trade receivables	457,960	1,730,423	-	-
- other receivables	13,603	-	-	-
Impairment loss on non-financial assets:				
- goodwill	-	2,859	-	-
- other investments	-	1,375,350	-	1,375,350
Interest income	(130,926)	(58,897)	(110,230)	(42,613)
Inventories written off	-	1,386	-	-
Reversal of impairment loss on financial assets:				
- trade receivables	(2,170,136)	-	-	-
- other investment	(754,858)	-	(754,858)	-
Rental of premises	3,151,553	1,488,361	-	424
Waiver of debt by an other payable	-	(3,436,975)	-	-

Notes to the Financial Statements (Cont'd) 30 June 2018

22. Taxation

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax expenses recognised in in profit or loss:				
Current tax provision	181,790	156,445	-	-
(Over)/Under provision in prior year	(9,718)	175,170	-	-
	172,072	331,615	-	-
Deferred tax (Note 16):				
Origination and reversal of temporary differences	34,598	957	-	-
(Over)/Under provision in prior year	(794)	3,625	-	-
	33,804	4,582	-	-
Tax expenses for the financial year	205,876	336,197	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable (loss)/profit for the financial year.

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
(Loss)/Profit before tax	(6,015,098)	2,324,846	(1,749,347)	(1,669,645)
At Malaysian statutory tax rate of 24% (2017: 24%)	(1,443,624)	557,963	(419,843)	(400,715)
Effects of different tax rates in other jurisdictions	675	-	-	-
Expenses not deductible for tax purposes	1,517,689	1,984,017	419,843	733,781
Income not subject to tax	-	(333,066)	-	(333,066)
Utilisation of previously unrecognised deferred tax assets	(426,330)	(3,755,084)	-	-
Deferred tax assets not recognised	567,978	1,703,572	-	-
(Over)/Under provision of taxation in prior year	(9,718)	175,170	-	-
(Over)/Under provision of deferred taxation in prior year	(794)	3,625	-	-
Tax expenses for the financial year	205,876	336,197	-	-

As at 30 June 2018, the Group has unused tax losses and unabsorbed capital allowances of approximately RM32,806,565 (2017: RM35,815,989) and RM4,714,863 (2017: RM4,705,582) respectively available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

Notes to the Financial Statements (Cont'd)

30 June 2018

23. (Loss)/Earnings Per Share

(a) Basic (loss)/earnings per share

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

	Group	
	2018 RM	2017 RM
(Loss)/Profit attributable to owners of the parent	(6,275,836)	2,027,090
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 July	851,824,175	556,414,675
Effect of ordinary shares issued during the financial year	81,835,342	114,467,645
Weighted average number of ordinary shares at 30 June	933,659,517	670,882,320
Basic (loss)/earnings per shares (in sen)	(0.67)	0.30

(b) Diluted (loss)/earnings per share

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

24. Staff Costs

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Director fee	48,000	42,000	48,000	42,000
Salaries and allowances	15,862,759	12,875,997	5,000	5,000
Defined contribution plans	1,754,554	1,386,454	-	-
Social security expenses	133,784	106,963	-	-
Other benefits	1,566,856	2,422,572	-	-
Share options granted under SIS	1,557,676	-	1,557,676	-
	20,923,629	16,833,986	1,610,676	47,000

Notes to the Financial Statements (Cont'd)

30 June 2018

24. Staff Costs (Cont'd)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors				
Company's Directors				
Director fees	48,000	42,000	48,000	42,000
Salaries and other emoluments	1,175,000	905,000	5,000	5,000
Defined contribution plans	140,400	108,000	-	-
Share options granted under SIS	205,419	-	205,419	-
	1,568,819	1,055,000	258,419	47,000
Executive Directors				
Subsidiary companies' Directors				
Salaries and other emoluments	1,119,000	855,000	-	-
Defined contribution plans	134,280	102,600	-	-
Share options granted under SIS	226,462	-	226,462	-
	1,479,742	957,600	226,462	-
Executive Directors				
Company's Directors				
	1,568,819	1,055,000	258,419	47,000
Subsidiary companies' Directors				
	1,479,742	957,600	226,462	-
	3,048,561	2,012,600	484,881	47,000

25. Share Issuance Scheme ("SIS")

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

The salient features of the SIS Options are as follows:

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

Notes to the Financial Statements (Cont'd)

30 June 2018

25. Share Issuance Scheme ("SIS") (Cont'd)

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

Notes to the Financial Statements (Cont'd)

30 June 2018

25. Share Issuance Scheme ("SIS") (Cont'd)

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

2018 Date of offer	Exercise price	Number of options over ordinary shares						At 30.6.2018
		At 1.7.2017	Granted	Exercised	Revoked	Forfeited	At 30.6.2017	
21 April 2016	RM0.13	73,861,900	-	-	(67,918,700)	(906,000)	5,037,200	
9 January 2018	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	
2017 Date of offer	Exercise price	At 1.7.2016	Granted	Exercised	Revoked	Forfeited	At 30.6.2017	
21 April 2016	RM0.13	132,018,200	-	(45,409,500)	-	(12,746,800)	73,861,900	

Notes to the Financial Statements (Cont'd)

30 June 2018

25. Share Issuance Scheme ("SIS") (Cont'd)

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

Date of offer	Weighted average exercise price		Exercise period
	2018 RM	2017 RM	
21 April 2016	0.13	0.13	21.04.2016 - 13.03.2021
9 January 2018	0.10	-	09.02.2018 - 08.02.2019

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:

	2018 RM	2017 RM
Fair value at grant date:		
21 April 2016	0.0803	0.0803
<hr/>		
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
<hr/>		
Fair value at grant date:		
9 January 2018	0.0149	-
<hr/>		
Weighted average share price	0.108	-
Weighted average exercise price	0.100	-
Expected volatility (%)	55.00	-
Expected life (years)	1 year	-
Risk free rate (%)	3.45	-
Expected dividend yield (%)	Nil	-
<hr/>		

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.

Notes to the Financial Statements (Cont'd) 30 June 2018

25. Share Issuance Scheme (Cont'd)

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

	2018 Units	2017 Units
At 1 July	5,900,500	26,610,000
Granted	28,985,300	-
Revocated	(5,900,500)	-
Exercised	(15,000,000)	(20,709,500)
	13,985,300	5,900,500

26. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 July 2017 RM	Financing cash flows (i)&(ii) RM	Addition finance lease RM	At 30 June 2018 RM
Group				
Finance lease payables	2,249,112	(561,645)	330,000	2,017,467
Company				
Advance to subsidiary companies	(80,590,820)	(15,894,896)	-	(96,485,716)

(i) The cash flows from drawdown of finance lease financing for purchase of property, plant and equipment.

(ii) The financing cash flows include the net amount of proceeds from or repayment to subsidiary companies in the statements of cash flows.

27. Capital commitments

	2018 RM	Group 2017 RM
Approved and contracted for: Capital work-in-progress	2,152,062	3,229,151

Notes to the Financial Statements (Cont'd)

30 June 2018

28. Related Party Disclosures

(a) Identifying related parties

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

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

(b) Significant related party transaction

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Transaction with a company in which a Director of the Company and a Director of subsidiary company have an interest				
- Sales	24,990	17,577	-	-
- Service charge	(12,200)	(3,466)	-	-

(c) Compensation of key management personnel

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries and other emoluments	2,342,000	1,802,000	53,000	47,000
Defined contribution plans	274,680	210,600	-	-
Share options granted under SIS	431,881	-	431,881	-
	3,048,561	2,012,600	484,881	47,000

Notes to the Financial Statements (Cont'd)

30 June 2018

29. Segment Information

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

Geographic information

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

Major customers

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

	Revenue	
	2018	2017
	RM	RM
All common control companies of:		
- Customer A	39,680,096	44,480,988
- Customer B	43,105,262	37,997,537

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments

(a) Classification of financial instruments

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

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

Group	Available- for-sale RM	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
2018				
Financial Assets				
Other investments	2,724,182	-	-	2,724,182
Trade receivables	-	20,464,282	-	20,464,282
Other receivables	-	17,623,552	-	17,623,552
Fixed deposit with a financial institution	-	3,000,000	-	3,000,000
Cash and bank balances	-	9,564,743	-	9,564,743
	2,724,182	50,652,577	-	53,376,759
Financial Liabilities				
Trade payables	-	-	22,139,985	22,139,985
Other payables	-	-	16,478,205	16,478,205
Finance lease payables	-	-	2,017,467	2,017,467
	-	-	40,635,657	40,635,657
2017				
Financial Assets				
Other investments	5,735,200	-	-	5,735,200
Trade receivables	-	15,696,685	-	15,696,685
Other receivables	-	24,346,200	-	24,346,200
Cash and bank balances	-	16,593,007	-	16,593,007
	5,735,200	56,635,892	-	62,371,092

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments (Cont'd)

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

Group	Available- for-sale RM	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Financial Liabilities				
Trade payables	-	-	25,983,322	25,983,322
Other payables	-	-	10,326,607	10,326,607
Finance lease payables	-	-	2,249,112	2,249,112
	-	-	38,559,041	38,559,041
Company				
2018				
Financial Assets				
Other investments	2,724,182	-	-	2,724,182
Other receivables	-	76,953	-	76,953
Amounts owing by subsidiary companies	-	96,485,716	-	96,485,716
Fixed deposit with a financial institution	-	3,000,000	-	3,000,000
Cash and bank balances	-	85,195	-	85,195
	2,724,182	99,647,864	-	102,372,046
Financial Liabilities				
Other payables	-	-	310,517	310,517
2017				
Financial Assets				
Other investments	5,735,200	-	-	5,735,200
Other receivables	-	1,001	-	1,001
Amounts owing by subsidiary companies	-	80,590,820	-	80,590,820
Cash and bank balances	-	2,424,926	-	2,424,926
	5,735,200	83,016,747	-	88,751,947
2017				
Financial Liabilities				
Other payables	-	-	229,780	229,780

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

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

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

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

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

As at 30 June 2018, the Group had 6 customers (2017: 9 customers) that owed the Group at total amount of approximately RM17,529,947 (2017: RM15,866,000) which accounted for approximately 78% (2017: 95%) of all the trade receivables outstanding.

(ii) Liquidity risk

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

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

Group	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2018					
Non-derivative financial liabilities					
Trade payables	22,139,985	-	-	22,139,985	22,139,985
Other payables	16,478,205	-	-	16,478,205	16,478,205
Finance lease payables	661,956	568,236	960,109	2,190,301	2,017,467
	39,280,146	568,236	960,109	40,808,491	40,635,657
2017					
Non-derivative financial liabilities					
Trade payables	25,983,322	-	-	25,983,322	25,983,322
Other payables	10,326,607	-	-	10,326,607	10,326,607
Finance lease payables	638,628	652,212	1,210,541	2,501,381	2,249,112
	36,948,557	652,212	1,210,541	38,811,310	38,559,041
Company					
2018					
Non-derivative financial liabilities					
Other payables	310,517	-	-	310,517	310,517
2017					
Non-derivative financial liabilities					
Other payables	229,780	-	-	229,780	229,780

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments (Cont'd)

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

(iii) Market risk

(a) Foreign currency risk

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

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

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

	Denominated in USD RM
Group 2018	
Cash and bank balances	1,889
Other payables	871,588
	<hr/> 873,477 <hr/>
2017	
Other payables	<hr/> 1,976,225 <hr/>

Foreign currency sensitivity analysis

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

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

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

	Change in currency rate	2018 Effect on profit before tax RM	Change in currency rate	2017 Effect on profit before tax RM
USD	Strengthened 5%	(43,670)	Strengthened 5%	(98,810)
	Weakened 5%	43,670	Weakened 5%	98,810

(b) Interest rate risk

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

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

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

	2018 RM	2017 RM
Group		
Fixed rate instruments		
Financial asset		
Fixed deposit with a licensed bank	3,000,000	-
Financial liability		
Finance lease payables	2,017,467	2,249,112
Company		
Fixed rate instruments		
Financial asset		
Fixed deposit with a licensed bank	3,000,000	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(c) Market price risk

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

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

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

Market price risk sensitivity analysis

At the reporting date, if the stock indices had been 5% higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM136,210 (2017: RM286,760) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

(c) Fair values of financial instruments

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments (Cont'd)

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

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

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2018										
Financial assets										
Other investments	2,724,182	-	-	2,724,182	-	-	-	-	2,724,182	2,724,182
Fixed deposit with a financial institution	-	-	3,000,000	3,000,000	-	-	-	-	3,000,000	3,000,000
Financial liability										
Finance lease payables	-	-	-	-	-	-	2,093,776	2,093,776	2,093,776	2,017,467
2017										
Financial assets										
Other investments	5,735,200	-	-	5,735,200	-	-	-	-	5,735,200	5,735,200
Financial liability										
Finance lease payables	-	-	-	-	-	-	2,341,090	2,341,090	2,341,090	2,249,112

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments (Cont'd)

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

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
Company 2018								
Financial assets								
Other investments	2,724,182	-	-	-	-	-	2,724,182	2,724,182
Fixed deposit with a financial institution	-	-	3,000,000	-	-	-	3,000,000	3,000,000
2017								
Financial assets								
Other investments	5,735,200	-	-	-	-	-	5,735,200	5,735,200

Notes to the Financial Statements (Cont'd)

30 June 2018

30. Financial Instruments (Cont'd)

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

(i) Policy on transfer between levels

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

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

(ii) Level 1 fair value

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

(iii) Level 2 fair value

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

Non-derivative financial instruments

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

(iv) Level 3 fair value

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

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.

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

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

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

Notes to the Financial Statements (Cont'd)

30 June 2018

32. Subsequent Events

- (a) On 5 September 2018, the Company announced that it proposes to undertake the private placement of new ordinary shares in XOX of up to 10% of the existing total number of issued shares of the Company to third party investor(s).

On 13 September 2018, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had approved the listing and quotation of up to 99,309,417 new XOX Shares to be issued pursuant to the proposed private placement.

The Private Placement has been completed following the listing and quotation of 99,3000.000 Placement Shares on the ACE Market of Bursa Securities on 26 October 2018.

33. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 October 2018.

ANALYSIS OF SHAREHOLDINGS

AS AT 28 SEPTEMBER 2018

SHARE CAPITAL

Total Number of Issued Share	:	993,094,175
Issued and Paid-Up Capital	:	RM92,270,508.10
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	154	1.86	6,866	0.00
100 – 1,000	547	6.61	330,991	0.03
1,001 – 10,000	1,882	22.73	11,617,213	1.17
10,001 – 100,000	4,114	49.69	197,896,160	19.93
100,001 to less than 5% of issued shares	1,582	19.11	783,242,945	78.87
5% and above of issued shares	0	0.00	0	0.00
TOTAL	8,279	100.00	993,094,175	100.00

SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

Substantial Shareholders

Based on Register of Depositors as at 28 September 2018, none of the shareholders of the Company is holding more than 5% of the total issued and paid up capital of the Company.

Directors' interests in shares

	Direct		Indirect	
	No. of Shares Held	Percentage Held	No. of Shares Held	Percentage Held
1 Dato' Seri Abdul Azim bin Mohd Zabidi	451,380	0.05	-	-
2 Tan Sik Eek	-	-	-	-
3 Ng Kok Heng	17,237,035	1.74	-	-
4 Soo Pow Min	-	-	161,255 ^(a)	0.02
5 Hew Tze Kok	-	-	-	-
6 Edwin Chin Vin Foong	-	-	-	-

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

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 28 SEPTEMBER 2018)

No.	Name	Shares Held	Percentage
1.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR NOMURA PB NOMINEES LTD	16,500,000	1.66
2.	MARA INCORPORATED SDN BHD	11,559,945	1.16
3.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD EXEMPT AN FOR MAYBANK KIM ENG SECURITIES PTE LTD	11,500,000	1.16
4.	SIM KIAN SENG	9,000,000	0.91
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHEONG HO LENG	8,640,000	0.87
6.	ONG SOI TAT	8,000,000	0.81
7.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KOK HENG	8,000,000	0.81
8.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE CHIN VUN	7,700,000	0.78
9.	SO AH TEE	7,100,000	0.71
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIM SOON CHAI	6,876,000	0.69
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD FOR YAN HOCK CHUAN	6,517,400	0.66
12.	WONG KOK SIN	6,499,800	0.65
13.	CARTABAN NOMINEES (ASING) SDN BHD FOR BARCLAYS BANK PLC	5,500,000	0.55
14.	NG KOK HENG	5,000,005	0.50
15.	WONG AH YONG	5,000,000	0.50
16.	NG AUN HOOI	4,700,000	0.47
17.	WONG KAR CHUAN	4,600,000	0.46
18.	MOHD JAMEL BIN ABDUL MUNIN	4,500,000	0.45
19.	NG KOK HENG	4,237,030	0.43
20.	CHOO WAI KIT	4,200,000	0.42
21.	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG	4,100,000	0.41
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG AH YONG	4,100,000	0.41
23.	LOH CHOON ONG	4,000,000	0.40
24.	NG CHIN HENG	4,000,000	0.40
25.	CHOO WAI KIT	3,900,000	0.39
26.	CHEAH FAH	3,746,200	0.38
27.	CHEAH ROCK KEE	3,700,000	0.37
28.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAN HOCK CHUAN	3,684,643	0.37
29.	JUTA KERJAYA SDN BHD	3,490,000	0.35
30.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING HUA KIONG	3,300,000	0.33
	Total	183,651,023	18.46

ANALYSIS OF WARRANT HOLDINGS

AS AT 28 SEPTEMBER 2018

WARRANTS

No. of Outstanding Warrants : 200,414,675 Warrants 2016/2019
No. of Warrant Holders : 1,007

DISTRIBUTION OF WARRANT HOLDINGS AS AT 28 SEPTEMBER 2018

SIZE OF WARRANT HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 – 99	6	0.59	300	0.00
100 – 1,000	48	4.77	29,700	0.01
1,001 – 10,000	158	15.69	1,014,700	0.51
10,001 – 100,000	508	50.45	26,573,375	13.26
100,001 to less than 5% of issued Warrant	287	28.50	172,796,600	86.22
5% and above of issued Warrant	0	0.00	0	0.00
TOTAL	1,007	100.00	200,414,675	100.00

DIRECTORS' WARRANT HOLDINGS AS AT 28 SEPTEMBER 2018

Directors' interests in warrants

	Direct		Indirect	
	No. of Warrants Held	Percentage Held	No. of Warrants Held	Percentage Held
1 Dato' Seri Abdul Azim bin Mohd Zabidi	-	-	-	-
2 Tan Sik Eek	-	-	-	-
3 Ng Kok Heng	500,000	0.25	-	-
4 Soo Pow Min	-	-	-	-
5 Hew Tze Kok	-	-	-	-
6 Edwin Chin Vin Foong	-	-	-	-

LIST OF TOP 30 WARRANT HOLDERS

(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 28 SEPTEMBER 2018)

No.	Name	Warrants Held	Percentage
1.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE KIM HEW	6,480,900	3.23
2.	SIM KIAN SENG	5,000,000	2.49
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIM SOON CHAI	4,458,000	2.22
4.	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG	4,100,000	2.05
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG AH YONG	4,100,000	2.05
6.	WONG AH YONG	4,000,000	2.00
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AKHBAR BIN MUHAMAD	3,800,000	1.90
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BHOPINDAR SINGH GILL	3,800,000	1.90
9.	DING TOH LEI	3,500,000	1.75
10.	TAN SIEW KHIM	2,933,000	1.46
11.	CHEAH ROCK KEE	2,700,000	1.35
12.	LEONG CHEE KEE	2,500,000	1.25
13.	CHEE CHI VUN	2,350,000	1.17
14.	KHOR SOON HUAT	2,334,000	1.16
15.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH CHOON HUAT	2,300,000	1.15
16.	HONG YOK HONG	2,200,000	1.10
17.	NG AUN HOOI	2,175,000	1.09
18.	OH EWE FATT	2,060,000	1.03
19.	LEE HYEN SIP @ SIMON	2,000,000	1.00
20.	TAN KOW HOW	1,999,900	1.00
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEN YUN	1,820,000	0.91
22.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING HUA KIONG	1,660,000	0.83
23.	CHENG JOO LAN	1,561,100	0.78
24.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH TUCK YEW	1,500,000	0.75
25.	LAU TING HWA	1,500,000	0.75
26.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH ENG HOE	1,500,000	0.75
27.	FONG WAI LIN	1,500,000	0.75
28.	HA TUNG HUA	1,445,800	0.72
29.	ROSLI BIN HASAN	1,300,000	0.65
30.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG ING TIN	1,300,000	0.65
	Total	79,877,700	39.89

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth (8th) Annual General Meeting of XOX Bhd (“XOX” or “the Company”) will be held at Inspire I & II, Food Tree Café (under Only World Group), No. 10, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, Shah Alam, Selangor Darul Ehsan on Thursday, 29 November 2018 at 9.00 a.m. for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Directors’ and Auditors’ Reports thereon.

Please refer to Explanatory Note 1

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

- i) Dato’ Seri Abdul Azim Bin Mohd Zabidi (Article 84)
- ii) Ng Kok Heng (Article 91)

Ordinary Resolution 1
Ordinary Resolution 2

3. To approve the payment of Directors’ fees of up to RM397,800 for the financial year ending 30 June 2019 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM152,000 for the period commencing from 29 November 2018 up to the next Annual General Meeting of the Company in 2019.

Ordinary Resolution 3

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

Ordinary Resolution 4

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 5

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

Notice of Annual General Meeting (Cont'd)

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

"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 Part A, Section 2.4 of the Circular to Shareholders dated 31 October 2018 for the purposes of Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

- (i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;
- (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of CA); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting,whichever is the earlier.
- (iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:
 - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or
 - (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

Notice of Annual General Meeting (Cont'd)

whichever is the higher;

and amongst other, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with XOX Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

7. Proposed Adoption of New Constitution of the Company ("Proposed Adoption")

Special Resolution 1

"THAT approval be and is hereby given for the Company to alter or amend the whole of the existing Memorandum and Articles of Association of the Company by the replacement thereof with a new Constitution of the Company as set out in Appendix II of the Circular to Shareholders dated 31 October 2018 with immediate effect.

AND THAT the Board be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company's common seal, where necessary) as the Board may consider necessary, expedient or relevant to give effect to and complete the Proposed Adoption with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Adoption."

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

By order of the Board,

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

Kuala Lumpur
31 October 2018

Notice of Annual General Meeting (Cont'd)

Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one proxy to attend the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
5. The Form of Proxy must be deposited at the Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time 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.
6. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 22 November 2018 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
7. 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 Year Ended 30 June 2018

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 3 : 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 29 November 2018 until the next Annual General Meeting for the Company in 2019.

Notice of Annual General Meeting (Cont'd)

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

The proposed Ordinary Resolution 5, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, 99,300,000 new ordinary shares in the Company were issued by way of private placement pursuant to the General Mandate granted to the Directors at the Seventh (7th) Annual General Meeting held on 27 November 2017 and which will lapse at the conclusion of the Eighth (8th) Annual General Meeting. The total proceeds raised from the said private placement exercise was around RM4,637,310. The details and status of the utilisation of proceeds raised from the said private placement exercise are as follows:

Details	Proposed Utilisation RM	Actual Utilisation RM	Balance Available for Utilisation RM
(i) Branding and marketing expenses	4,547,310	-	4,547,310
(ii) Estimated expenses for the Proposed Private Placement	90,000	69,630	20,370
Total	4,637,310	69,630	4,567,680

4. Ordinary Resolution 6: Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 6, 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.

5. Special Resolution 1: Proposed Adoption of New Constitution of the Company

The proposed Special Resolution 1, if passed, will enable the Company to streamline the Constitution to be in line with the Companies Act, 2016, the Listing Requirements, the prevailing statutory and regulatory requirements as well as to update the existing Memorandum and Articles of Association of the Company, where relevant, to render consistency throughout in order to facilitate and further enhance administrative efficiency.

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 this forthcoming 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 5 as stated in the Notice of Annual General Meeting of the Company for the details.

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XOX BHD (900384-X)

FORM OF PROXY

(Before completing this form please refer to the notes below)

I / We (Full Name in Block Letters) _____

NRIC No. / Passport No. / Company No. _____

of _____

being a member of XOX BHD, hereby appoint _____

_____ NRIC No. / Passport _____

of _____

and/or _____

of _____ NRIC No. / Passport No. _____

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eighth (8th) Annual General Meeting of the Company to be held at Inspire I & II, Food Tree Café (under Only World Group), No. 10, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, Shah Alam, Selangor Darul Ehsan on Thursday, 29 November 2018 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 re-elect Dato' Seri Abdul Azim Bin Mohd Zabidi as Director	Ordinary Resolution 1		
2.	To re-elect Ng Kok Heng as Director.	Ordinary Resolution 2		
3.	To approve the payment of Directors' fees and other benefits payable to the Directors.	Ordinary Resolution 3		
4.	To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4		
5.	To approve the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Ordinary Resolution 5		
6.	To approve the Proposed the Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Ordinary Resolution 6		
7.	To approve the Proposed Adoption of New Constitution of the Company.	Special Resolution 1		

(Please indicate with a "X" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion)

Signed this _____ day of _____, 2018.

Signature/Common Seal of Member

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy

No. of Shares : _____

Percentage : _____ %

Second Proxy

No. of Shares : _____

Percentage : _____ %

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one proxy to attend the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
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7. 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.

Affix Stamp

THE SHARE REGISTRAR OF
XOX BHD (900384-X)
SHAREWORKS SDN. BHD.
No.2-1, Jalan Sri Hartamas 8, Sri Hartamas
50480 Kuala Lumpur, Malaysia



XOX BHD 1900384-XI

Lot 8.1, 8th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor Darul Ehsan.

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