



ANNUAL REPORT  
**2021**

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WHERE IMAGINATION  
MEETS INNOVATION

# INSIDE THIS REPORT



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OUR VISION **TO BE A**

## WORLD CLASS COMPANY

BY DELIVERING INNOVATIVE AND  
CREATIVE PRODUCTS

To every subscriber globally through  
Our dynamic and inspiring talents





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

<b>1 Dato' Seri Abdul Azim bin Mohd Zabidi</b> <i>Non-Independent Non-Executive Chairman</i>	<b>3 Tan Sik Eek</b> <i>Executive Director</i>	<b>5 Andy Liew Hock Sim</b> <i>Independent Non-Executive Director</i>
<b>2 Roy Ho Yew Kee</b> <i>Executive Director</i>	<b>4 Hew Tze Kok</b> <i>Independent Non-Executive Director</i>	

### AUDIT COMMITTEE

**Hew Tze Kok**

(Chairman)

**Dato' Seri Abdul Azim bin Mohd Zabidi**

(Member)

**Andy Liew Hock Sim**

(Member)

### NOMINATION AND REMUNERATION COMMITTEE

**Andy Liew Hock Sim**

(Chairman)

**Dato' Seri Abdul Azim bin Mohd Zabidi**

(Member)

**Hew Tze Kok**

(Member)

### EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

**Tan Sik Eek**

(Chairman)

**Roy Ho Yew Kee**

(Member)

**Ng Kok Heng**

(Member)

### COMPANY SECRETARIES

**Chong Voon Wah**

(SSM PC No. 202008001343)

(MAICSA 7055003)

**Thai Kian Yau**

(SSM PC No. 202008001515)

(MIA 36921)

### PRINCIPAL BANKERS

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

### REGISTERED OFFICE

22-09, Menara 1MK

No. 1, Jalan Kiara

Mont Kiara

50480 Kuala Lumpur

Telephone: (603) 2856 7333

Email:

vw.chong@silverocean.com.my

### BUSINESS OFFICE

Lot 8.1, 8<sup>th</sup> Floor

Menara Lien Hoe

No. 8, Persiaran Tropicana

Tropicana Golf & Country Resort

47410 Petaling Jaya

Selangor Darul Ehsan

Telephone: (603) 7884 2388

Facsimile: (603) 7803 0778

### AUDITORS

**Messrs Moore Stephens Associates PLT**

Unit 3.3A, 3<sup>rd</sup> Floor

Surian Tower

No. 1, Jalan PJU 7/3

Mutiara Damansara

47810 Petaling Jaya

Selangor Darul Ehsan

Telephone: (603) 7728 1800

Facsimile: (603) 7728 9800

### SHARE REGISTRAR

**ShareWorks Sdn. Bhd.**

No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas

50480 Kuala Lumpur

Telephone: (603) 6201 1120

Facsimile: (603) 6201 3121

### LISTING

**ACE Market of Bursa Malaysia Securities Berhad**

### SHARES

Stock Name: XOX

Stock Code: 0165

### WEBSITE

www.xox.com.my

### INVESTOR RELATIONS

Email: ir@xox.com.my

Tel: (603) 7884 2388

# PROFILE OF DIRECTORS



## **DATO' SERI ABDUL AZIM BIN MOHD ZABIDI**

*Non-Independent Non-Executive Chairman*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 62

▶ Appointed to the Board on 30 June 2010.

Dato' Seri Abdul Azim bin Mohd Zabidi, was appointed to the Board on 30 June 2010. He graduated with a Masters 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 and Administrators, United Kingdom.

Aged 62, Dato' Seri Azim was Chairman of Bank Simpanan Nasional (BSN), Malaysia's National Savings Bank, a position he held for 10 years from 1999 – 2009. He had quickly risen through the ranks of the Malaysian financial industry, having started his banking career in 1984.

Growing from his work with BSN, Dato' Seri Azim was also active in the work undertaken by the Brussels based 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. In 2007, he became the first non-European since WSBI's inception, to be appointed to the dual post of Vice President and Treasurer.

A long association with the unit trusts/mutual funds and fund management industry culminated in Dato' Seri Azim's election as President of the Federation of Malaysian Unit Trust Managers, a post he held from 1998 to 2003. During this period, he was appointed Member of the Board of Directors of the International Investment Funds Association (IIFA), with headquarters in Montreal, Canada, a post he relinquished in 2008. The year prior to that, he was also appointed Chairman of the Board's Audit Committee.

His love for the arts and being an avid collector of Malaysian art works saw him being appointed Chairman of the Board of Trustees of the National Art Gallery, Malaysia in March 2009 until 2010.

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 5 May 2018, Dato' Seri Azim was elected Deputy President of the Olympic Council of Malaysia, a position he held until September 2021.

He now sits on numerous local and foreign Boards of Companies, both public and private, amongst which are Anzo Holdings Berhad, Fintec Global Berhad, LYC Healthcare Berhad and Seacera Group Berhad.

He is presently a member of the Audit Committee and Nomination and Remuneration Committee of the Company.

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

## PROFILE OF DIRECTORS



### ROY HO YEW KEE

*Executive Director*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 46

▶ Appointed to the Board on 22 March 2019.

Mr Roy Ho Yew Kee was appointed to the Board on 22 March 2019 as Non-Independent Non-Executive Director, and as the representative of Key Alliance Group Berhad, the major shareholder of the Company. On 16 March 2020, he was re-designated as Executive Director of the Company. He obtained his Bachelor of Commerce from the Griffith University, Brisbane, Australia. Mr Roy brings over 20 years of financial service and restructuring experience both locally and abroad in various capacities.

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

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

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

At present, he also sits on the board of directors of Key Alliance Group Berhad, Cheetah Holdings Berhad, Komarkcorp Berhad and Nexion Technologies Limited.

He is presently a member of the Employees' Share Option Scheme Committee of the Company.

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

## PROFILE OF DIRECTORS



### TAN SIK EEK

*Executive Director*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 45

▶ Appointed to the Board on 25 August 2016.

Mr 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 majored in Economics and Political Science from University of Sydney, Australia.

He has more than a decade of experiences ranging from corporate finance advisory to private equity investments. He was previously a partner in a private equity firm focused on investing in companies seeking growth funding and pre-IPO capital. Prior to that, he was specialising in securing funding from a series of established North America global opportunity fund, for companies listed on the regional capital markets.

Since 2013, he has been engaged as the Director of a number of public companies to provide management strategy, day to day operational oversight, fund raising and business development planning of the various companies.

He is also a Director of DGB Asia Berhad, Fintec Global Berhad, Mlabs Systems Berhad and NetX Holdings Berhad. He is presently the Chairman of the Employees' Share Option Scheme Committee of the Company.

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

## PROFILE OF DIRECTORS



### HEW TZE KOK

*Independent Non-Executive Director*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 44

▶ Appointed to the Board on 21 October 2013.

Mr 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 does not hold any directorship in any other public listed companies.

He is presently the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company.

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

## PROFILE OF DIRECTORS



### ANDY LIEW HOCK SIM

*Independent Non-Executive Director*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 41

▶ Appointed to the Board on 1 March 2020.

Mr Andy Liew Hock Sim was appointed to the Board on 1 March 2020 as an Independent Non-Executive Director. Mr Andy is a Chartered Accountant with Malaysian Institute of Accountants (“MIA”) and member of Certified Practising Accountant (“CPA”) Australia.

Mr Andy has 20 years of experience with major audit firms in audit, taxation and accountancy that gained from both Malaysia and oversea. He was involved in numerous successful initial public offering (“IPO”) in Malaysia, Singapore, Hong Kong and Germany throughout his career.

Mr Andy started his career with a local audit firm in Malaysia. He then joined KPMG Kuala Lumpur after obtained his professional qualifications, i.e. MIA and CPA Australia in 2006. In KPMG Kuala Lumpur, he started to involve in the audit of multinational corporation and public listed company. He also involved in the IPO of a financial services company in the Main Market of Kuala Lumpur Stock Exchange.

In 2008, he ventured to China and since then, spent 8 years in China. From 2008 to 2012, he worked in KPMG Beijing as Manager and actively involved in audit and IPO engagements. In 2012, he joined a China-based manufacturing company in the capacity of chief financial officer, and listed the company in Frankfurt Stock Exchange in 2014 prior to his return to Malaysia.

Upon his return to Malaysia in 2016, he joined Baker Tilly Malaysia as the Director of the Transaction Reporting department. He was then promoted to Partner in 2017 and led a team of 40 specialise in IPO engagements and actively involved in various corporate exercises, e.g. business restructuring, merger and acquisition, reverse takeover, transfer listing, financial due diligence, regularisation plan for PN17 company, fund raising and etc.

In 2019, he started his own public practice and assumed the role of Managing Partner.

At present, he also sits on the board of directors of XOX Networks Berhad (formerly known as MACPIE Berhad), Perak Corporation Berhad and Oversea Enterprise Berhad.

He is presently the Chairman of the 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.



# PROFILE OF KEY SENIOR MANAGEMENT



## NG KOK HENG

*Chief Executive Officer*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 58

Mr 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 and thereafter retired from the said position on 27 February 2020.

He was a consultant to Teligent AB, Sweden, a telecommunications provider and has worked with key players in various Southeast 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 also sits on the board of directors of XOX Technology Berhad (formerly known as M3 Technologies (Asia) Berhad).

He is presently a member of the Employees' Share Option Scheme 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.



## SYLVIA KONG CHOO HUI

*Chief Financial Officer*

**Nationality:** Malaysian

**Gender:** Female

**Age:** 55

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

She joined the Company as Chief Financial Officer in 2015 and overseeing the Finance, Taxation, Legal, Human Resources, Administration and Big Data of the Group.

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.

## PROFILE OF KEY SENIOR MANAGEMENT



### AZRIL BIN ALIUDDIN

*Chief Strategy Officer*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 43



### TAN TAI LIANG

*Chief Sales Officer*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 55

Mr Azril Bin 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 the Company since 2009 in various roles from project management, business process engineering, business development and business strategy. He is part of the pioneer team in the Company which form and develop the Company to be the 'thick' MVNO in the country. He is instrumental in driving the technology initiatives in the Company and setting up the technical foundation for the Company moving forward.

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

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

Mr Tan Tai Liang graduated with a Diploma in Marketing from the Institute of Marketing, UK. He joined the Company in 2009 with the position of General Manager. He was very proficient in all aspects of job and with his outperform work attitude, currently, he holds the position of Chief Sales Officer.

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

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

He does not hold any directorship in any other public listed companies. He has no relationship with any other Director or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than the traffic offence, if any.

## PROFILE OF KEY SENIOR MANAGEMENT



### **SIM CHIN YEE**

*Chief Technology Officer*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 44

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

He does not hold any directorship in any other public listed companies. He has no relationship with any other Director or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than the traffic offence, if any.



### **WINSON WONG MUN ONN**

*Chief Operating Officer*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 38

Mr Winson Wong Mun Onn is responsible for Big Data, Digital, Strategic Marketing and Product Development in XOX. Mr Winson joined the Company in May 2015 as Assistant General Manager, Marketing and was subsequently promoted to be Vice President, Big Data in Sep 2019. Currently, he holds the position of Chief Operating Officer.

Throughout Winson's time in XOX, he has made significant contributions towards Analytics & Big Data development creating new experiences, services, products and to perform Risk Analysis.

Prior to joining XOX, Winson held the position of Head of Marketing with a multinational mobile phone company in Bangkok, Thailand.

Winson received his Diploma in Mass Communication from Tunku Abdul Rahman College and is awarded with a Master's in Business Administration from Anglia Ruskin University, United Kingdom.

He does not hold any directorship in any other public listed companies. He has no relationship with any other Director or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than the traffic offence, if any.

# FINANCIAL HIGHLIGHTS

## GROUP FINANCIAL SUMMARY

	12 Months FY 2021 RM	12 Months FY 2020 RM	15 Months* FY 2019 RM	12 Months FY 2018 RM	12 Months FY 2017 RM
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## FINANCIAL RESULTS

Revenue	<b>334,626,293</b>	251,436,160	311,361,314	187,542,724	179,878,953
Loss Before Tax	<b>(46,858,141)</b>	(55,663,403)	(21,344,657)	(11,639,022)	(788,346)
Loss After Tax	<b>(47,395,229)</b>	(54,447,415)	(21,499,673)	(11,844,898)	(1,124,543)
Earnings Before Interest Tax Depreciation & Amortisation ("EBITDA")	<b>(32,220,975)</b>	(37,341,225)	(6,565,775)	(3,449,253)	5,808,814
Loss Attributable to Shareholders	<b>(45,488,924)</b>	(52,323,588)	(21,177,600)	(11,899,760)	(939,550)

## FINANCIAL POSITION

Ordinary shares	<b>432,150,129</b>	343,519,338	126,892,891	122,255,081	107,437,179
Irredeemable convertible preference shares ("ICPS")	<b>1,949,285</b>	2,160,345	-	-	-
Reserves	<b>(128,384,857)</b>	(84,256,163)	(33,706,396)	(12,519,988)	(1,338,939)
<b>Shareholders' Equity</b>	<b>305,714,557</b>	261,423,520	93,186,495	109,735,093	106,098,240
Non-controlling interests	<b>(1,776,145)</b>	136,572	2,312,034	513,418	458,556
<b>Total Equity</b>	<b>303,938,412</b>	261,560,092	95,498,529	110,248,511	106,556,796
Non-Current Liabilities	<b>8,918,403</b>	8,929,674	2,987,008	1,496,547	1,739,486
Current Liabilities	<b>107,771,334</b>	77,247,375	83,448,889	55,483,619	48,607,045
<b>Total Equity And Liabilities</b>	<b>420,628,149</b>	347,737,141	181,934,426	167,228,677	156,903,327
Non-Current Assets	<b>188,290,782</b>	97,844,878	90,597,168	85,051,839	76,045,755
Current Assets	<b>232,337,367</b>	249,892,263	91,337,258	82,176,838	80,857,572
<b>Total Assets</b>	<b>420,628,149</b>	347,737,141	181,934,426	167,228,677	156,903,327

## FINANCIAL RATIOS

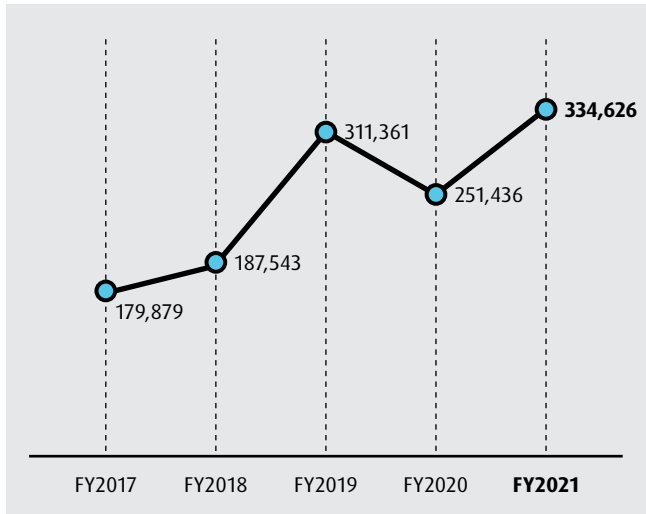
Net Assets Per Share (sen)	<b>7.57</b>	8.52	8.53	11.05	12.46
Net Loss Per Share (sen)	<b>(1.21)</b>	(3.77)	(1.98)	(1.27)	(0.14)

\* The financial year end of the Group and of the Company were changed from 30 June to 30 September.

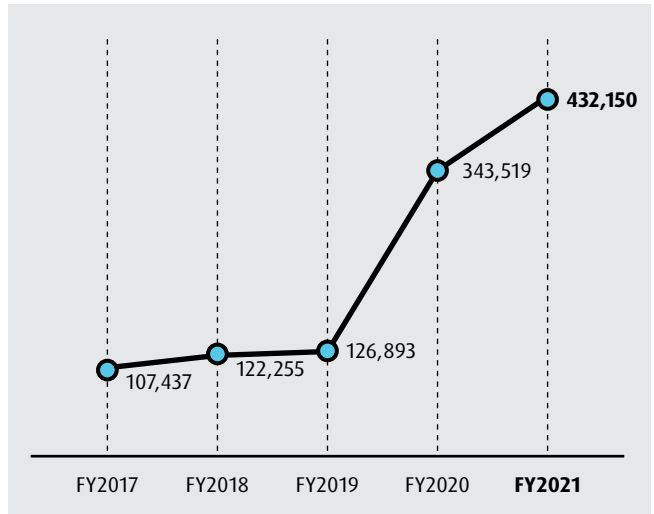


# FINANCIAL HIGHLIGHTS

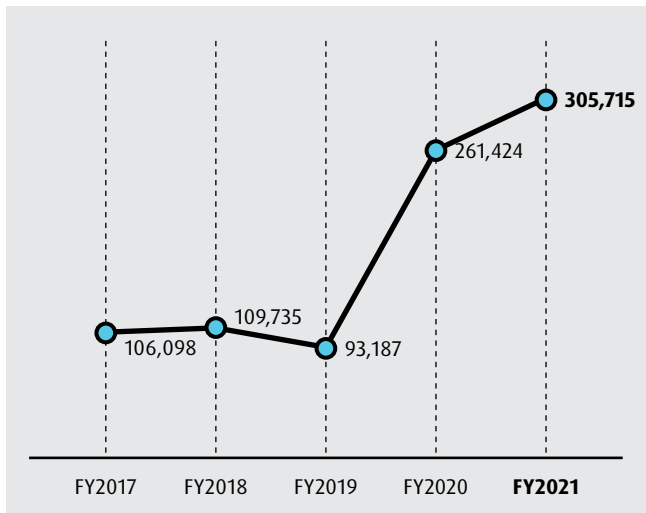
**REVENUE (RM'000)**



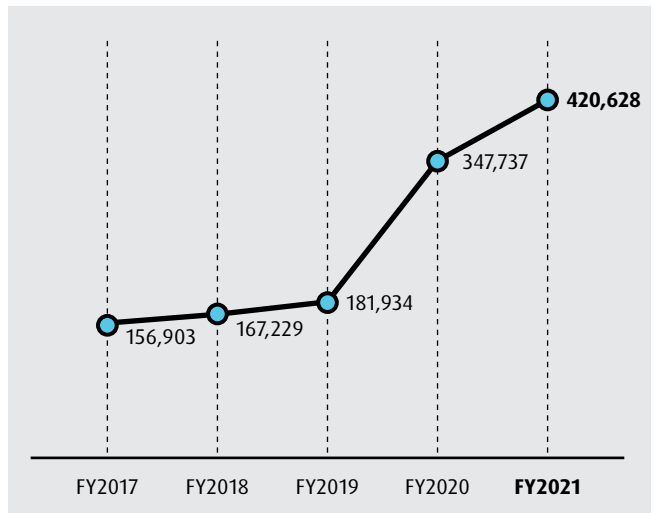
**ORDINARY SHARES (RM'000)**



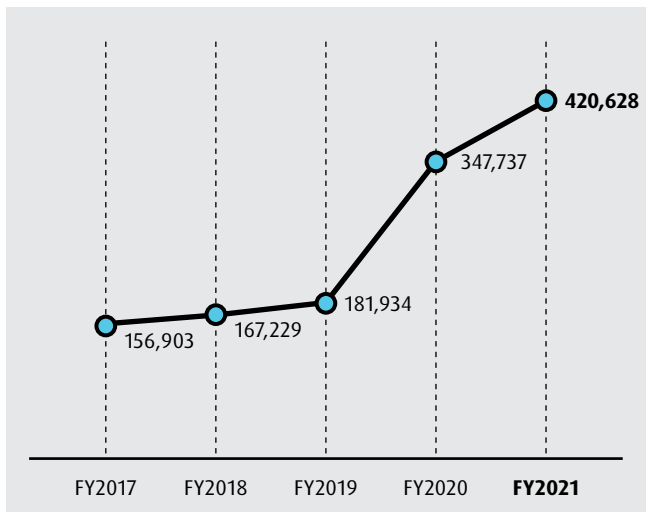
**SHAREHOLDERS' EQUITY (RM'000)**



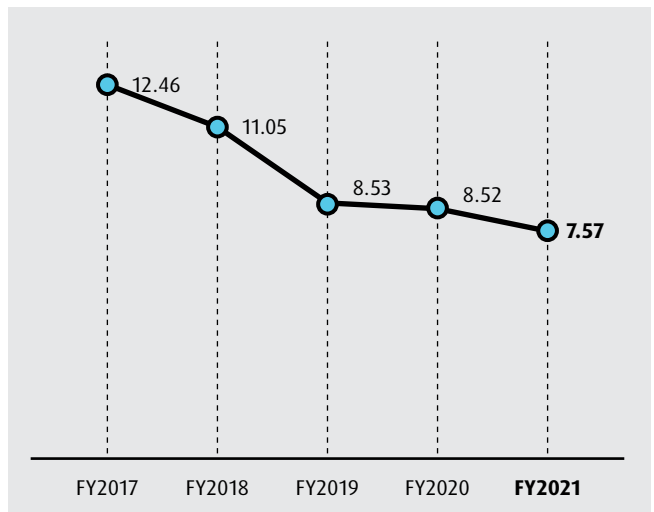
**TOTAL EQUITY AND LIABILITIES (RM'000)**



**TOTAL ASSETS (RM'000)**



**NET ASSETS PER SHARE (sen)**



# CORPORATE STRUCTURE

## XOX Bhd

201001016682 (900384-X)



100%

### ▶ XOX Com Sdn. Bhd.

Provider of mobile telecommunication products and services

### XOX Mobile Sdn. Bhd.

Provider of telecommunication products and related services

100%

100%

### ▶ XOX Mobile Pte. Ltd.

Intended engaged in the provision of mobile cellular and other wireless telecommunications network operation

51%

### ▶ XOX Wallet Sdn. Bhd.

Provision of mobile wallet services; trading of telecommunications airtime as a traded commodity for Shariah compliant financing and provision of information technology solution or products which brings simplification to businesses

# CORPORATE STRUCTURE

100%

## ▶ XOX Management Services Sdn. Bhd.

Provision of management services

100%

## ▶ XOX Media Sdn. Bhd.

Provision of fintech, telecommunication and mobile application services

### PT. Nusantara Mobile Telecommunication

Intended engaged in telecommunication products and services, mobile application services and e-Wallet services. Ceased operation and remained dormant

40%

100%

## ▶ XOX (Hong Kong) Limited

Investment holding

### XOX International Sdn. Bhd.

Investment company and provision of management services; telecommunication and fintech products and services. Yet to start operation and remained dormant

100%

### SpacedX Sdn. Bhd.

Provision of vending machines, advertising business to promote the usage of digital wallets and cashless transactions

45%

51%

## ▶ X Style Sdn. Bhd.

Provision of mobile virtual network operator services and broadband internet services. Ceased operation and remained dormant

60%

## ▶ One XOX Sdn. Bhd.

Wholesaler of mobile telecommunication products and services

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

XOX Bhd (“XOX” or “the Company”) and its subsidiaries (collectively referred to as “the Group”) are principally engaged in the provision of mobile telecommunications products and services, e-Wallet services, e-Commerce services and digital advertising. As Malaysia’s first and only publicly listed Mobile Virtual Network Operator, the Group is gradually transforming itself into a technology company leveraging on the 4<sup>th</sup> Industrial Revolution.



Arising from this, we are continually pressing ourselves to offer innovative and digital solutions to our subscribers and consumers to enable them to experience an exciting next-generation customer experience in a sustainable digital future.

XOX’s core business has been dependent on the growth of the SIM card subscriber base, and with products packaged in “ONEXOX Prepaid” and “ONEXOX BLACK”, users are able to carry forward their data and minutes seamlessly. To ease the financial burdens of subscribers, “Season Pass” promotions were introduced to offer bulk advance purchases which enable unlimited sharing of Data, Talk Time and SMS quotas to all XOX mobile users.

With more than 2.5 million subscribers, we place our total dedication into technology and innovation. Our people have the right passion, understanding, and most importantly, empathy to provide and deliver adaptable solutions and a sustainable ecosystem, paired with unparalleled local customer care. We aim to empower Malaysians with the digital capacity to sustain and generate income and at the same time help those who have faltered. At XOX, we continue to thrive and innovate for everyone to move towards a future of limitless possibilities.

In line with the Company’s Fintech business expansion as a synergy to the mobile business, and with virtual human interaction moving online amid lockdowns and physical distancing due to the pandemic, we have focused on more digitised products and services. XOX has shifted more focus to enhancing and enriching customer experience through technology.

To keep ahead of the times, the Group has explored other digital products and solutions to cater to market trends and demands. This includes a strategic partnership with Antchain for the Company’s Blockchain Traceability Solution Product, TraX. The concept is to enable companies and consumers alike to track and trace products from the source and origin of where it was harvested or manufactured.

To align with the goals of trust and adapting technology in the everyday lives of consumers. XOX aims to maintain its goals to spearhead innovation and technology through Fintech, Blockchain and e-Commerce to enrich the daily lives of our community. Going forward, we intend to navigate the ever-changing landscape which COVID-19 has created for the market by focusing on community and user experience.



## MANAGEMENT DISCUSSION AND ANALYSIS



### Revenue

**RM334.63**  
**million**

compared to RM251.44 million



### LBITDA

**RM32.22**  
**million**

compared to RM37.34 million



### Strong Cash Position

**RM163.77**  
**million**

the solid balance sheet



### Total assets

**RM420.63**  
**million**

rose from RM347.74 million

### FINANCIAL REVIEW

	FY 2021 RM	FY 2020 RM
<b>Financial Results</b>		
Revenue	<b>334,626,293</b>	251,436,160
Loss Before Tax	<b>(46,858,141)</b>	(55,663,403)
Earnings Before Interest Tax Depreciation & Amortisation ("EBITDA")	<b>(32,220,975)</b>	(37,341,225)
Loss Attributable to Shareholders	<b>(45,488,924)</b>	(52,323,588)
<b>Financial Positions</b>		
Shareholders' Equity	<b>305,714,557</b>	261,423,520
Total Assets	<b>420,628,149</b>	347,737,141
Basic Loss Per Share (Sen)	<b>(1.21)</b>	(3.77)
Net Assets Per Share (Sen)	<b>7.57</b>	8.52

### Financial Results

For the financial year ended ("FYE") 2021, the Group delivered a 33% revenue growth or RM83.19 million to RM334.63 million compared to RM251.44 million for FYE 2020 despite the continued lockdowns and economic tremors caused by the COVID-19 pandemic. This rise in revenue was attributed to the crucial nature of connectivity services provided by the Group, better quality subscribers with personalised offers based on customers' preference through digital marketing and target advertising activities, coupled with the encouraging demand for entry-level phone bundling plan via Jaringan Prihatin Program.

As we recalibrate for a strategy of growth, besides the positive contribution from the telecommunications business, the launch of the e-Commerce platform, namely XOX BLACK Market had contributed RM17.25 million revenue to the Group for the FYE 2021.

Despite the growth in revenue, the Group posted a loss before tax ("LBT") of RM46.86 million for the financial year under review. The loss reported arose from the fair value loss adjustment in quoted shares investment of RM43.60 million and RM7.74 million share of loss of associates together with impairment loss on investment in associates.

Consequently, the loss before interest, tax, depreciation and amortisation ("LBITDA") stood at RM32.22 million, and Group losses attributable to shareholders amounted to RM45.49 million for the financial year, compared to RM52.32 million for FYE 2020.

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

### Financial Position

The Group's financial position remains healthy. XOX Group ended the financial year with a stable cash position of RM163.77 million. The strong balance sheet with a healthy cash position had enabled us to sustain the intense competitive environment and explore options to unlock the fintech & digital opportunities.

Total assets increased by RM72.89 million from RM347.74 million to RM420.63 million, mainly from the investment in associates and increased investment in quoted shares during the financial year.

As of 30 September 2021, Shareholders' equity increased to RM305.71 million following shares issued under the Private Placement corporate exercise, Share Issuance Scheme ("SIS") and Employees' Share Option Scheme ("ESOS").

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND OPERATIONAL REVIEW

As a communications technology company, we are operating in an environment that is undergoing rapid and unprecedented digital transformation. Besides leveraging technology to enhance our products and customer interactions, we are exploring opportunities to unlock value given the growing connectivity and digitalisation that is pervasive at present.

In December 2020, XOX launched its e-Commerce digital marketplace known as XOX BLACK Market. This platform is designed to provide our community base an opportunity to secure an alternative source of revenue to supplement their monthly income which may have been affected because of the pandemic.

Through the e-Commerce BLACK Market store, XOX was able to create for our dealers an alternative revenue source to supplement their income during the trying period of the pandemic. With the success of this launch, the e-Commerce platform has been fully engaged in finding more products to sustain the current demand and creating monthly campaigns to engage with a new target market from the usual telco subscribers.

XOX BLACK Market is a scalable and mobile-centric marketplace with integrated payment and logistics infrastructure as well as comprehensive buyer/seller services which provide a seamless shopping experience for consumers and business opportunities for merchants. Currently, the XOX BLACK Market provides a range of consumer and household products such as health and beauty products, personal care products, F&B products, electronic devices and related accessories, automotive products and fashion apparel. At present, the XOX BLACK Market is only available to existing XOX subscribers.

In May 2021, Jaringan Prihatin was launched as an initiative by the Government to subsidise the cost of staying connected during the pandemic for those in the B40 category. It was an initiative that XOX felt strongly about and we utilised this occasion to also contribute to the community by introducing packages with phones included and ensuring that these packages were the best in the market for subscribers to use to stay connected. The Group received encouraging response and demand since its launch till the program ended on 30 September 2021.

In August 2021, XOX launched an initiative to further support the community while still maintaining the use of technology. With the ever-changing SOPs for schools in 2021, Malaysia saw a shift in the way students had to learn. The major issue was that learning was now fully online and that meant that the B40 category who did not have enough data at home to connect online, would get left behind in their studies. A program calls "**Jom Bantu Data Untuk Mereka**" was created, whereby XOX's community was given the option to donate unused data to those in need. The initiative was a huge success with more than 68,000GB worth of data donated within 2 months. XOX thrives in pushing the boundaries of connecting with the community further and will aim to make "Jom Bantu" a household name in the CSR scene.

In September 2021, the Group collaborated with a financing partner and successfully launched the Dealer i-Financing. The financing facility is offered to all the Group's dealers to provide them with the prospect of expanding their business.

Above all else, XOX Group is focusing on a major branding revamp to realign the targets and goals as we head towards a technology solution provider, and through strategic partnerships, create new technology driven products for the mass market. Transitioning to 2022, with the right partners and dealers, XOX strives to provide more innovative telecommunications products and services as well as fintech services to our subscribers and community as a whole.

While the Group is establishing new engines of growth, we remain committed to maintaining our core mobile business by adding value to our customers' lives and helping them reap the benefits of technology by creating a multifaceted seamless digital experience.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CORPORATE EXERCISES

### Renounceable Rights Issue of New Irredeemable Convertible Preference Shares (“ICPS”) with Free Detachable Warrants B 2020/2023

On 12 March 2020, the Company issued and allotted 1,061,027,506 new ICPS of RM26,525,688 at an issue price of RM0.025 per share and 265,258,876 Warrant B 2020/2023.

During the FYE 2021, a total number of 8,442,400 ICPS was converted into 8,442,400 ordinary shares at a conversion ratio of 1 ICPS for 1 new ordinary share, raising total funds of RM211,060.00; and the ICPS of the Company decreased from RM2,160,345 as of 30 September 2020 to RM1,949,285 as of 30 September 2021.

In addition, 80,000 new ordinary shares at an issue price of RM0.06 per share were issued pursuant to the exercise of Warrant B 2020/2023.

### Private Placement

On 15 December 2020, the Company completed a private placement exercise involving the issuance of 614,851,000 new shares at the issue price ranging from RM0.095 to RM0.1119 per share, raising total proceeds of RM60.63 million for the fintech business expansion plan.

The fintech business expansion plan comprises the development and commercialisation of:

- i) a scalable digital marketplace integrated with e-Wallet for payment services, logistics infrastructure for shipping and delivery of goods as well as comprehensive buyer/seller services which aims to provide a seamless shopping experience for merchants and consumers (now known as XOX BLACK Market);
- ii) provision of microfinancing services via a platform that is integrated with e-Wallet for individuals and small businesses who lack access to conventional banking and related services; and
- iii) integration and enhancement of the XOX e-Wallet with blockchain and e-KYC solutions to enable users of its digital wallet to deposit, withdraw and exchange real currencies and digital assets as well as perform digital transactions.

### Share Issuance Scheme (“SIS”)

During the FYE 2021, 246,241,000 SIS options were granted to eligible Directors and employees at prices between RM0.07 to RM0.12 per share, whereas 243,197,600 SIS options were exercised at prices between RM0.07 to RM0.13.

The SIS had lapsed on 13 March 2021.

### Employees' Share Option Scheme (“ESOS”)

An extraordinary general meeting held on 19 April 2021, the Company's shareholders approved the establishment of ESOS of not more than 30% of the issued and paid-up share capital of the Company at any point of time throughout the duration of the scheme to the eligible Directors and employees of the Group.

From the effective date of implementation of the ESOS on 27 May 2021 to FYE 2021, 405,233,000 ESOS were granted to the eligible Directors and employees at the exercise price of RM0.038 to RM0.048. Of this 100,463,200 options were exercised at a price of RM0.045 under the Group's ESOS.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Acquisition of Associates

During the FYE 2021, the Group concluded 2 acquisitions of associates to complement and add synergies to the Group, as follows:

i) Cheetah Holdings Berhad ("CHB")

On 8 February 2021, the wholly-owned subsidiary of the Company, XOX (Hong Kong) Limited entered into a Sale and Purchase Agreement ("SPA") with Chia Yoon Yuen Holdings Sdn. Bhd. for the acquisition of 33,800,000 ordinary shares in CHB for a total consideration of RM44,616,000, representing approximately 29.43% of the total issued and paid-up share capital of CHB.

ii) XOX Technology Berhad (formerly known as M3 Technologies (Asia) Berhad) ("XTB")

During the FYE 2021, the wholly-owned subsidiary of the Company, XOX (Hong Kong) Limited acquired an additional 159,500,000 ordinary shares in XTB resulting in an increase in the Group's equity interest in XTB from 11.26% to 25.95%.

## Joint Venture

On 4 January 2021, the Company's wholly-owned subsidiary, XOX Media Sdn. Bhd. subscribed for 4,500,000 ordinary shares representing an equity interest of 45% in SpacedX Sdn. Bhd. for a total cash consideration of RM4,500,000.

SpacedX Sdn. Bhd. is principally engaged in the provision of vending machines, advertising business to promote the usage of digital wallets and cashless transactions.

## ANTICIPATED RISKS AND MITIGATING FACTORS

Our Group is operating in a very complex and disruptive environment, prefaced on rapid changes in technology and diverse consumer preferences and the Group's move to this digital domain will inevitably present more challenges and risks. Some of the more critical risks faced by the Group and its mitigating features can be summarised as follows:

### Competitive Treats

The fast-changing and competitive telco landscape continue to intensify as operators provide innovative and overlapping services due to the rising demand for intelligent connectivity. With the wave of 5G implementations ramping up, digital transformation is crucial for XOX to remain innovative in its unique products offerings and value proposition with the savings-driven approach to deliver the best value for money products and services to our subscribers, developing technological solutions to facilitate business to adapt to the rapidly changing business environment and compete effectively.

### Data Privacy and Protection Risks

The Group is operating under a high-risk industry for cybercriminals as the industry controls a vast majority of complex and critical communication infrastructure. Data is a valuable resource thus we are exposed to various vulnerabilities.

Cybersecurity threatens the resilience and integrity of our network infrastructure and support systems, heightened by regulations and subscribers rising concerns of a data breach, theft, loss and misappropriation of information. With the fintech business expansion, we are facing the growing challenges of ensuring the subscribers' data and XOX infrastructure are protected against cyber-attacks. The impact on security breach compromises the confidentiality, integrity or availability of confidential information and disrupts our systems and business applications, impairing our ability to provide services. Strengthening the operational process to detect potential threats, and identify data protection risks with security measures to protect against cyberthreats and continued to work with partners in adopting a holistic approach to cybersecurity to mitigate the threats posed by the security vulnerabilities inherent in the industry.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Technology Risks

The Group is reliant on the latest technology infrastructure to offer fintech solutions. Any technology failure can mean customers are unable to access our services resulting in loss of revenue or loss of customers.

Fintech businesses will need a dedicated policy to manage evolving risks. We will formulate a comprehensive fintech solutions policy to cover the liabilities arising from financial services and technology services and management liability, theft of funds and cyber coverage.

Technology stacks will need to be comprehensive and up to date to ensure it meets the business and consumer demand. We will implement technology review and refresher periodically to stay current with technology standards.

## Regulatory Risks

Regulatory and compliance risk due to changes in laws, policies or requirements in the telecommunication industry as well as business ethics and tax laws.

Ventures into new technology, new products and further distribution brings a wealth of opportunities and also new regulatory exposures. Our business expansion to be a provider of fintech solutions and digitalisation will need safeguards that we keep aware of the implementation of suitable and satisfactory risk management systems. As the fintech markets continue to evolve, so will the regulatory environment, and a significant risk for fintech solutions to be updated with the regulators' standards, rules and regulations. The Group keeps abreast of the government policies, rules and regulations with strong internal governance, risk assessment and monitoring program in place to ensure compliance.

## Talent and Succession Management Risk

Our people are our most important assets. The Group believes the continued success will depend upon the support from the existing key management and technical personnel. Besides upskilling our workforce, managing succession planning, retaining talent, and attracting new talent are crucial for our strategy to build future capabilities amid the stiff market competition.

The Group will continue to advocate continuous learning, develop retention programs, and emphasise employees' welfares to ensure the workforce is committed to maintaining our competitive advantage in the market.

## Investment Risk

The Group has aggressively invested or acquired business to complement and add synergies to the Group. The investment process and decision had relied on the information and analytical resources available, but the investment value can fluctuate significantly depending on the vagaries of the market and its environment in the short term. This will have an impact on the investment portfolio performance and thus the financial results of the Group. Thus, the Group needs to manage these risks by diversifying its investment portfolio to achieve a balanced portfolio that will ride out adverse market situations.

## OUTLOOK & PROSPECTS

With the COVID-19 pandemic still not abating and with our business operating in an industry which is highly competitive, it will be a real challenge for us to provide an outlook on what the environment will be in the ensuing period. Notwithstanding this, the Group remains committed to our core business of offering attractive mobile subscription plans for connectivity services.

As we enter the 5G era, this could transform the network from something we carry around to something that takes us around, either virtually or in reality. The 5G outcome and benefits are beyond just faster connectivity but its true potential in terms of business models and timelines, remains largely uncertain. We will continue to grow our digital ecosystems to deepen engagement with our subscriber base to capture value and the opportunities that lie within.

Premised on the overview and outlook of the telecommunication industry and the accelerating macro trends such as technology proliferation and digitalisation, the Board is cautiously optimistic about the future prospects of the Group despite the challenges that may be in store.

# EVENT HIGHLIGHTS 2021

XOX

## UNITY LEAGUE 2021

16/1/2021 to 22/8/2021



### TOURNAMENT FORMAT

REGION MASTER <small>148 TEAMS</small>		GRAND MASTER <small>512 TEAMS</small>		GRAND MASTER <small>512 TEAMS</small>			
GROUP STAGE		GROUP STAGE		FINAL PLAYOFFS			
16 JAN - 7 FEB 2021 / ONLINE		19 MAR - 28 MAR 2021 / ONLINE		27 MAR - 30 MAR 2021 / OFFLINE			
<b>NORTH</b> PULAU PINANG	16 JANUARY 64 TEAMS	<b>4</b> GROUPS FROM EACH REGION	<b>512 TEAMS</b> REGISTERED	<b>QUALIFIER</b> ROUNDS	<b>QUARTER</b> ROUNDS	<b>32</b> COMPETE IN SEMIFINALS IN 16 TEAMS/GROUP	
<b>SOUTH</b> KUALA LUMPUR	23 JANUARY 64 TEAMS						
<b>CENTRAL</b> KUALA LUMPUR	30 JANUARY 64 TEAMS			<b>16</b> TEAMS FROM EACH REGION	<b>4</b> GROUPS / PLAYOFFS	<b>16</b> TEAMS FROM EACH REGION	<b>6</b> TEAMS FROM EACH REGION
<b>EAST</b> KUALA LUMPUR	6 FEBRUARY 64 TEAMS			<b>TOP 2</b> FROM EACH REGION	<b>TOP 2</b> FROM EACH GROUP	<b>TOP 4</b> FROM EACH GROUP	<b>TOP 8</b> FROM EACH REGION
<b>BORNEO</b> KUALA LUMPUR	7 FEBRUARY 64 TEAMS	<b>6</b> TEAMS FROM EACH REGION	<b>16</b> TEAMS FROM GRAND MASTER MOVE TO FINAL PLAYOFFS IN GRAND FINALS	<b>16</b> TEAMS FROM GRAND MASTER	<b>16</b> TEAMS FROM GRAND FINALS	<b>16</b> TEAMS COMPETE IN GRAND FINALS	

The XOX Unity League 2021 was to promote gaming through the popular battle royale-styled mobile game, PUBG Mobile. This campaign was held from January till August 2021 serves as a roadmap for the future development of local e-Sports ecosystem. It also aims to propel Malaysian e-Sports to embrace the youth market and to put Malaysia on the map as the most active and attractive centre for e-Sports excellence in South East Asia.

## EVENT HIGHLIGHTS 2021

### XOX CSR – **XIE XIE FRONTLINERS**

5/3/2021



To express our gratitude, XOX donating to frontliners at Pusat Kawalan Kusta Negara, Sg Buloh and Hospital UKM at Bandar Tun Razak through this CSR campaign.

### CHEETAH JOINT **COLLABORATION EVENT**

6/4/2021



XOX signed a tripartite collaboration with latest fashion partner, Cheetah, along with Lambo to feature more of the fashion label's line of designs and products, at the same time to provide quality deliveries to customers who purchase from the new Cheetah website.



CAR BONANZA CAMPAIGN  
GRAND FINALE

13/4/2021



The Car Bonanza Campaign Grand Finale ended with a bang, with XOX Group CEO Mr. Ng Kok Heng and ONEXOX CEO Mr. Bobie Farid Shamsuddin giving away cars and prizes to the campaign winners. This was also the day that XOX proudly declared that we will create 100,000 more jobs for Malaysians.

XOX X MLABS  
SUPPLY & INSTALLATION  
AGREEMENT SIGNING

23/4/2021



XOX and Mlabs entered into a Supply & Installation Agreement (SIA) that saw implementation of ASEAN and Malaysia's first transformative Remote Cloud-based Contact Centre, powered by Cisco's Webex, to enable more efficient, effective and inclusive remote work experience for XOX's contact centre team to deliver more outstanding support to its 2.5 million customers and 20,000 dealers nationwide.

## TKKR SPONSORSHIP 2021

1/5/2021 to 1/11/2021



The sponsorship of TTKR Racing Team had created more brand awareness and brand exposure for XOX to reach out to motorsport enthusiasts from all over the world.

## SELANGOR COVID-19 VACCINATION PROGRAMME (SelVAX)

20/7/2021 and 10/8/2021



XOX Group participated in the Selangor COVID-19 Vaccination Programme (SelVAX) to ensure all employees received their dosages of vaccine, in bid of combatting the on-going pandemic that has plague the country and globally. All costs of vaccination were borne by the Company.



## ONEXOX BANTU – **FOOD BANK**

01/08/2021 to 31/08/2021



In conjunction with Phase 1 of the National Recovery Plan (NRP), ONEXOX Bantu - Food Bank Program was introduced as one of the initiatives by ONEXOX to help the less fortunate people to get food while reducing their cost of living. The Group contributed a total of 2,500 food packs that came with two boxes of Mix Overseas Cookies, as well as 10 pieces of oXyMask during the Food Bank campaign.

## EVENT HIGHLIGHTS 2021

### #JOMBANTU INITIATIVE

12/08/2021 until further notice

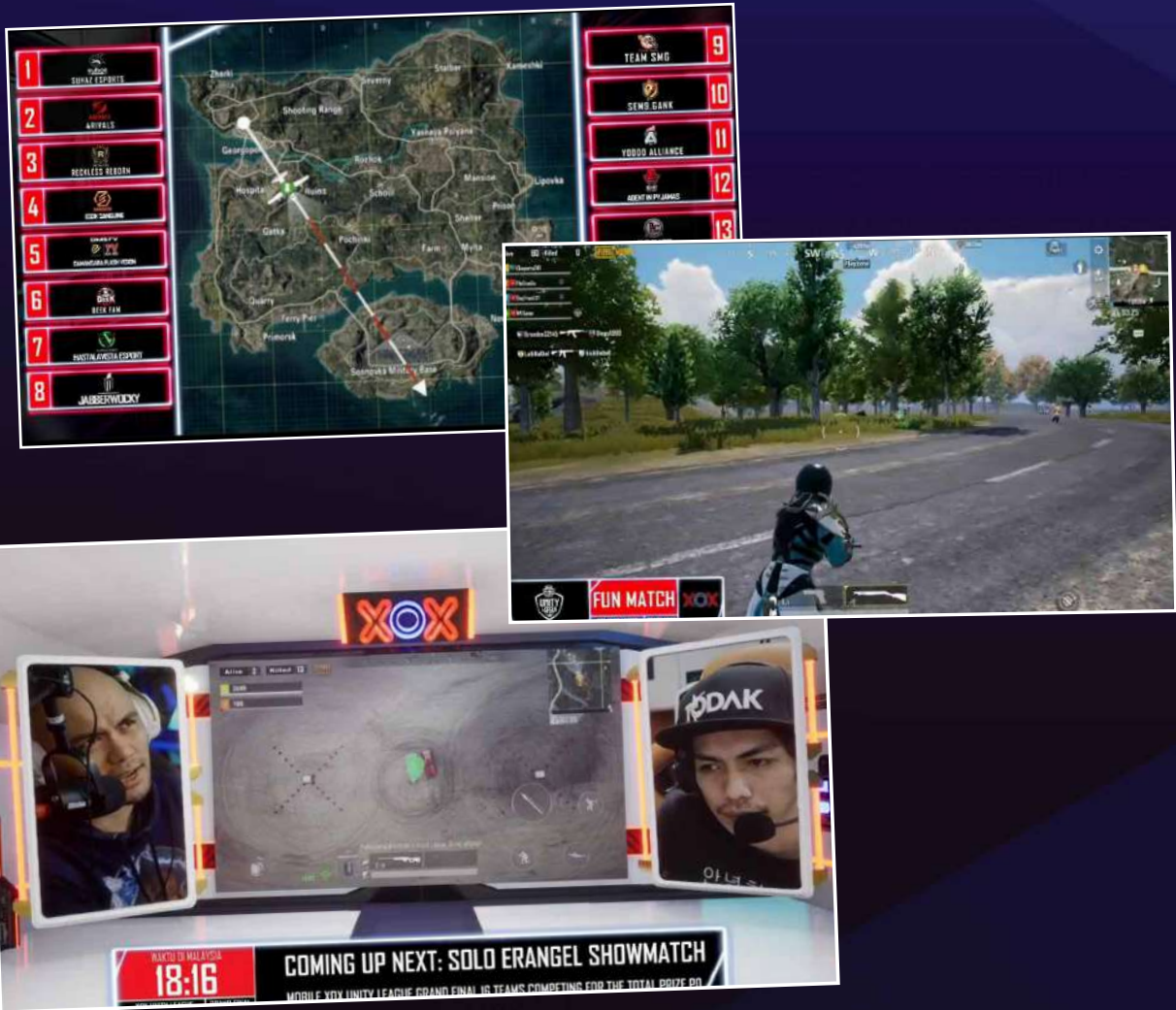


As part of an overall CSR umbrella initiative to give back to the community, the #JomBantu initiative by the Group to help students in need of assistance in their PdPR learning. The initiative features contributing data to get students, who come from families lack of the necessities to stay connected and thus stay on track on their online learning.



PUBG MOBILE XOX UNITY LEAGUE 2021 –  
**GRAND FINAL**

21/8/2021 to 22/8/2021



One of the main highlights of the PUBG Finale 2021 was an unexpected Instagram story repost by pop star, JJ Lin, in which we managed to gain more viewers and created good exposure for the event. With the ongoing COVID-19 pandemic, the initial plan, in which the event was supposed to take place at Pavilion Mall, Kuala Lumpur; had to be postponed. However, the plan pivoted towards a virtual approach, and featured a more futuristic look and feel (3D).

Kindly refer the link below for more information: <https://www.facebook.com/xoxunityleague/videos/495663348299558>

# PETRONAS MALAYSIAN CUB PRIX CHAMPIONSHIP 2021 & FIM ASIA ROAD RACING CHAMPIONSHIP 2021

13/9/2021 to 31/12/2021



XOX was signed on to be the Official Telecommunication Partner for the Petronas Malaysian Cub Prix Championship 2021, and the FIM Asia Road Racing Champion 2021. This partnership had managed to create brand awareness and reached out to motorsport fans around Malaysia.

# OUR PRODUCTS AND SERVICES

01

## ONEXOX Prepaid

We offer customers a delectable series of Prepaid plans that include the longest validity of 28 months upon activation!

KOD PAKAJ	AKTIF SERTA MERTA	SEASON PASS	HARGA
SP FATVOICE	—	333 MINIT	RM30
SP FAT5M	10 GB (TEMPON SAH 30 HARI)	100 MINIT	RM30
SP FAT20	20 GB (TEMPON SAH 30 HARI)	—	RM30
SP FAT10M	20 GB (TEMPON SAH 30 HARI)	333 MINIT	RM50
SP FAT10	10 GB (TEMPON SAH 30 HARI)	10 GB	RM50

02

## ONEXOX BLACK

The ONEXOX BLACK series of plans range from RM10 to RM89 per month, along with a wide selection of data plans from 1GB to a whopping 48GB at affordable prices. More attractive plans are still under development.



03

## Season Pass

The Season Pass is a feature introduced to XOX subscribers to ensure that they can utilize their data, call minutes and SMS, without any wastages or hidden terms and conditions. Subscribers would not have to encounter any expiry dates for all their data, minutes and SMS, at the same time, can be shared to people around them.





## OUR PRODUCTS AND SERVICES

04

### Extra Syok Prepaid Voucher (ESP30)

A one-of-a-kind prepaid voucher plan that comes with high-speed daily data of 700MB (21GB for the month) and 10GB basic internet. It also comes with unlimited hotspot.



05

### eSIM

XOX eSIM is an embedded SIM within a device, where information is updated and stored wirelessly enabling customers to subscribe to our services via online without the need of a physical SIM card.



06

### XOX BLACK Market

The BLACK Market is an e-Commerce platform available exclusively to the XOX community that aims to provide a holistic digital ecosystem experience. The platform features a multitude of products that the XOX community can browse and purchase, ranging from digital goods such as smartphones to branded apparel, and more.



07

### Action Driven eXchange (ADX)

Action Driven eXchanges (ADX) is a rewards base feature available on the Black App. The feature allows users to earn ADX Points by completing an action and subsequently redeem rewards with the earned points (e.g. watching Ads, completing surveys, playing games, etc).



08

### Vending Machine

We deployed about 1,000 artificial intelligence (AI) vending machines to urban environments around Malaysia that provide synergies to the core business of the company, being a mobile virtual network operator (MVNO), with the potential expansion of our dealer base and retail footprint. The vending machines offer a host of other fast-moving sundry essentials, as well as XOX SIM packs.



09

### Prepaid FATPROMO 10GB+3GB

A promotional FAT DATA plan that gives 13GB data and 30 days validity at the price of RM50.



10

**Jaringan Prihatin Bundle**

XOX Provided a selection of phones for FREE, RM180 worth of rebates for their data plans and up to 60GB worth of data monthly. It was a successful initiative which helped thousands of Malaysians pivot through the pandemic which still staying connected digitally.



11

**JomBantu Welcome Deal**

To align with XOX’s technology for the betterment of the community, JomBantu Welcome Deal was created to help push for more subscribers to be involved with the initiative and donate 10GB worth of data when they first join the XOX prepaid ecosystem. With more than 68,000GB worth of data donated, it had shown how active the XOX community were with the initiative that involves helping the Malaysian community.



# SUSTAINABILITY STATEMENT

Sustainability is the core principle embedded in the culture and operation of XOX Bhd (“XOX” or “the Company”) & its subsidiaries (collectively referred to as “the Group”) as we strive to pursue our business growth and profitability in a safe, caring and sustainable environment.

## OUR APPROACH

In line with Bursa Malaysia Securities Berhad’s Sustainability Reporting Guide (2nd Edition), the Group’s sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities.

In this respect, our mission is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the community’s social (societal) needs in which we operate.

XOX is committed to a continuous effort to instil sustainability into the operation in maintaining a sustainable business and generating long-term shareholders’ value. We regularly review those material factors that represent unique risks and opportunities for the Group and assess the impact on our business as key criteria in formulating and executing our business strategies.

## SUSTAINABILITY GOVERNANCE

### Corporate Governance

Sustainability is embedded in our organisational approach and is led from the top. Spearheading the Group’s sustainability agenda is the Board of Directors (“Board”) with the Management team’s assistance to oversee the implementation of the organisation’s sustainability approaches and ensure that key targets are being met.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and responsible for establishing a sound risk management framework and the internal control system and ensuring its adequacy and effectiveness. The Board entrusts the Audit Committee to review the adequacy and effectiveness of the risk management framework and the system of internal control.

### Ethical Business Practices

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders’ trust. Code of Ethics and Conducts is established to achieve a standard of ethical behaviour based on trustworthiness and values that can be accepted and uphold a spirit of responsibility.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business by complying with the law as well as processes and directives that continue to reinforce the principles.



**ECONOMIC:**  
Sustaining our economy



**ENVIRONMENT:**  
Conserving our environment



**SOCIAL:**  
Serving our community

# SUSTAINABILITY STATEMENT

## MATERIAL SUSTAINABILITY MATTERS



### **ECONOMIC:** Sustaining our economy

- Delivering sustainable returns to our shareholders
- Delivering quality innovative products and services to achieve customers' satisfaction

#### **Shareholders**

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

The Group will continue to enhance its shareholder value by emphasizing corporate governance, engaging in ethical business conduct, enhancing good management practices and strengthening internal control systems.

#### **Customers & Services**

The Group values its customers as they are a major reason for its revenue and profitability. We are committed to serving the best digital experience and promoting the digital lifestyle to consumers nationwide. We are continuously challenging the norms and promoting a digital lifestyle through technology adoption with an array of excellent product innovations we offer; helping our customers to thrive in a digital world.

Our Group recognises that customers satisfaction is one of the key factors underlying our Group's operations' long-term sustainability. We uphold the belief that customers' rights should be preserved and are in continuous endeavours to create value-for-money for our customers.

The Group will continue to expand the customer base in order to strengthen our market position coupled with the expansion plans for revenue growth. Asides, we are also focusing on technology ideas that can be a complement to XOX current business or leverage on the captive market to implement new technology offerings and digital products in response to the digital transformation and capture opportunities from our big data to enhance its financial performance and in turn its' shareholders' value.

#### **Suppliers**

To our suppliers, we are committed to enhancing our processes and engagement with our suppliers to identify and manage risks, underpinned by integrity and transparency value. We look to create value by looking for opportunities to collaborate and share the best practices with our suppliers. Hence, our suppliers' engagement is filtered through with careful selection with specific criteria.

#### **Regulatory Compliance**

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



# SUSTAINABILITY STATEMENT

## MATERIAL SUSTAINABILITY MATTERS



### ENVIRONMENT:

Conserving our environment

- Protecting and preserving the environment

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

#### Energy & Water Saving Initiatives

Measures have been taken to reduce energy consumption and conserve water. Management initiates reminders to switch off lighting, air-conditioner and computer when not in use and using eco-friendly lighting and electronic devices.

Every individual depends on water for livelihood, as the climate continues to warm, fresh water will become more limited for all of us in the future. Water conservation is therefore an area that our Group is working on, improving the efficiency with which we use our water, educating our employees about the need to use water wisely and not contribute to unnecessary wastage.

#### Waste Management

Paper recycling initiatives are already underway by encouraging the employees to prioritise electronic means to share and store documents, and reduce printing or photocopying, otherwise, to use double-sided printing. Additionally, other materials such as furnishing and fixture are recycled or reused whenever possible. Waste segregation was carried out by placing different bins such as plastic, paper and others in and around our office area.

## MATERIAL SUSTAINABILITY MATTERS



### SOCIAL:

Serving our community

- Ensuring a positive workplace for our employees
- Talents attraction and retention
- Creating job opportunity
- Training & career development
- Contributing to the well-being of the community around us

#### Employees

In XOX, employees are our greatest assets. We are made up of people regardless of their age, gender, race or religion with vast experience and industry background. It is important that we continue to attract, develop and retain a skilled and engaged workforce.

The Group operates in a digital adoption environment which is fast paced, where recruitment and retention of talent are some of the sustainability issues faced. As part of the human capital management strategy, we offer competitive remuneration packages, and proactively provide opportunities for growth and development of talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continually invest time and effort in recruiting, upskilling, engaging and rewarding talents/employees accordingly.

# SUSTAINABILITY STATEMENT

In this respect, our Management Trainee Programmes continue to attract talented graduates to undergo comprehensive programs and on-the-job engagements, to develop them as the future leaders of XOX, to broaden their minds by providing them opportunities for interchange of experiences to correct the narrow outlook that may arise from over specialisation.

We continue to focus on human capital development to nurture our employees to their full potential. The Group also emphasises on continuously upskilling and reskilling our workforce through training programs, to stay relevant and productive, so that our employee can execute their roles and responsibilities efficiently, continuously contribute towards the growth and development of the Company. As an aside, XOX believes that one must have good reading habits to widen knowledge and develop the verbal expression of ideas and feelings. To this end, we have introduced the activity of reading books amongst the employees in XOX so that they are able to cultivate this trait.

We create job opportunities for our dealers via dealer scheme and we are also involved in hiring additional workforce for the fintech business expansion program. It is our aim that by doing so, we share the responsibility of improving the well-being of society.

## Employee Health & Well-being

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

The COVID-19 pandemic has posed a threat to the health and safety of communities and individuals. We have responded swiftly to follow government guidance and regulations, protecting our employees from the spread of COVID-19 by implementing precautionary measures across work premises and issuing SOPs to guide employees. We enforce strict rules on workforce segregation, social distancing, data collections for contact tracing, scheduled sanitation, temperature readings, placing hand sanitisers in the common areas, and providing masks and test kits to all employees.

The Group participated in the Selangor COVID-19 Vaccination Program (SelVAX) and paid for the cost to ensure all employees are vaccinated. We also introduced paid leave for employees to undergo their vaccinations.

## Community

Our Group is devoted to philanthropy and firmly believes in contributing to society. We are deeply rooted in the community we operate in and are actively engaged in community outreach programs and activities. We are proud of having the privilege to serve various community segments towards providing for social empowerment and helping to make a positive difference for people across all walks of life.

Besides donations to various charitable organisations and participating in the internship program, some CSR programs that we undertook during FYE 2021 are:

- i) We introduced ONEXOX Bantu Food Bank and contributed 2,500 food packs to help the less fortunate;
- ii) We donated High Flow Nasal Cannula Oxygen (HFNC) Therapy machine to University Malaya Hospital for COVID-19 patients;
- iii) We participated in the Jaringan Prihatin program initiated by the Government to subsidise the B40 community to own affordable smartphones with mobile plan;
- iv) We launched a program called "**Jom Bantu Data Untuk Mereka**", whereby XOX's community was given the option to donate unused data to those in need in their PdPR learning; and
- v) We initiated "Xie Xie Frontliners" program to express gratitude to the frontliners dedicated to fighting COVID-19.

## OUR COMMITMENT

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Leadership

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

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

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

The management, including the Executive Directors of the Company, is responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board. The management meets regularly to discuss and resolve operational issues. During the quarterly Board’s meeting, the Executive Directors briefed the Board on business performance and operations as well as the management initiatives.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group’s affairs. Hence, to develop corporate objectives and position descriptions including the limits to management’s responsibilities, which the management is aware of and is 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](http://www.xox.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The principal roles and responsibilities 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 include the financial condition of the business, operational and 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 shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

The Board will normally hold meetings at least four (4) times in each financial year to consider, amongst others, the following matters:

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

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Executive Directors hold the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling, 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, are 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 towards 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 consideration 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 two (2) Board Committees namely Audit Committee and Nomination and Remuneration Committee. All the Board Committees have its terms of reference and have the authority to act on behalf of the Board within the authority as laid out in terms of reference and report to the Board with the necessary recommendation.

## **Independent Chairman**

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

During the financial year under review, the Board is chaired by a Non-Independent Non-Executive Director and one-third (1/3) of the Board consists of Independent Non-Executive Directors. The Board of the Company, notwithstanding that the Chairman is a Non-Independent Non-Executive Director, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is a balance of power and authority of the Board. In addition, the Chairman is not involved in the day-to-day management of the Group's business and has no relationship that could materially interfere with his judgment.

## **Separation of Positions of the Chairman and Chief Executive Officer**

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

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

## **Qualified and Competent Company Secretaries**

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries 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.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Information and Support for Directors

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

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

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

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

## Board Charter

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 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](http://www.xox.com.my).

## Promote Sustainability

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

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

## Whistle-Blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to a possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices. The policy is a specific means 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 on the Company's website at [www.xox.com.my](http://www.xox.com.my).

## Anti-Bribery and Anti-Corruption Policy ("ABAC Policy")

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had adopted the ABAC Policy which set out the Group's responsibilities in providing principles, guidelines and recommendation to the employees on the procedures to deal with solicitation, bribery and corruption that could possibly arise on the business dealing and operation activities.

The Company had also conducted briefings and trainings to all employees of the Group to create awareness on the ABAC Policy to foster the commitment of the employees in instil the spirit of integrity and avoid all forms of corruption practices within the organisation.

The ABAC Policy is accessible by the public through the Company's website at [www.xox.com.my](http://www.xox.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Board Composition

The current Board of Directors consists of five (5) members, comprising a Non-Independent Non-Executive Chairman, two (2) Executive Directors and two (2) 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. 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 2 to 6 of this Annual Report.

The Board is mindful of the MCGG's recommendation which stated "at least half of the board shall comprise of Independent Directors. For Large Companies, the Board shall comprise a majority independent director." Although increasing number in the Independent Directors may provide more fresh ideas and viewpoints to the Board, the Board is of the view that there is a balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties and objective as the Independent Non-Executive Directors of the Company have strong personalities with high levels of integrity and play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience towards the formulation of policies and in the decision making process. Further, all the Independent Non-Executive Directors have no relationship with Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations. Nevertheless, the Board, through the Nomination and Remuneration Committee will endeavor to identify suitable candidates with the relevant market and industry knowledge for the proposed appointment as Independent Non-Executive Director(s) of the Company.

## Tenure of Independent Directors

Currently, the Board does not have a formal policy on the tenure for Independent Directors as the Board is of the view that a term of more than nine (9) years may not necessarily impair the 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 MCGG, 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 through a two-tier voting process.

As of 30 September 2021, the tenure of the Independent Non-Executive Directors of the Company are as follows:

	1-3 Years	7-9 Years
Hew Tze Kok		√
Andy Liew Hock Sim	√	

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

## New Candidates for Board Appointment

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

In assessing the 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. The Board had adopted the Board Diversity Policy which sets out the Company's approach to diversity on the Board of XOX. The Board together with the NRC will assess and evaluate current diversity levels, identify and analyse gaps and criteria for new board appointments, and thereafter recommend the strategies, objectives, targets and practical goals against an indicative time frame in order to maintain an appropriate range and balance of skills, experience and background on the Board. The Group will 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 MCCG of at least 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 directors onto the Board in the future to bring about a more diverse perspective.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 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 September 2021, 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 September 2021. 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
Tan Sik Eek	5/5
Roy Ho Yew Kee	5/5
Hew Tze Kok	5/5
Andy Liew Hock Sim	5/5

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 30 September 2021.

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

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

## Continuing Education Programs

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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
<b>Dato' Seri Abdul Azim bin Mohd Zabidi</b>	<ul style="list-style-type: none"> <li>• Managing Your Fraud Risk: Are We Doing Enough?</li> <li>• Introduction to Anti-Money Laundering, Anti-Terrorism Financing: Proceed of Unlawful Activity Act 2001</li> <li>• Asian Economies on Track as Covid Crisis Slows Down</li> <li>• Rebuilding the Economy Sustainably Post COVID-19 by Minister of Finance</li> <li>• Webinar on Transfer Pricing by Cheng &amp; Co</li> <li>• Reflections on NEP after 50 years</li> </ul>
<b>Tan Sik Eek</b>	<ul style="list-style-type: none"> <li>• WIFE – SIDC Powertalk Webinar 2020. Moving Forward: Banking &amp; Capital Market Trends</li> <li>• Introduction to Anti-Money Laundering, Anti-Terrorism Financing: Proceed of Unlawful Activity Act 2001</li> <li>• Webinar on Transfer Pricing by Cheng &amp; Co</li> <li>• Advocacy Session for ACE Market Listed Corporation</li> </ul>
<b>Roy Ho Yew Kee</b>	<ul style="list-style-type: none"> <li>• COVID-19 Impact on Financial Reporting and Internal Controls</li> <li>• Decoding Transactions and RPT Rules</li> <li>• Examining Section 17A of the MACC Act 2009</li> </ul>
<b>Hew Tze Kok</b>	<ul style="list-style-type: none"> <li>• MIA Webinar Series: Consequences of COVID-19 Accounting Considerations</li> <li>• MIA Webinar Series: Technical Update on IFRS (MFRS) 2020</li> <li>• Decoding Transactions and RPT Rules</li> </ul>
<b>Andy Liew Hock Sim</b>	<ul style="list-style-type: none"> <li>• MIA Webinar Series: Fraud and the Auditor's Responsibilities - Incorporating ISAs 240, 315, 450, 550 and 580 and selected case studies</li> <li>• Decoding Transactions and RPT Rules</li> <li>• Webinar on Transfer Pricing by Cheng &amp; Co</li> </ul>

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

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

### **Nomination and Remuneration Committee**

The Board has established the NRC which comprises a majority of Independent Non-Executive Directors, with the responsibilities of assessing the balanced composition of Board members, nominating the proposed Board member by looking into his/her 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 on the Company's website at [www.xox.com.my](http://www.xox.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The present members of the NRC of the Company are:

Designation	Name	Directorship
Chairman	Andy Liew Hock Sim	Independent Non-Executive Director
Member	Dato' Seri Abdul Azim bin Mohd Zabidi	Non-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 made an 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 Constitution;
- iii) Reviewed and recommended the payment of Directors' fees and other benefits payable to Directors;
- iv) Reviewed and recommended the payment of additional Directors' fees and allowance;
- v) Reviewed and recommended the revision of the remuneration for the Executive Directors;
- vi) Reviewed and recommended for the payment of bonus to the Executive Directors and Chief Executive Officer;
- vii) Reviewed and recommended for the formation of the Employees' Share Option Scheme Committee;
- viii) Reviewed and recommended the renewal of the service contract for the Chief Executive Officer;
- ix) Reviewed and recommended for any modification and/or amendment to the terms of reference of the NRC; and
- x) Reviewed and recommended the formation of the Investment Committee.

## Evaluation for Board, Board Committees and Individual Directors

The NRC would assess 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 possess by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the forthcoming Annual General Meeting of the Company, to meet current and future requirements of the Group.

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

Based on the assessment conducted for the financial year ended 30 September 2021, the Board and the NRC are satisfied with the current size, composition as well as mixture of qualifications, skills and experience among the Board and Board Committees members and the independence of its Independent Non-Executive Directors.

## Annual Assessment of Independence

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

Based on the assessment carried out for the financial year ended 30 September 2021, the Board and the NRC are satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfil the definition of independence as set out in the Listing Requirements of Bursa Securities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Re-Election of Directors

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

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

## 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. A copy of the Remuneration Policy is available on the Company's website at [www.xox.com.my](http://www.xox.com.my).

## 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 September 2021 are as follows:

Director	Company		Group	
	Fees (RM)	Salaries and other emoluments <sup>^</sup> (RM)	Fees (RM)	Salaries and other emoluments <sup>^</sup> (RM)
Dato' Seri Abdul Azim bin Mohd Zabidi	156,000	24,000	411,400	24,000
Tan Sik Eek	138,965	61,000	198,554	247,865
Roy Ho Yew Kee	138,965	61,000	198,554	247,865
Hew Tze Kok	78,000	18,000	78,000	18,000
Andy Liew Hock Sim	78,000	18,000	78,000	18,000
<b>Total</b>	<b>589,930</b>	<b>182,000</b>	<b>964,508</b>	<b>555,730</b>

Note:

<sup>^</sup> including meeting allowances



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Remuneration of Senior Management

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

The remuneration of the senior management personnel, which is a combination of annual salary, bonus and benefits-in-kinds are determined in a similar manner as other management employees of the Group. The basis of determination has been consistently applied and is based on individual performance and the overall performance of the Group. The aggregate remuneration of the top five (5) senior management received for the financial year ended 30 September 2021 was RM1.72 million representing 7.01% of the total employees' remuneration of the Group.

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

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

The Board has set up the Audit Committee which comprises a majority 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	Dato' Seri Abdul Azim bin Mohd Zabidi	Non-Independent Non-Executive Director
Member	Andy Liew Hock Sim	Independent Non-Executive Director

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

### 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](http://www.xox.com.my).

### Independence of the Audit Committee

XOX recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company was former key audit partners of the external auditors appointed by the Group. As recommended by MCCG, the Company will observe a cooling-off period of at least three (3) 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **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 2 to 6 of this Annual Report. During the financial year ended 30 September 2021, all other members of the Audit Committee had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to discharge their duties effectively.

## **Compliance with Applicable Financial Reporting Standards**

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

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 30 September 2021 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Audit Committee assists the Board in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

The statement by the Board pursuant to Rule 15.26(a) of the Listing Requirements on its responsibilities in preparing the financial statements is set out on page 55 of this Annual Report.

## **Assessment of Suitability and Independence of External Auditors**

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

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

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

- i) The adequacy of the experience and resources of the External Auditors;
- ii) The External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) The nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) Whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

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

# CORPORATE GOVERNANCE OVERVIEW 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 September 2021.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs Moore Stephens Associates PLT as the External Auditors of the Company for the financial year ending 30 September 2022.

## **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 the external professional Internal Audit firm adopted on-going monitoring and reviewed the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

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

The information on the Group's internal control is further elaborated on pages 58 to 60 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.

For the financial year ended 30 September 2021, the Internal Audit firm appointed by the Company is staffed by a total of three (3) professionals and led by Ms. Christine Looi as the Head of Internal Audit. Ms Christine Looi is a Professional member of the Institute of Internal Auditors Malaysia. The Internal Audit firm appointed by the Company is independent from the activities related to Group's business operations and performs its duties in accordance with standards set by relevant professional bodies, namely the Institute of Internal Auditors.

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

The Audit Committee approved the internal audit plan proposed by the internal auditors and management of the Company. Any subsequent changes to the internal audit plan shall be reviewed and approved by the Audit Committee. The scope of the internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred by the Group for the internal audit function during the financial year ended 30 September 2021 amounted to RM39,100.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The functions of the internal auditors are to:

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

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

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

Name of Company	Business Process / Area
One XOX Sdn. Bhd. XOX Mobile Sdn. Bhd.	• Collection & Payment Function
XOX Com Sdn. Bhd.	• Sales & Call Centre

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

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

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

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

### Communication with Stakeholders

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

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

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

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 will be announced to Bursa Securities on an annually basis 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.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **Leverage on Information Technology for Effective Dissemination of Information**

The Company's website at [www.xox.com.my](http://www.xox.com.my) incorporates an Investor Relations 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](mailto: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 MCGG, 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, where they will be given the opportunity to raise questions or seek more information during the AGM. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting. The outcome of the AGM will be announced to Bursa Securities on the same meeting day.

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.

With the outbreak of Coronavirus Disease ("COVID-19") and as part of the safety measures to curb the spread of the COVID-19 pandemic, the Eleventh (11th) AGM of the Company which was held on 23 February 2021 was conducted by way of a fully virtual basis and online remote voting using the Remote Participation and Voting Facilities and has been attended by all the Directors of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **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.

## **COMPLIANCE STATEMENT**

Other than as disclosed and/or explained in this Annual Report and Corporate Governance Report 2021, 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 September 2021, the Audit Committee held five (5) meetings and the details of the attendance are as follows:

Members	Meeting Attendance
Hew Tze Kok	5/5
Dato' Seri Abdul Azim bin Mohd Zabidi	5/5
Andy Liew Hock Sim	5/5

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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

- i) Reviewed the quarterly unaudited financial report of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- ii) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 30 September 2021;
- 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 September 2021 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;
- vi) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- vii) Reviewed the internal audit reports presented and considered the findings of the internal audit through the review of the internal audit reports tabled and management responses thereof;
- viii) Reviewed the effectiveness of the Group's system of internal control;
- ix) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
- x) Reviewed related party transactions and conflict of interest situations that may arise within the Company or the Group;
- xi) Verified the options allocated under the Share Issuance Scheme ("SIS") and Employees' Share Option Scheme ("ESOS") in compliance with criteria as stipulated in the SIS By-laws and ESOS By-laws of the Company;
- xii) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- xiii) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report;
- xiv) Reviewed and recommended for any modification and/or amendment to the terms of reference of the Audit Committee; and
- xv) Report to the Board on its activities and significant findings and results.

## HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR

### i) Financial Reporting

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

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

# AUDIT COMMITTEE REPORT

## ii) External Auditors

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

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

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

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

## iii) Internal Audit

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

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

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

## iv) Related Party transactions

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



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

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

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

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 September 2021, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

# STATEMENT OF SHARE ISSUANCE SCHEME (“SIS”) COMMITTEE

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

Designation	Name
Chairman	Tan Sik Eek
Member	Roy Ho Yew Kee
Member	Ng Kok Heng

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 was approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 March 2015 and took effect on 14 March 2016 for a period of 5 years. The SIS has since expired on 13 March 2021.

The total number of SIS options granted, exercised and outstanding under the SIS since its commencement up to 13 March 2021, being the date of expiration of the SIS, 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	338,268,500	268,847,100	69,421,400	-
Other Employees	852,533,300	718,741,200	133,792,100	-
<b>Total</b>	<b>1,190,801,800</b>	<b>987,588,300</b>	<b>203,213,500</b>	<b>-</b>

The options offered to and exercised by the Directors of the Company pursuant to SIS as well as their outstanding options in respect of the financial year ended 30 September 2021 are as follows:

Name of Director	No. of SIS Options Over Ordinary Shares			
	Balance as at 30.09.2020	Number of SIS Options Granted	No. of SIS Options Revoked	Balance as at 13.03.2021
Dato’ Seri Abdul Azim Bin Mohd Zabidi	-	-	-	-
Tan Sik Eek	-	-	-	-
Roy Ho Yew Kee	-	-	-	-
Hew Tze Kok	-	-	-	-
Andy Liew Hock Sim	-	-	-	-

Pursuant to the SIS By-Laws, the aggregate maximum allocation of SIS Options applicable to the eligible employees (including the allocation to the Directors and senior management) shall be determined by the SIS Committee at its sole and absolute discretion. As at 13 March 2021, the actual number of SIS Options granted to the Directors since the commencement of the SIS is 28.41%.

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 September 2021, were in accordance with the criteria of allocation of share options set out in the SIS By-Laws.

# STATEMENT OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE

The ESOS Committee was established on 26 May 2021, the members of the present ESOS Committee are as follows:

Designation	Name
Chairman	Tan Sik Eek
Member	Roy Ho Yew Kee
Member	Ng Kok Heng

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

The ESOS was approved by the shareholders of the Company at the Extraordinary General Meeting held on 19 April 2021. The ESOS would be in force for a period of three (3) years from the date of implementation i.e. 27 May 2021 and expire on 26 May 2024.

The total number of ESOS options granted, exercised and outstanding under the ESOS since its commencement up to 30 September 2021 are set out in the table below:

Category of Employees	No. of ESOS Options Over Ordinary Shares			
	Granted and Vested	Exercised	Lapsed/ Forfeited/ Revoked	Outstanding
Directors	100,463,200	100,463,200	-	-
Other Employees	304,769,800	-	3,567,500	301,202,300
<b>Total</b>	<b>405,233,000</b>	<b>100,463,200</b>	<b>3,567,500</b>	<b>301,202,300</b>

The options offered to and exercised by the Directors of the Company pursuant to ESOS as well as their outstanding options in respect of the financial year ended 30 September 2021 are as follows:

Name of Director	No. of ESOS Options Over Ordinary Shares				
	As at 27.05.2021	Number of ESOS Options Granted	Number of ESOS Options Exercised	No. of ESOS Options Revoked	Balance as at 30.09.2021
Dato' Seri Abdul Azim Bin Mohd Zabidi	-	-	-	-	-
Tan Sik Eek	-	34,785,000	34,785,000	-	-
Roy Ho Yew Kee	-	-	-	-	-
Hew Tze Kok	-	-	-	-	-
Andy Liew Hock Sim	-	-	-	-	-

Pursuant to the ESOS By-Laws, the aggregate maximum allocation of ESOS Options applicable to the eligible employees (including the allocation to the Directors and senior management) shall be determined by the ESOS Committee at its sole and absolute discretion. As at 30 September 2021, the actual number of ESOS Options granted to the Directors of the Company since the commencement of the ESOS is 8.58%.

The Audit Committee has verified and was satisfied that the allocation of ESOS Options to the eligible Directors and employees of the XOX Group during the financial year ended 30 September 2021, was in accordance with the criteria of allocation of share options set out in the ESOS By-Laws.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Malaysian Code of Corporate Governance issued by Securities Commission Malaysia; the Board of Directors of XOX is pleased to present 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 September 2021. This statement is 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 in maintaining a sound system of risk management and internal controls to safeguard its shareholders' interest and the Group's assets. The risk management framework and internal control systems provide an ongoing process in identifying and evaluating significant risks faced or potentially encountered by the Group, establishing an appropriate control environment and framework in managing the risks, and reviewing the adequacy and effectiveness of these systems.

However, the Group's system of risk management and internal control is designed to minimise and manage rather than to eliminate the risk that may impede the achievement of the Group's business objectives; it can only provide reasonable but not absolute assurance against material misstatement, loss, or breaches of laws or regulations.

The risk management and internal control systems within the Group, inclusive of design, operation, identification, assessment, mitigation and control of risks, are implemented with the assistance of the management throughout the period. The Board, either directly or via the Audit Committee, has regularly reviewed the process for identifying, evaluating and managing the significant risks of the Group with the management.

The key features of the risk management and internal control systems which operate with the assistance of the management are described under the following headings:

### 1. Risk Management Framework

The Group has an embedded process for identifying, evaluating, reporting, managing, monitoring and reviewing 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 regularly.

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

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

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

- i) The management is entrusted with developing, implementing and monitoring the systems 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 is 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 with mitigation responses in place are submitted to the Executive Directors and briefed by the various heads of business units;
- iv) Risks identified will be discussed with mitigation plans, monitored continuously in various management meetings to mitigate the risk exposures.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 2. Board of Director / Board Committees

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

Meetings of the Board and respective Board Committees are conducted quarterly 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 is presented to the Audit Committee for review and the Board for public release approval.

## 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 operational process at its subsidiary level.

The standard operating procedures are being reviewed periodically or 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 the competent staff to achieve operational effectiveness and efficiency.

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

## 5. Internal Audit

The Group outsources the internal audit function to an external firm. The firm is appointed by and reports directly to the Audit Committee. Its role is to provide the Audit Committee with regular assurance on the internal control system's continuity, integrity and effectiveness through regular monitoring and independent 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 quarterly and made recommendations on improving the system of internal controls to the Audit Committee. The areas of the internal audit covered the collection & payment function and operation of the sales & call centre 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.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 6. Other Key Risk Management and Internal Control Elements

- i) The Board meets regularly 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 conducting its duties and has unrestricted access to the internal and external auditors of the Company and 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 on internal control issues identified by the external and internal auditors and action taken by management in respect of the findings. 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.

## 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 September 2021.

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

## MANAGEMENT'S ASSURANCE

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

## CONCLUSION

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

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

# ADDITIONAL COMPLIANCE INFORMATION

## 1 STATUS OF UTILISATION OF PROCEEDS

As at 30 September 2021, the status of utilisation of gross proceeds raised by the Company from the following corporate proposals are as follows:

### (i) Right Issue of Irredeemable Convertible Preference Shares with Warrants (completed on 12 March 2020):

	Details	Proposed Utilisation RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a)	eSIM expansion plan	15,000,000	11,850,701	3,149,299
(b)	Expansion of XOX's e-Wallet function	10,525,688	10,475,508	50,180
(c)	Expenses incurred for the Right Issue	1,000,000	1,000,000	---
	<b>Total</b>	<b>26,525,688</b>	<b>23,326,209</b>	<b>3,199,479</b>

### (ii) Private Placement (completed on 23 July 2020):

	Details	Proposed Utilisation RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a)	Investment in the business of smart vending machine	19,063,140	7,041,177	12,021,963
(b)	Expenses incurred for the Private Placement	600,000	600,000	---
	<b>Total</b>	<b>19,663,140</b>	<b>7,641,177</b>	<b>12,021,963</b>

### (iii) Private Placement (completed on 15 December 2020):

	Details	Proposed Utilisation RM	Actual Utilisation RM	Balance Available for Utilisation RM
(a)	Fintech Business Expansion	48,000,000	18,628,558	29,371,442
(b)	Rebranding exercise to reposition the XOX brand into a Fintech solution and telecommunication provider	5,000,000	555,464	4,444,536
(c)	Marketing and promotional expenses for the Fintech Business Expansion	7,060,845	578,000	6,482,845
(d)	Expenses for the Private Placement	570,000	570,000	---
	<b>Total</b>	<b>60,630,845</b>	<b>20,332,022</b>	<b>40,298,823</b>

## ADDITIONAL COMPLIANCE INFORMATION

### 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 September 2021 were as follows:

	Company RM	Group RM
<b>Audit Services Rendered</b>	103,000	395,251
<b>Non-Audit Services Rendered</b>		
(a) Review of Statement on Risk Management and Internal Control	10,000	10,000
(b) Group Audit Instruction	25,000	25,000
(c) Mobilisation fees for special review to comply with fund management requirements of approved e-money issues	---	55,000
(d) Review and certification of annual MCMC report submission	---	13,000

### 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 new shareholders' mandate and 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 25 February 2022.

As at 30 September 2021, the details of RRPTs of a revenue or trading nature of the Group which was approved by the shareholders at the last AGM of the Company held on 23 February 2021 are as follows:

## ADDITIONAL COMPLIANCE INFORMATION

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
Key Alliance Group Berhad (“Key Alliance”) and its subsidiaries companies - Data Center, Information Technology service provider, Interior Design and Renovation service provider	XOX Group	Provision of telecommunication products and services by XOX Group	32,484	Key Alliance is a Major Shareholder of XOX with a shareholding of 7.31%.  Mr Roy Ho Yew Kee is the Managing Director and shareholder of Key Alliance with a shareholding of 7.35%. He is also an Executive Director of XOX.
		Provision of cloud data center services and renting of office space to XOX Group	1,620,000	
		Renting of office space/ services centre to XOX Group	199,728	
		Provision of interior design and renovation work to XOX Group	6,490,310	
NetX Holdings Berhad (“NetX”) and its subsidiaries companies - Investment holding, research and development of software, system design, integration and installation and provision of information technology services	XOX Group	Provision of telecommunication products and services by XOX Group	Nil	Mr Tan Sik Eek is an Executive Director of XOX and NetX. He is also a shareholder of XOX and NetX with a shareholding of 0.73% and 4.79%, respectively.
		Provision of Master Merchant and sub-contractor services to XOX Group	Nil	
		Provision of software licensing, maintenance and support services to XOX Group	5,979,500	
		Provision of business consultation, supply and commissioning of information technologies to XOX Group	Nil	
		Supply of information technology related hardware and software equipment to XOX Group	Nil	

# FINANCIAL STATEMENTS



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# DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2021.

## PRINCIPAL ACTIVITIES

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

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

## RESULTS

	Group RM	Company RM
Net loss for the financial year	47,395,229	46,200,183
Attributable to:		
Owners of the Company	45,488,924	46,200,183
Non-controlling interests	1,906,305	-
	47,395,229	46,200,183

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

## DIVIDENDS

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

## ISSUANCE OF SHARES OR DEBENTURES

### Ordinary shares

During the financial year, the Company has increased its issued ordinary shares from RM343,519,338 to RM432,150,129 by way of the issuance of:

- (i) 614,851,000 new ordinary shares at the issue price ranging from RM0.095 to RM0.1119 per share pursuant to the private placement for the purpose of raising working capital;
- (ii) 8,442,400 new ordinary shares of RM0.05 each pursuant to the conversion of 8,442,400 irredeemable convertible preference shares ("ICPS") at a conversion ratio of 1 ICPS for 1 new ordinary share;
- (iii) 80,000 new ordinary shares at an issue price of RM0.06 per share pursuant to the exercise of Warrants B 2020/2023 ("Warrants B"); and
- (iv) 343,660,800 new ordinary shares at the issue price ranging from RM0.045 to RM0.13 per ordinary share pursuant to the exercise of the share options that was granted under Share Issuance Scheme ("SIS") and Employees' Share Option Scheme ("ESOS") at the ratio of 1 SIS or ESOS for 1 new ordinary share.

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

## DIRECTORS' REPORT (CONT'D)

### ISSUANCE OF SHARES OR DEBENTURES (CONT'D)

#### ICPS

On 12 March 2020, the Company has issued and allotted 1,061,027,506 new ICPS of RM26,525,688 at an issue price of RM0.025 per share. During the financial year, the ICPS of the Company decreased from RM2,160,345 to RM1,949,285 by way of the conversion of 8,442,400 ICPS for 8,442,400 new ordinary shares at a conversion ratio of 1 ICPS for 1 new ordinary share. As at 30 September 2021, the total number of ICPS remain unconverted amounted to 77,971,406.

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

### 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 SIS, ESOS, Warrants B and Warrant C.

#### 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 SIS had lapsed on 13 March 2021. The salient features and other terms of the SIS are disclosed in Note 6 to the financial statements.

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

	Exercise price	At 01.10.2020 Unit	Number of options over ordinary shares			At 30.09.2021 Unit
			Granted Unit	Exercised Unit	Expired Unit	
<b>Date of offer</b>						
21 April 2016	RM0.13	3,287,500	-	(60,000)	(3,227,500)	-
9 January 2018	RM0.10	15,422,600	-	-	(15,422,600)	-
21 August 2020	RM0.20	67,566,600	-	-	(67,566,600)	-
18 September 2020	RM0.20	11,792,400	-	-	(11,792,400)	-
19 October 2020	RM0.12	-	55,433,300	(52,806,200)	(2,627,100)	-
10 December 2020	RM0.11	-	22,626,300	(22,150,000)	(476,300)	-
5 March 2021	RM0.07	-	168,181,400	(168,181,400)	-	-
		98,069,100	246,241,000	(243,197,600)	(101,112,500)	-

Details of SIS granted to Directors of the Group are disclosed in Note 6 to the financial statements.

#### ESOS

At an extraordinary general meeting held on 19 April 2021, the Company's shareholders approved the establishment of ESOS 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 ESOS are disclosed in Note 6 to the financial statements.

## DIRECTORS' REPORT (CONT'D)

### OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

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

	Exercise price	At 01.10.2020 Unit	Number of options over ordinary shares			At 30.09.2021 Unit
			Granted Unit	Exercised Unit	Expired Unit	
<b>Date of offer</b>						
31 May 2021	RM0.0475	-	2,055,100	-	(2,055,100)	-
1 July 2021	RM0.0450	-	101,975,600	(100,463,200)	(1,512,400)	-
27 July 2021	RM0.0425	-	1,202,300	-	-	<b>1,202,300</b>
16 August 2021	RM0.0375	-	300,000,000	-	-	<b>300,000,000</b>
		-	405,233,000	(100,463,200)	(3,567,500)	<b>301,202,300</b>

Details of ESOS granted to Directors of the Group are disclosed in Note 6 to the financial statements.

#### Warrants B

During the financial year, 80,000 of Warrants B were exercised at an exercise price of RM0.06 per Warrant B. As at 30 September 2021, the total numbers of Warrants B that remain unexercised amounted to 231,832,876.

Further information is disclosed in Note 25(b) to the financial statements.

#### Warrants C

On 22 January 2021, Bursa Malaysia Securities Berhad approved the Company's proposed bonus issue of up to 1,412,612,765 free warrants ("Warrants C") on the basis of three (3) Warrants C for every eight (8) existing ordinary shares of the Company. As at 30 September 2021, the total numbers of Warrants C that remain unexercised amounted to 1,412,612,765.

Further information is disclosed in Note 25(b) to the financial statements.

### DIRECTORS OF THE COMPANY

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

Dato' Seri Abdul Azim Bin Mohd Zabidi \*  
 Tan Sik Eek \*  
 Roy Ho Yew Kee \*  
 Hew Tze Kok  
 Andy Liew Hock Sim

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

### DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

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

Azril Bin Aliuddin  
 Charissa Lim Zhu Ai  
 Datuk Chai Woon Chet  
 Imam Pituduh  
 Kong Choo Hui  
 Loh Boon Teong  
 Muhammad Said Aqil  
 Ng Kok Heng  
 Nicholas Wong Yew Khid  
 Rohmat Faisol  
 Tommy Kurniawan Yaury

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 01.10.2020 Unit	Bought Unit	Sold Unit	At 30.09.2021 Unit
<b>Name of Directors</b>				
The Company				
<b>Direct Interest:</b>				
- Dato' Seri Abdul Azim Bin Mohd Zabidi	451,380	-	-	<b>451,380</b>
- Tan Sik Eek	-	34,785,000	-	<b>34,785,000</b>

	Number of options over ordinary shares			
	At 01.10.2020 Unit	Granted Unit	Exercised Unit	At 30.09.2021 Unit
<b>Name of Director</b>				
The Company				
<b>Direct Interest:</b>				
- Tan Sik Eek	-	34,785,000	(34,785,000)	-

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

### DIRECTORS' REMUNERATION AND BENEFITS

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

	Company RM	Subsidiary RM
Fees	589,930	374,578
Salaries, bonus and other emoluments	182,000	332,020
Contributions to defined contribution plan	-	39,864
Social security contributions	-	1,847
Share options granted under SIS and ESOS	250,451	-
<b>Total fees and other benefits</b>	<b>1,022,381</b>	<b>748,309</b>

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in Note 5(a) to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than those as disclosed in Note 30 to the financial statements.

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

## DIRECTORS' REPORT (CONT'D)

### OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The fees paid to or receivables by the auditors of the Company and its subsidiaries as remuneration for their services as auditor as set out in Note 5 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- (g) The total amount of indemnity given to or insurance effected for the Directors and officers of the Company is RM7,000,000 with insurance premium of RM44,108. No indemnity given to or insurance effected for auditors of the Company.



## DIRECTORS' REPORT (CONT'D)

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Details of significant events during the financial year are disclosed in Note 37 to the financial statements.

### **EVENTS SUBSEQUENT TO THE END OF FINANCIAL YEAR**

Details of events subsequent to the end of financial year are disclosed in Note 38 to the financial statements.

### **AUDITORS**

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

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 11 January 2022.

**TAN SIK EEK**

**ROY HO YEW KEE**

# 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 accompanying financial statements as set out on pages 77 to 164 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 11 January 2022.

**TAN SIK EEK**

**ROY HO YEW KEE**

XOX BHD 201001016682 (900384-X)

# STATUTORY DECLARATION

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

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I, NG KOK HENG, being the Officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 77 to 164 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed  
at Kuala Lumpur in the Federal Territory  
on 11 January 2022

**NG KOK HENG**

Before me,

**TAN KIM CHOOI**  
**NO. W661**  
**COMMISSIONER FOR OATHS**

ANNUAL REPORT 2021

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XOX BHD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of XOX Bhd, which comprise the statements of financial position as at 30 September 2021 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 77 to 164.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021, and of their financial performance and their cash flows for the 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 Responsibilities

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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the 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 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.

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

As at 30 September 2021, as shown in Notes 9 and 10 to the financial statements, the carrying amounts of the Group's PPE and IA amounted to RM59,718,719 and RM33,911,040 respectively, representing approximately 14% and 8% of the Group's total assets.

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

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

# INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF XOx BHD

## **Key Audit Matters (cont'd)**

### **Impairment Review of Property, Plant and Equipment ("PPE") and Intangible Assets ("IA") (cont'd)**

#### ***Our audit performed and responses thereon***

In addressing the matters above, we have performed the following audit procedures to evaluate management's basis and assumptions used in the VIU:

- Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors;
- Evaluated management's budgeting process by comparing actual results to historical cash flow projections;
- Evaluated the reasonableness of the Directors' assessment that a group of PPE and IA representing the integrated telecommunications services is the cash generating unit ("CGU") which represents the smallest identifiable group of assets that generate independent cash inflows, by understanding the business model of the Group;
- Reviewed management's impairment assessment including their considerations of the impact of COVID-19 pandemic has on the operations and compares, growth rate, gross margin and discount rate against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available; and
- Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amount of the PPE and IA.

### **Impairment Review of the Company's Investment in Subsidiaries**

As at 30 September 2021, as shown in Note 11 to the financial statements, the carrying amount of the Company's investment in subsidiaries amounted to RM104,799,728.

A recent history of losses, significant accumulated losses and lower of net assets recorded by certain subsidiaries have resulted in multiple indications that the carrying amount of these investments in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amount of these investment in subsidiaries based on VIU calculations using cash flow projections derived from the most recent financial forecast approved by Directors covering a five-year period or net assets of subsidiaries (as the case may be).

During the financial year, the Company has recognised an impairment loss of RM5,416,030 for its investments in these subsidiaries.

We have identified the impairment review of investment in subsidiaries as a key audit matter as impairment test involves significant judgement in estimating the underlying assumptions to be applied in the discounted cash flow projections of the VIU calculation. The recoverable amount of the Company's investment in subsidiaries is subject to key assumptions applied in respect of future revenue growth rate, gross margin and the pre-tax discount rate used in the cash flow projections. A small change in these key assumptions can have a significant impact on the estimation of the recoverable amount.

#### ***Our audit performed and responses thereon***

In addressing the matters above, we have performed the following audit procedures to evaluate management's basis and assumptions used in the VIU for respective subsidiaries: -

- Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors;
- Evaluated management's budgeting process by comparing actual results to historical cash flow projections;
- Reviewed management's impairment assessment including their considerations of the impact of COVID-19 pandemic has on the operations and compares, growth rate, gross margin and discount rate against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available; and
- Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the cost of investment in subsidiaries.

# INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF XOX BHD

## Key Audit Matters (cont'd)

### **Recoverability of Amounts due from Subsidiaries**

As at 30 September 2021, as shown in Note 21 to the financial statements, the amounts due from subsidiaries was RM151,493,959, net of cumulative impairment loss of RM73,909,820 inclusive of an additional impairment loss recognised during the year of RM41,895,235.

- We have identified the recoverability of amounts due from subsidiaries as a key audit matter due to judgement involved by management as to the likelihood of the recoverability of these amounts due from subsidiaries, which is based on a number of factors, including whether there will be sufficient cash flows in the future to repay the outstanding amounts.

### ***Our audit performed and responses thereon***

In addressing the matters above, we have performed the following audit procedures to evaluate management's assessment about the recoverability of amounts due from subsidiaries: -

- Evaluating management's assessment on the sufficiency of future cash flows of respective subsidiaries in support of the low credit risk of amounts due from subsidiaries by comparing management's forecasts of future cash flows approved by the Directors to historical results and evaluating the assumptions used in those forecasts;
- Reviewed management's impairment assessment including their considerations of the impact of COVID-19 pandemic has on the operations and compares, growth rate, gross margin and discount rate against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available; and
- Performed sensitivity analysis by changing certain key assumptions used in the forecast of future cash flows calculations and assessed the impact to the future cash flows.

### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

### **Responsibilities of the Directors for the Financial Statements**

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

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



# INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF XOX BHD

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and 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 and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

# INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF XOX BHD

## Report on Other Legal and Regulatory Requirements

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

## Other Matter

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.

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

Petaling Jaya, Selangor  
Date: 11 January 2022

**STEPHEN WAN YENG LEONG**  
02963/07/2023 J  
Chartered Accountant

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	4	<b>334,626,293</b>	251,436,160	-	-
Cost of sales		<b>(170,095,557)</b>	(124,495,781)	-	-
<b>Gross profit</b>		<b>164,530,736</b>	126,940,379	-	-
Other income		<b>14,088,373</b>	1,505,436	<b>5,826,241</b>	2,184,712
Administrative expenses		<b>(68,442,112)</b>	(82,651,955)	<b>(3,913,929)</b>	(2,515,799)
Selling and distribution expenses		<b>(95,673,401)</b>	(78,402,689)	-	-
Other expenses		<b>(57,768,764)</b>	(21,404,601)	<b>(48,112,495)</b>	(36,752,977)
<b>Loss from operations</b>		<b>(43,265,168)</b>	(54,013,430)	<b>(46,200,183)</b>	(37,084,064)
Finance costs	5	<b>(1,598,679)</b>	(1,649,973)	-	-
Share of results of associates, net of tax	12	<b>(1,520,518)</b>	-	-	-
Share of result of joint venture, net of tax	13	<b>(473,776)</b>	-	-	-
<b>Loss before tax</b>	5	<b>(46,858,141)</b>	(55,663,403)	<b>(46,200,183)</b>	(37,084,064)
Income tax (expense)/credit	7	<b>(537,088)</b>	1,215,988	-	-
<b>Loss for the year, net of tax</b>		<b>(47,395,229)</b>	(54,447,415)	<b>(46,200,183)</b>	(37,084,064)
<b>Other comprehensive income, net of tax</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation		<b>(1,677,617)</b>	(50,806)	-	-
<b>Total comprehensive income for the financial year</b>		<b>(49,072,846)</b>	(54,498,221)	<b>(46,200,183)</b>	(37,084,064)
<b>Loss for the year, net of tax attributable to:</b>					
Owners of the Company		<b>(45,488,924)</b>	(52,323,588)	<b>(46,200,183)</b>	(37,084,064)
Non-controlling interests		<b>(1,906,305)</b>	(2,123,827)	-	-
		<b>(47,395,229)</b>	(54,447,415)	<b>(46,200,183)</b>	(37,084,064)
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>(47,160,129)</b>	(52,334,666)	<b>(46,200,183)</b>	(37,084,064)
Non-controlling interests		<b>(1,912,717)</b>	(2,163,555)	-	-
		<b>(49,072,846)</b>	(54,498,221)	<b>(46,200,183)</b>	(37,084,064)
<b>Basic loss per ordinary share attributable to Owners of the Company (sen):</b>	8	<b>(1.21)</b>	(3.77)		

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	9	<b>59,718,719</b>	53,312,065	-	-
Intangible assets	10	<b>33,911,040</b>	36,693,147	-	-
Investments in subsidiaries	11	-	-	<b>104,799,728</b>	107,418,325
Investments in associates	12	<b>51,911,438</b>	-	<b>1,922,952</b>	-
Investment in a joint venture	13	<b>4,026,224</b>	-	-	-
Other investments	14	<b>37,043,335</b>	6,152,300	-	2,724,182
Goodwill on consolidation	15	-	-	-	-
Finance lease receivable	16	<b>231,365</b>	-	-	-
Other receivables	17	<b>221,926</b>	238,253	-	-
Deferred tax assets	18	<b>1,226,735</b>	1,449,113	-	-
		<b>188,290,782</b>	97,844,878	<b>106,722,680</b>	110,142,507
<b>Current Assets</b>					
Inventories	19	<b>8,834,460</b>	7,929,550	-	-
Trade receivables	20	<b>13,029,719</b>	12,451,024	-	-
Finance lease receivable	16	<b>154,643</b>	-	-	-
Other receivables	17	<b>45,622,469</b>	46,889,637	<b>71,091</b>	80,095
Amounts due from subsidiaries	21	-	-	<b>151,493,959</b>	49,666,962
Tax recoverable		<b>929,489</b>	346,931	<b>38,574</b>	27,313
Cash and cash equivalents	22	<b>163,766,587</b>	182,275,121	<b>68,487,508</b>	121,535,660
		<b>232,337,367</b>	249,892,263	<b>220,091,132</b>	171,310,030
<b>TOTAL ASSETS</b>		<b>420,628,149</b>	347,737,141	<b>326,813,812</b>	281,452,537

**STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
AS AT 30 SEPTEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Ordinary shares	23	<b>432,150,129</b>	343,519,338	<b>432,150,129</b>	343,519,338
Irredeemable convertible preference shares ("ICPS")	24	<b>1,949,285</b>	2,160,345	<b>1,949,285</b>	2,160,345
Reserves	25	<b>(128,384,857)</b>	(84,256,163)	<b>(110,300,685)</b>	(64,649,946)
<b>Total equity attributable to Owners of the Company</b>		<b>305,714,557</b>	261,423,520	<b>323,798,729</b>	281,029,737
Non-controlling interests	11(d)	<b>(1,776,145)</b>	136,572	-	-
<b>Total Equity</b>		<b>303,938,412</b>	261,560,092	<b>323,798,729</b>	281,029,737
<b>Non-current Liabilities</b>					
Lease liabilities	26	<b>8,618,325</b>	8,759,665	-	-
Deferred tax liabilities	18	<b>300,078</b>	170,009	-	-
		<b>8,918,403</b>	8,929,674	-	-
<b>Current Liabilities</b>					
Trade payables	27	<b>24,370,865</b>	18,687,302	-	-
Other payables	28	<b>54,111,580</b>	30,038,009	<b>149,568</b>	422,800
Contract liabilities	29	<b>24,457,074</b>	24,033,663	-	-
Amount due to subsidiary	21	-	-	<b>2,865,515</b>	-
Lease liabilities	26	<b>4,820,676</b>	4,472,938	-	-
Tax payable		<b>11,139</b>	15,463	-	-
		<b>107,771,334</b>	77,247,375	<b>3,015,083</b>	422,800
<b>Total Liabilities</b>		<b>116,689,737</b>	86,177,049	<b>3,015,083</b>	422,800
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>420,628,149</b>	347,737,141	<b>326,813,812</b>	281,452,537

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



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Attributable to Owners of the Company										Total Equity RM	
	Non-Distributable											
	Ordinary Shares RM	ICPS RM	Other Reserve RM	Sub-total RM	Capital Reserve RM	Warrants Reserve RM	Foreign Translation Reserve RM	Share Issuance Scheme Options Reserve RM	Accumulated Losses RM	Total RM		Non-controlling Interests RM
<b>Group</b>												
<b>2020</b>												
<b>At 1 October 2019</b>	126,892,891	-	-	126,892,891	2,200,000	-	(12,062)	961,735	(37,365,877)	92,676,687	2,293,651	94,970,338
Loss for the financial year	-	-	-	-	-	-	-	-	(52,323,588)	(52,323,588)	(2,123,827)	(54,447,415)
<b>Other comprehensive income</b>												
Foreign currency translations	-	-	-	-	-	-	(11,078)	-	-	(11,078)	(39,728)	(50,806)
<b>Total comprehensive income for the financial year</b>												
	-	-	-	-	-	-	(11,078)	-	(52,323,588)	(52,334,666)	(2,163,555)	(54,498,221)
<b>Transactions with Owners of the Company:</b>												
Rights Issue	-	26,525,688	(2,891,300)	23,634,388	-	2,891,300	-	-	-	26,525,688	-	26,525,688
Issuance of ordinary shares pursuant to:												
- Private placement	19,663,140	-	-	19,663,140	-	-	-	-	-	19,663,140	-	19,663,140
- Conversion of ICPS	48,623,935	(24,365,343)	-	24,258,592	-	-	-	-	-	24,258,592	-	24,258,592
- Exercise of warrants	2,000,640	-	363,450	2,364,090	-	(363,450)	-	-	-	2,000,640	-	2,000,640
- Share options exercised	146,338,732	-	-	146,338,732	-	-	-	(19,185,252)	-	127,153,480	-	127,153,480
Share options granted	-	-	-	-	-	-	-	21,454,893	-	21,454,893	-	21,454,893
Forfeiture of share options	-	-	-	-	-	-	-	(255,603)	255,603	-	-	-
Effect on dilution of equity interests in a subsidiary (Note 11(b))	-	-	-	-	-	-	-	-	25,066	25,066	6,476	31,542
<b>Total transactions with Owners of the Company</b>	216,626,447	2,160,345	(2,527,850)	216,258,942	-	2,527,850	-	2,014,038	280,669	221,081,499	6,476	221,087,975
<b>At 30 September 2020</b>	343,519,338	2,160,345	(2,527,850)	343,151,833	2,200,000	2,527,850	(23,140)	2,975,773	(89,408,796)	261,423,520	136,572	261,560,092

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Attributable to Owners of the Company										Non-controlling Interests RM	Total Equity RM	
	Non-Distributable					Total RM							
	Ordinary Shares RM	ICPS RM	Other Reserve RM	Sub-total RM	Capital Reserve RM	Warrants Reserve RM	Foreign Translation Reserve RM	Share Issuance Scheme Options Reserve RM	Accumulated Losses RM	Total RM			
<b>Group 2021</b>													
<b>At 1 October 2020</b>	343,519,338	2,160,345	(2,527,850)	343,151,833	2,200,000	2,527,850	(23,140)	2,975,773	(89,408,796)	261,423,520	136,572	261,560,092	
Loss for the financial year	-	-	-	-	-	-	-	-	(45,488,924)	(45,488,924)	(1,906,305)	(47,395,229)	
<b>Other comprehensive income</b>													
Foreign currency translations	-	-	-	-	-	-	(1,671,205)	-	-	(1,671,205)	(6,412)	(1,677,617)	
<b>Total comprehensive income for the financial year</b>													
-	-	-	-	-	-	-	(1,671,205)	-	(45,488,924)	(47,160,129)	(1,912,717)	(49,072,846)	
<b>Transactions with Owners of the Company:</b>													
Issuance of ordinary shares pursuant to:													
- Private placement	60,630,845	-	-	60,630,845	-	-	-	-	-	60,630,845	-	60,630,845	
- Conversion of ICPS	422,120	(211,060)	-	211,060	-	-	-	-	-	211,060	-	211,060	
- Exercise of warrants	4,800	-	872	5,672	-	(872)	-	-	-	4,800	-	4,800	
- Share options exercised	27,573,026	-	-	27,573,026	-	-	-	(2,498,440)	-	25,074,586	-	25,074,586	
Share options granted	-	-	-	-	-	-	-	5,529,875	-	5,529,875	-	5,529,875	
Share options expired	-	-	-	-	-	-	-	(2,970,956)	2,970,956	-	-	-	
<b>Total transactions with Owners of the Company</b>	88,630,791	(211,060)	872	88,420,603	-	(872)	-	60,479	2,970,956	91,451,166	-	91,451,166	
<b>At 30 September 2021</b>	432,150,129	1,949,285	(2,526,978)	431,572,436	2,200,000	2,526,978	(1,694,345)	3,036,252	(131,926,764)	305,714,557	(1,776,145)	303,938,412	

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Attributable to Owners of the Company								Total Equity RM
	Non-Distributable							Accumulated Losses RM	
	Ordinary Shares RM	ICPS RM	Other Reserve RM	Sub-total RM	Capital Reserve RM	Warrants Reserve RM	Share Issuance Scheme Options Reserve RM		
<b>Company 2020</b>									
<b>At 1 October 2019</b>	126,892,891	-	-	126,892,891	2,200,000	-	961,735	(32,997,258)	97,057,368
Loss net of tax, representing total comprehensive income for the financial year	-	-	-	-	-	-	-	(37,084,064)	(37,084,064)
<b>Transactions with Owners of the Company:</b>									
Rights Issue	-	26,525,688	(2,891,300)	23,634,388	-	2,891,300	-	-	26,525,688
Issuance of ordinary shares pursuant to:									
- Private placement	19,663,140	-	-	19,663,140	-	-	-	-	19,663,140
- Conversion of ICPS	48,623,935	(24,365,343)	-	24,258,592	-	-	-	-	24,258,592
- Exercise of warrants	2,000,640	-	363,450	2,364,090	-	(363,450)	-	-	2,000,640
- Share options exercised	146,338,732	-	-	146,338,732	-	-	(19,185,252)	-	127,153,480
Share options granted	-	-	-	-	-	-	21,454,893	-	21,454,893
Forfeiture of share options	-	-	-	-	-	-	(255,603)	255,603	-
<b>Total transactions with Owners of the Company</b>	216,626,447	2,160,345	(2,527,850)	216,258,942	-	2,527,850	2,014,038	255,603	221,056,433
<b>At 30 September 2020</b>	343,519,338	2,160,345	(2,527,850)	343,151,833	2,200,000	2,527,850	2,975,773	(69,825,719)	281,029,737

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Attributable to Owners of the Company							Total Equity RM	
	Non-Distributable						Accumulated Losses RM		
	Ordinary Shares RM	ICPS RM	Other Reserve RM	Sub-total RM	Capital Reserve RM	Warrants Reserve RM			Share Issuance Scheme Options Reserve RM
<b>Company 2021</b>									
<b>At 1 October 2020</b>	343,519,338	2,160,345	(2,527,850)	343,151,833	2,200,000	2,527,850	2,975,773	(69,825,719)	281,029,737
Loss net of tax, representing total comprehensive income for the financial year	-	-	-	-	-	-	-	(46,200,183)	(46,200,183)
<b>Transactions with Owners of the Company:</b>									
Issuance of ordinary shares pursuant to:									
- Private placement	60,630,845	-	-	60,630,845	-	-	-	-	60,630,845
- Conversion of ICPS	422,120	(211,060)	-	211,060	-	-	-	-	211,060
- Exercise of warrants	4,800	-	872	5,672	-	(872)	-	-	4,800
- Share options exercised	27,573,026	-	-	27,573,026	-	-	(2,498,440)	-	25,074,586
Share options granted	-	-	-	-	-	-	5,529,875	-	5,529,875
Share options expired	-	-	-	-	-	-	(2,970,956)	488,965	(2,481,991)
<b>Total transactions with Owners of the Company</b>	<b>88,630,791</b>	<b>(211,060)</b>	<b>872</b>	<b>88,420,603</b>	<b>-</b>	<b>(872)</b>	<b>60,479</b>	<b>488,965</b>	<b>88,969,175</b>
<b>At 30 September 2021</b>	<b>432,150,129</b>	<b>1,949,285</b>	<b>(2,526,978)</b>	<b>431,572,436</b>	<b>2,200,000</b>	<b>2,526,978</b>	<b>3,036,252</b>	<b>(115,536,937)</b>	<b>323,798,729</b>

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash Flows from Operating Activities</b>					
Loss before tax		<b>(46,858,141)</b>	(55,663,403)	<b>(46,200,183)</b>	(37,084,064)
Adjustments for:-					
• Amortisation of intangible assets		<b>3,184,297</b>	3,842,595	-	-
COVID-19 related rent concession		<b>(99,766)</b>	(147,785)	-	-
Depreciation of property, plant and equipment		<b>12,720,035</b>	13,233,524	-	-
Effect on dilution of equity interest in a subsidiary		-	-	-	(31,542)
Fair value adjustment on other investments		<b>43,595,884</b>	463,138	<b>801,230</b>	(1,281,968)
Gain on disposal of property, plant and equipment		-	(100,168)	-	-
Initial recognition on fair value of free warrants		<b>(5,509,500)</b>	-	-	-
Fair value adjustment of free warrants		<b>(3,271,988)</b>	-	-	-
Fair value adjustment of free non-current financial assets		-	(25,448)	-	-
Gain on termination of lease contract:					
- derecognition of right-of-use asset		<b>76,792</b>	-	-	-
- derecognition of lease liability		<b>(91,900)</b>	-	-	-
Impairment loss on:					
- intangible assets		<b>1,420,711</b>	4,997,786	-	-
- property, plant and equipment		-	2,863,255	-	-
- other receivables		<b>2,066,400</b>	1,005,132	-	-
- trade receivables		<b>4,315,305</b>	6,332,147	-	-
- amounts due from subsidiaries		-	-	<b>41,895,235</b>	11,855,718
- investment in subsidiaries		-	-	<b>5,416,030</b>	24,897,259
- investment in associates		<b>6,215,853</b>	-	-	-
Interest expense		<b>1,598,679</b>	1,649,973	-	-
Interest income		<b>(2,822,777)</b>	(403,914)	<b>(1,069,918)</b>	(300,639)
lease interest income		<b>(43,068)</b>	-	-	-
Reversal of impairments on amounts due from subsidiaries		-	-	<b>(4,756,189)</b>	-
Share-based payment expenses		<b>5,529,875</b>	21,454,893	<b>250,451</b>	-
Share of joint venture's loss		<b>473,776</b>	-	-	-
Share of associates' loss		<b>1,520,518</b>	-	-	-
Unrealised (gain)/loss on foreign exchange		<b>(2,157,379)</b>	(471,459)	<b>8,464</b>	(570,443)
Waiver of debt		-	(72,686)	-	-
Written off					
- intangible assets		-	3,870,355	-	-
- property, plant and equipment		<b>154,611</b>	1,438,685	-	-
- prepayments		-	434,103	-	-
Operating profit/(loss) before changes in working capital		<b>22,018,217</b>	4,700,723	<b>(3,654,880)</b>	(2,515,679)



**STATEMENTS OF CASH FLOWS (CONT'D)**  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Balance brought forward		<b>22,018,217</b>	4,700,723	<b>(3,654,880)</b>	(2,515,679)
<b>Changes in working capital:</b>					
Inventories		<b>(904,910)</b>	(727,898)	-	-
Trade receivables		<b>(4,894,000)</b>	9,108,660	-	-
Finance lease receivable		<b>96,065</b>	-	-	-
Other receivables		<b>(721,036)</b>	(4,053,779)	<b>9,004</b>	516,276
Trade payables		<b>5,683,563</b>	(15,613,222)	-	-
Other payables		<b>23,723,356</b>	5,001,093	<b>(273,232)</b>	3,974
Contract liabilities		<b>423,411</b>	1,521,455	-	-
		<b>23,406,449</b>	(4,763,691)	<b>(264,228)</b>	520,250
<b>Cash generated from/(used in) operations</b>		<b>45,424,666</b>	(62,968)	<b>(3,919,108)</b>	(1,995,429)
Interest received		<b>2,856,672</b>	394,523	<b>1,069,918</b>	300,639
Interest paid		<b>(1,598,679)</b>	(1,649,973)	-	-
Tax paid		<b>(771,523)</b>	(417,557)	<b>(11,261)</b>	(9,783)
Tax refund		-	267,326	-	-
<b>Net cash from/(used in) operating activities</b>		<b>45,911,136</b>	(1,468,649)	<b>(2,860,451)</b>	(1,704,573)
<b>Cash flows from investing activities</b>					
Acquisition of other investment	14	<b>(87,946,935)</b>	(5,201,994)	-	-
Advances to subsidiaries		-	-	<b>(138,966,043)</b>	(77,162,215)
Investment in subsidiaries	11	-	-	-	(5,362)
Investment in joint venture	13	<b>(4,500,000)</b>	-	-	-
Investment in associates	12	<b>(45,735,009)</b>	-	-	-
Proceeds from disposal of other investment		<b>8,781,488</b>	-	-	-
Purchase of property, plant and equipment	9(a)	<b>(14,761,368)</b>	(6,145,342)	-	-
Purchase of intangible assets	10	<b>(1,822,901)</b>	(10,177,517)	-	-
Proceeds from dilution of equity interest in a subsidiary	11(b)	-	31,542	-	31,542
Proceeds from disposal of property, plant and equipment		-	311,499	-	-
<b>Net cash used in investing activities</b>		<b>(145,984,725)</b>	(21,181,812)	<b>(138,966,043)</b>	(77,136,035)

**STATEMENTS OF CASH FLOWS (CONT'D)**  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Balance brought forward		<b>(100,073,589)</b>	(22,650,461)	<b>(141,826,494)</b>	(78,840,608)
<b>Cash Flows from Financing Activities</b>					
Proceeds from issuance of ordinary shares		<b>85,921,291</b>	173,075,852	<b>85,921,291</b>	173,075,852
Proceeds from issuance of ICPS		-	26,525,688	-	26,525,688
Increase in fixed deposit pledged		<b>(12,178)</b>	(12,730)	-	-
Payment for the principal portion of lease liabilities	(ii)(iii)	<b>(4,680,733)</b>	(3,779,059)	-	-
Advance from subsidiary	(iii)	-	-	<b>2,865,515</b>	
<b>Net cash from financing activities</b>		<b>81,228,380</b>	195,809,751	<b>88,786,806</b>	199,601,540
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		<b>(18,845,209)</b>	173,159,290	<b>(53,039,688)</b>	120,760,932
Cash and cash equivalents at the beginning of the financial year		<b>181,882,391</b>	8,572,671	<b>121,535,660</b>	204,285
Effect of exchange rate changes on cash and cash equivalents held		<b>324,497</b>	150,430	<b>(8,464)</b>	570,443
<b>Cash and cash equivalents at the end of the financial year</b>	(i)	<b>163,361,679</b>	181,882,391	<b>68,487,508</b>	121,535,660

**Note:**

- (i) Cash and cash equivalents comprise of the following: -

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits with a licensed bank	<b>404,908</b>	392,730	-	-
Short-term fund	<b>68,168,842</b>	120,822,401	<b>68,168,842</b>	120,822,401
Cash and bank balances	<b>95,192,837</b>	61,059,990	<b>318,666</b>	713,259
Total cash and cash equivalents (Note 22)	<b>163,766,587</b>	182,275,121	<b>68,487,508</b>	121,535,660
Less: Fixed deposit pledged (Note 22(i))	<b>(404,908)</b>	(392,730)	-	-
	<b>163,361,679</b>	181,882,391	<b>68,487,508</b>	121,535,660

- (ii) Cash outflows for leases as a lessee

	Group	
	2021 RM	2020 RM
<b>Included in net cash from operating activities:</b>		
Interest paid in relation to lease liabilities	<b>1,598,679</b>	1,649,973
Payment related to short term lease of premises	<b>1,607,410</b>	2,068,814
<b>Included in net cash from financing activities:</b>		
Payment for the principal portion of lease liabilities	<b>4,680,733</b>	3,779,059
	<b>7,886,822</b>	7,497,846

**STATEMENTS OF CASH FLOWS (CONT'D)**  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

**Note: (cont'd)**

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	<b>Group Lease liabilities RM</b>	<b>Company Amounts due to subsidiary RM</b>
<b>2021</b>		
<b>At beginning of the financial year</b>	<b>13,232,603</b>	-
Repayment to	<b>(4,680,733)</b>	-
Advances from	-	<b>2,865,515</b>
Net changes in cash flows from financing activities	<b>(4,680,733)</b>	<b>2,865,515</b>
Acquisition of new leases	<b>5,078,797</b>	-
Derecognition of lease liability	<b>(91,900)</b>	-
COVID-19 related rent concession	<b>(99,766)</b>	-
<b>At end of the financial year</b>	<b>13,439,001</b>	<b>2,865,515</b>

	<b>Group Lease liabilities RM</b>
<b>2020</b>	
<b>At beginning of the financial year</b>	12,374,621
Repayment to, representing net changes in cash flows from financing activities	(3,779,059)
Acquisition of new leases	4,784,826
COVID-19 related rent concession	(147,785)
<b>At end of the financial year</b>	<b>13,232,603</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2021

## 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 registered office of the Company is located at 22-09 Menara 1MK, No.1, Jalan Kiara, 50480 Kuala Lumpur.

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

The financial statements were authorised for issue in accordance with Board of Directors' resolution dated 11 January 2022.

## 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 Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

### (i) Accounting pronouncements that are effective and adopted during the financial year

The Group and the Company have adopted the following new accounting pronouncements that are mandatory for the current financial year:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 9 and MFRS 7	Interest rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 16	COVID-19 - Related Rent Concessions
Amendments to References to the Conceptual Framework in MFRSs	

The adoption of the above pronouncements did not have any significant effect on the financial statements of the Group and of the Company, except for the recognition of COVID-19 related rent concession income of RM76,019 (2020: RM147,785) for the financial year ended 2021.

Other than the above, the Group and the Company have early adopted the Amendment to MFRS 16 COVID-19-Related Rent Concession beyond 30 June 2021 which is effective for annual period beginning on or after 1 April 2021.

Upon the early adoption of Amendment to MFRS 16 COVID-19-Related Rent Concession beyond 30 June 2021, the Group has recognised an income of RM23,747 (2020: RM Nil) for the financial year ended 2021.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 2. BASIS OF PREPARATION (CONT'D)

#### (a) Statement of compliance (cont'd)

##### (ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company.

##### **Effective for financial periods beginning on or after 1 January 2021**

Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
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##### **Effective for financial periods beginning on or after 1 April 2021**

Amendments to MFRS 16	COVID-19 - Related Rent Concession beyond 30 June 2021
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##### **Effective for financial periods beginning on or after 1 January 2022**

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 - 2020	

##### **Effective for financial periods beginning on or after 1 January 2023**

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

##### **Effective date to be announced**

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods other than as disclosed in Note 2(a)(i). These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application.

#### (b) Basis of measurement

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 2. BASIS OF PREPARATION (CONT'D)

#### (c) Functional and presentation currency

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

#### (d) Significant accounting estimates and judgements

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

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

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

#### (i) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses and adjusts for qualitative and quantitative reasonable and supportable forward-looking information (if any). If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 20.

For other receivables, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

For amounts due from subsidiaries, the Company determines the recoverability of its amount due from subsidiaries based on the future discounted cash flows of the respective subsidiaries, for which significant judgment is required in the estimation of the present value of future cash flows generated by respective subsidiaries' operations. This involves uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The net carrying amount of amount due from subsidiaries as at the reporting date is disclosed in Note 21.

#### (ii) Impairment of property, plant and equipment, intangible assets, investment in subsidiaries and investment in joint venture

The Group and the Company determine whether an item of its property, plant and equipment, intangible assets, investment in subsidiaries and joint venture is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. Discounted cash flows is used to determine the recoverable amount of which significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment, intangible assets, investment in subsidiaries and joint venture as at the reporting date are disclosed in Notes 9, 10, 11 and 13.



# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of consolidation

##### Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

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

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

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

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

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

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

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

##### Business combination

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of consolidation (cont'd)

##### Business combination (cont'd)

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

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

##### Subsidiaries

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

##### Non-controlling interests

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

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

##### Transactions eliminated on consolidation

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

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

##### Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of consolidation (cont'd)

##### Associates (cont'd)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in the profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

##### Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Group's interest in joint venture is accounted for in the consolidated financial statements using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount and recognises the amount in profit or loss.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Foreign currencies

##### Foreign currency translations and balances

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

##### Foreign operations

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

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

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

#### (c) Revenue and other income recognition

##### (i) Revenue from contracts with customers

The Group is in the business of providing telecommunication services, mobile application related services, e-Commerce and digital advertising.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Revenue and other income recognition (cont'd)

##### (i) Revenue from contracts with customers (cont'd)

The Group has identified its Performance Obligation ("PO") toward its customers as follows:

##### (a) *Telecommunication services*

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

Revenue from prepaid services (i.e. preloaded talk time, prepaid top-up vouchers, etc.) are satisfied when services are rendered. Consideration from the sale of prepaid SIM cards, reload vouchers and e-recharge to customers (subscribers) where services have not been rendered at the reporting date is deferred as contract liability until actual usage or when the cards, vouchers or reloaded amounts are expired or forfeited. Payment from distribution channel is generally due to from 7 to 30 days when e-recharge and prepaid top-up voucher is transferred.

Postpaid services are provided in postpaid packages which consists of various services (i.e. call minutes, internet data, SMS, etc.). These postpaid packages have been assessed to meet the definition of a series of distinct services that are substantially the same and have the same pattern of transfer and as such the Group treats these packages as a single performance obligation. Payment is generally due 30 days from the date when PO is satisfied.

Postpaid packages are either sold separately or bundled together with the sale of a mobile device to a customer. Mobile devices can also be obtained separately from other mobile device retailers and can be used together with the postpaid packages provided by the Group. Postpaid packages and mobile devices are capable of being distinct and separately identifiable, therefore, there are two performance obligations within a bundled transaction. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the postpaid packages and device. Stand-alone selling price are based on observable sales prices; however, where stand-alone selling prices are not directly observable, estimates will be made maximising the use of observable inputs.

Revenue from SMS blasting services are recognised based on monthly actual usage of the customers at point in time. Payment is generally due 30 days from the date when PO is satisfied.

##### (b) *Mobile application services*

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

##### (c) *e-Commerce*

e-Commerce sales refers to sales of phone device and non-telecommunication products to distribution channels or subscribers through digital communications platform. e-Commerce sales is satisfied upon delivery of goods where the control of the goods has been transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods, net of indirect taxes and discounts.

For distribution channels, payment is generally due ranging from 30 days to 60 days from the date when PO is satisfied, whereas payment from subscribers is made before the goods are delivered. Revenue is recognised at point in time when customers have acknowledged the receipt of good sold.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Revenue and other income recognition (cont'd)

##### (i) Revenue from contracts with customers (cont'd)

##### (d) *Digital advertising*

Revenue from digital advertising services generally refers to publish the advertisement content provided by the advertiser through digital communications platform. Sales of digital advertising services is satisfied and recognised over the period in which fulfilment in accordance with the contract with customer is met.

Revenue is generated in barter transactions in exchange of the goods provided by the advertisers and is due within 7 days from the date of execution of Agreement. Such revenues are measured at the estimated fair market value of the goods received. The fair market value of the goods received is recorded as an asset when they qualify for asset recognition or are otherwise expensed to profit or loss.

##### Cost to obtain a contract

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

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

##### Contract liabilities

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

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

##### (ii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on asset.

##### (iii) Registration fee

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



# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Employee benefits

##### (i) Short term employee benefits

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

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 plan

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

##### (iii) Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based compensation plan for the Directors and employees of the Group for equity instruments of the Company (known as "share options"). 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.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' Directors and employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

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

#### (e) Borrowing costs

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

Interest incurred on borrowings costs that are directly attributable to the acquisition, construction or production of a qualifying asset related to property development activities or construction of assets are capitalised as part of the cost of the asset during the period of time required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale whereby the assets are no longer qualifying asset.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Income taxes

##### Current tax

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

##### Deferred tax

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

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

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

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

#### (g) Leases

##### **As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are presented within property, plant and equipment and lease liabilities are presented as a separate line in the statements of financial position.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (g) Leases (cont'd)

##### As a lessee (cont'd)

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(n)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

##### As a lessor

When the Group is an intermediate lessor, it assesses the lease classification of a sublease as a finance or an operating lease with reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset.

##### Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee. Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

#### (h) Earnings per share

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

##### (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.

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.

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

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment.

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
Leased properties	2 to 6 years
Leased signboard	3 years

Capital work-in-progress are not depreciated but are tested for impairment annually and whenever there is an indication that they may be impaired.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Intangible assets

##### (i) Recognition and measurement

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

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

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

##### (ii) Subsequent expenditure

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

##### (iii) Amortisation

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

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

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

Mobile and telecommunication software	5 - 10 years
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Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

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

#### (k) Inventories

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

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

#### (l) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand, fixed deposits placed with a licensed bank and short-term fund that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits, if any.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (m) Financial instruments

##### (i) Initial recognition and measurement

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

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

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

##### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

#### **Financial assets**

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

##### (a) *Amortised cost*

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

##### (b) *Fair value through profit or loss*

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (m) Financial instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement (cont'd)

###### **Financial liabilities**

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

###### Amortised cost

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

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

##### (iii) Offsetting of financial instruments

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

##### (iv) Regular way purchase or sale of financial assets

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

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

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

##### (v) Derecognition

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (n) Impairment

##### (i) Financial assets

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

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

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

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

##### Simplified approach - trade receivables and finance lease receivables

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

##### General approach - other financial instruments

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

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

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

##### Credit impaired financial assets

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g. being more than the range from 30 to 150 days past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (n) Impairment (cont'd)

##### (i) Financial assets (cont'd)

###### Write-off policy

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

##### (ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

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

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

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

An impairment loss recognised for goodwill is not reversed.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Equity instruments

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

##### Ordinary shares

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

##### ICPS

Preference share capital is classified as equity if it is non-redeemable and any dividends are at the Company's discretion. Dividends thereon are recognised as distributions within equity.

##### Bonus Issue of Warrants

There is no proceed received by the Company arising from the Bonus Issue of warrant, accordingly, no allocation of proceeds is required to account for the fair value of warrant issued.

#### (p) Operating segments

Operating segments are defined as components of the Group that:

- (a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

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

- (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.
- (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) its assets are 10% or more of the combined assets of all operating segments.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (q) Fair value measurements

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

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

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

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

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

Level 3 : Unobservable inputs for the asset or liability.

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

### 4. REVENUE

	Note	Group	
		2021 RM	2020 RM
<b>Revenue from contracts with customers:</b>			
Telecommunication services			
- SMS blasting services		<b>5,263,558</b>	2,806,847
- Prepaid, postpaid and other services	(i)	<b>309,005,136</b>	248,442,429
Mobile applications services	(ii)	<b>57,212</b>	186,884
Digital advertising	(iii)	<b>16,511</b>	-
e-Commerce	(iv)	<b>4,697,605</b>	-
Phone devices		<b>15,586,271</b>	-
		<b>334,626,293</b>	251,436,160

**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**4. REVENUE (CONT'D)**

	<b>Group</b>	
	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
<b>Timing of revenue recognition:</b>		
Point in time	<b>25,547,434</b>	2,806,847
Over time	<b>309,078,859</b>	248,629,313
	<b>334,626,293</b>	251,436,160

The accounting policy for the Group's revenue is disclosed in the Note 3(c).

Unsatisfied contracts

The following table shows unsatisfied performance obligations resulting from telecommunication services revenue (prepaid, postpaid and other services), mobile application services, e-Commerce and digital advertising revenue.

**Revenue recognised over time:**

(i) Telecommunication services

	<b>Group</b>	
	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
Total contracted revenue	<b>332,899,737</b>	272,023,530
Less: Telecommunication services revenue recognised	<b>(309,005,136)</b>	(248,442,429)
Aggregate amount of the transaction price allocated to telecommunication services revenue that are partially or fully unsatisfied as at 30 September	<b>23,894,601</b>	23,581,101

The remaining unsatisfied performance obligations are expected to be recognised as revenue within the next 28 months (2020: 28 months).

(ii) Mobile application services

	<b>Group</b>	
	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
Total contracted revenue	<b>532,111</b>	639,446
Less: Mobile applications services revenue recognised	<b>(57,212)</b>	(186,884)
Aggregate amount of the transaction price allocated to mobile application services revenue that are partially or fully unsatisfied as at 30 September	<b>474,899</b>	452,562

The remaining unsatisfied performance obligations are expected to be recognised as revenue within the next 12 months (2020: 12 months).



**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**4. REVENUE (CONT'D)**

Unsatisfied contracts (cont'd)

**Revenue recognised over time: (cont'd)**

(iii) Digital advertising

	<b>Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Total contracted revenue	<b>60,000</b>	-
Less: Digital advertising revenue recognised	<b>(16,511)</b>	-
Aggregate amount of the transaction price allocated to digital advertising revenue that are partially or fully unsatisfied as at 30 September	<b>43,489</b>	-

The remaining unsatisfied performance obligations are expected to be recognised as revenue within the next 6 months (2020: Nil).

**Revenue recognised point-in-time:**

(iv) e-Commerce

	<b>Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Total contracted revenue	<b>4,741,690</b>	-
Less: e-Commerce revenue recognised	<b>(4,697,605)</b>	-
Aggregate amount of the transaction price allocated to e-Commerce revenue that are partially or fully unsatisfied as at 30 September	<b>44,085</b>	-

The remaining unsatisfied performance obligations are expected to be recognised as revenue within the next 1 month (2020: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 5. LOSS BEFORE TAX

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration				
- statutory audit	<b>395,251</b>	362,223	<b>103,000</b>	98,000
- non statutory audit	<b>103,000</b>	65,000	<b>35,000</b>	10,000
Amortisation of intangible assets	<b>3,184,297</b>	3,842,595	-	-
COVID-19 related rent concession	<b>(99,766)</b>	(147,785)	-	-
Depreciation of property, plant and equipment	<b>12,720,035</b>	13,233,524	-	-
Directors' remuneration (Note (a))	<b>5,136,019</b>	16,196,491	<b>1,022,381</b>	659,815
Employee benefits expense (Note (b))	<b>24,498,080</b>	27,507,913	-	-
Effect on dilution of equity interest in a subsidiary	-	-	-	(31,542)
Gain on disposal of property, plant and equipment	-	(100,168)	-	-
Gain on termination of lease due to:				
- derecognition of property, plant and equipment	<b>76,792</b>	-	-	-
- derecognition of lease liability	<b>(91,900)</b>	-	-	-
Gain on remeasurement of non-current financial assets	-	(25,448)	-	-
Fair value adjustment of free warrants	<b>(3,271,988)</b>	-	-	-
Initial recognition on fair value of free warrants	<b>(5,509,500)</b>	-	-	-
Loss/(Gain) on foreign exchange				
- realised	<b>245,794</b>	165,755	-	-
- unrealised	<b>(2,157,379)</b>	(471,459)	<b>8,464</b>	(570,443)
Impairment loss on:				
- intangible assets	<b>1,420,711</b>	4,997,786	-	-
- property, plant and equipment	-	2,863,255	-	-
- other receivables	<b>2,066,400</b>	1,005,132	-	-
- trade receivables	<b>4,315,305</b>	6,332,147	-	-
- amounts due from subsidiaries	-	-	<b>41,895,235</b>	11,855,718
- investment in associates	<b>6,215,853</b>	-	-	-
- investment in subsidiaries	-	-	<b>5,416,030</b>	24,897,259
Interest income	<b>(2,822,777)</b>	(403,914)	<b>(1,069,918)</b>	(300,639)
Lease interest income	<b>(43,068)</b>	-	-	-
Interest expense:				
- lease liabilities	<b>1,598,679</b>	1,649,973	-	-
Waiver of debt	-	(72,686)	-	-
Written off:				
- intangible assets	-	3,870,355	-	-
- property, plant and equipment	<b>154,611</b>	1,438,685	-	-
- prepayments	-	434,103	-	-
Fair value adjustments on other investments	<b>43,595,884</b>	463,138	<b>801,230</b>	(1,281,968)
Reversal of impairment on amount due from subsidiary	-	-	<b>(4,756,189)</b>	-
Short term lease of premises	<b>1,607,410</b>	2,068,814	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**5. LOSS BEFORE TAX (CONT'D)**

(a) Directors' remuneration:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Executive Directors:</b>				
Fees	<b>397,108</b>	236,865	<b>277,930</b>	236,865
Salaries, bonus and other emoluments	<b>1,478,330</b>	1,398,410	<b>122,000</b>	46,200
Contributions to defined contribution plan	<b>162,788</b>	162,276	-	-
Social security contributions	<b>2,770</b>	2,078	-	-
Share options granted under SIS and ESOS (Note 6)	<b>2,467,623</b>	13,780,112	<b>250,451</b>	-
	<b>4,508,619</b>	15,579,741	<b>650,381</b>	283,065
<b>Non-executive Directors:</b>				
Fees	<b>567,400</b>	536,250	<b>312,000</b>	296,250
Other emoluments	<b>60,000</b>	80,500	<b>60,000</b>	80,500
	<b>627,400</b>	616,750	<b>372,000</b>	376,750
<b>Total</b>	<b>5,136,019</b>	16,196,491	<b>1,022,381</b>	659,815

(b) Employee benefits expense:

	<b>Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Salaries, allowances and bonus	<b>18,927,052</b>	17,564,796
Contributions to defined contribution plan	<b>2,301,922</b>	2,077,959
Social security contributions	<b>206,854</b>	190,377
Share options granted under SIS and ESOS (Note 6)	<b>3,062,252</b>	7,674,781
	<b>24,498,080</b>	27,507,913

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 6. SHARE OPTIONS

#### 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 effective date of implementation of the SIS is on 14 March 2016 ("Effective Date").

The salient features of the SIS Options are as follows:

- (a) Any employee of the Group shall be eligible if as at the date of offer, the employee:
  - (i) has attained at least eighteen (18) years of age;
  - (ii) has been in the employment of the Group for a period of at least three (3) months of continuous service and has been confirmed in writing;
  - (iii) is an employee in a company within the Group which is not dormant belonging to such categories of employment as determined by the SIS Committee; and
  - (iv) who falls under such categories and criteria that the SIS Committee may decide at its absolute discretion from time to time.
- (b) The maximum number of new shares to be issued pursuant to the exercise of the SIS Options which may be granted under the SIS shares shall not exceed thirty percent (30%) of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point of time throughout the duration of the SIS.
- (c) The Scheme shall be in force for a period of five (5) years commencing from the effective date. The Scheme may be extended by the Board of Directors, upon the recommendation of the SIS Committee, without having to obtain approval from the Company's shareholders, for a further period of up to five (5) years immediately from the expiry of the first five (5) years but will not in aggregate exceed ten (10) years.
- (d) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of and not less than 100 shares.
- (e) The new Company's shares ("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 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.
- (f) The options granted are vesting immediately without any vesting conditions.

On 19 October 2020, 10 December 2020 and 5 March 2021, the Company has further offered SIS on similar terms (except for the exercise price) to eligible Directors and employees of the Group. The SIS had lapsed as at 13 March 2021.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 6. SHARE OPTIONS (CONT'D)

#### Employees' Scheme Option ("ESOS")

At an extraordinary general meeting held on 19 April 2021, the Company's shareholders approved the establishment of ESOS for eligible Directors and employees of the Group. The effective date of implementation of the ESOS is on 27 May 2021 ("Effective Date").

The salient features of the ESOS 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) under an employment contract for a fixed duration and has been in the employment of any company in the Group for such period as may be determined by the ESOS Committee;
  - (iii) is an employee in a company within the Group which is not dormant belonging to such categories of employment as determined by the ESOS Committee; and
  - (iv) who falls under such categories and criteria that the ESOS Committee may decide at its absolute discretion from time to time.
- (b) The Director of the Group shall be eligible if as at the date of offer, the Director:
  - (i) has attained at least eighteen (18) years of age;
  - (ii) has been appointed as a Director to the Board of Directors of any company of the Group which is not dormant; and
  - (iii) who falls under such categories and criteria that the ESOS Committee may decide at its absolute discretion from time to time.
- (c) The maximum number of new shares to be issued pursuant to the exercise of the ESOS Options which may be granted under the ESOS 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 ESOS.
- (d) The Scheme shall be in force for a period of three (3) years commencing from the effective date. The Scheme may be extended by the Board of Directors, upon the recommendation of the ESOS Committee, without having to obtain approval from the Company's shareholders, for a further period of up to seventh (7) years immediately from the expiry of the first three (3) years but will not in aggregate exceed ten (10) years.
- (e) The options granted may be exercised in whole or part in multiples of 100 shares at any time during the period commencing from the date an Offer is accepted and expiring on the last day of the duration of the Scheme or such other date as stipulated by the ESOS Committee in the Offer or on the date of termination or expiry of the Scheme whichever is the earlier ("Option Period").
- (f) The new Company's shares ("new Shares") to be allotted and issued upon the exercise of the ESOS Options shall, upon allotment and issue, rank pari passu in all respects with the existing Company's ordinary shares 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 ESOS Options shall not carry any right to vote at a general meeting of the Company.
- (g) The options granted are vesting immediately without any vesting conditions.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 6. SHARE OPTIONS (CONT'D)

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

	Exercise price	Number of options over ordinary shares					At 30.09.2021
		At 01.10.2020	Granted	Exercised	Expired #	Forfeited <sup>^</sup>	
<b>2021</b>							
<b>SIS:</b>							
First Grant	RM0.13	3,287,500	-	(60,000)	(3,227,500)	-	-
Second Grant	RM0.10	15,422,600	-	-	(15,422,600)	-	-
Fourth Grant	RM0.20	67,566,600	-	-	(67,566,600)	-	-
Fifth Grant	RM0.20	11,792,400	-	-	(11,792,400)	-	-
Sixth Grant	RM0.12	-	55,433,300	(52,806,200)	(2,627,100)	-	-
Seventh Grant	RM0.11	-	22,626,300	(22,150,000)	(476,300)	-	-
Eighth Grant	RM0.07	-	168,181,400	(168,181,400)	-	-	-
<b>ESOS:</b>							
First Grant	RM0.0475	-	2,055,100	-	(2,055,100)	-	-
Second Grant	RM0.0450	-	101,975,600	(100,463,200)	(1,512,400)	-	-
Third Grant	RM0.0425	-	1,202,300	-	-	-	1,202,300
Fourth Grant	RM0.0375	-	300,000,000	-	-	-	300,000,000
		<b>98,069,100</b>	<b>651,474,000</b>	<b>(343,660,800)</b>	<b>(104,680,000)</b>	<b>-</b>	<b>301,202,300</b>

	Exercise price	Number of options over ordinary shares					At 30.09.2020
		At 01.10.2019	Granted	Exercised	Expired #	Forfeited <sup>^</sup>	
<b>2020</b>							
<b>SIS:</b>							
First Grant	RM0.13	3,456,500	-	-	-	(169,000)	3,287,500
Second Grant	RM0.10	45,918,000	-	(14,251,600)	-	(16,243,800)	15,422,600
Fourth Grant	RM0.20	-	571,082,300	(503,515,700)	-	-	67,566,600
Fifth Grant	RM0.20	-	136,918,300	(125,125,900)	-	-	11,792,400
		<b>49,374,500</b>	<b>708,000,600</b>	<b>(642,893,200)</b>	<b>-</b>	<b>(16,412,800)</b>	<b>98,069,100</b>

# All the SIS had lapsed on 13 March 2021 and First Grant and Second Grant of ESOS had lapsed on 31 August 2021 and 30 September 2021

<sup>^</sup> Shares forfeited due to the resignation of employees

\* Third Grant offered on 16 April 2018 under SIS had revoked



## NOTES TO THE FINANCIAL STATEMENTS

### 30 SEPTEMBER 2021

#### 6. SHARE OPTIONS (CONT'D)

Details of share options outstanding at end of the financial year are as follows:

	Date of offer	Weighted average exercise price		Exercise period
		2021 RM	2020 RM	
<b>SIS:</b>				
First Grant	21 April 2016	<b>0.13</b>	0.13	21.04.2016 - 13.03.2021
Second Grant	9 January 2018	<b>0.10</b>	0.10	09.01.2018 - 13.03.2021
Fourth Grant	21 August 2020	<b>0.20</b>	0.20	21.08.2020 - 13.03.2021
Fifth Grant	18 September 2020	<b>0.20</b>	0.20	18.09.2020 - 13.03.2021
Sixth Grant	19 October 2020	<b>0.12</b>	-	22.10.2020 - 13.03.2021
Seventh Grant	10 December 2020	<b>0.11</b>	-	11.12.2020 - 13.03.2021
Eight Grant	5 March 2021	<b>0.07</b>	-	08.03.2021 - 13.03.2021
<b>ESOS:</b>				
First Grant	31 May 2021	<b>0.0475</b>	-	30.06.2021 - 31.08.2021
Second Grant	1 July 2021	<b>0.0450</b>	-	02.07.2021 - 30.09.2021
Third Grant	27 July 2021	<b>0.0425</b>	-	26.08.2021 - 26.10.2021
Fourth Grant	16 August 2021	<b>0.0375</b>	-	16.08.2021 - 15.02.2022

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:

	2021 RM	2020 RM
Fair value at grant date:		
21 April 2016	<b>0.0803</b>	0.0803
Weighted average share price	<b>0.133</b>	0.133
Weighted average exercise price	<b>0.130</b>	0.130
Expected volatility (%)	<b>87.00</b>	87.00
Expected life (years)	<b>5 years</b>	5 years
Risk free rate (%)	<b>3.733</b>	3.733
Expected dividend yield (%)	<b>Nil</b>	Nil
Fair value at grant date:		
9 January 2018	<b>0.0149</b>	0.0149
Weighted average share price	<b>0.108</b>	0.108
Weighted average exercise price	<b>0.100</b>	0.100
Expected volatility (%)	<b>55.00</b>	55.00
Expected life (years)	<b>3 years</b>	3 years
Risk free rate (%)	<b>3.45</b>	3.45
Expected dividend yield (%)	<b>Nil</b>	Nil

## NOTES TO THE FINANCIAL STATEMENTS

### 30 SEPTEMBER 2021

#### 6. SHARE OPTIONS (CONT'D)

The weighted average fair value of share options measured at grant date and the assumptions are as follows: (cont'd)

	2021 RM	2020 RM
Fair value at grant date:		
21 August 2020	<b>0.0345</b>	0.0345
Weighted average share price	<b>0.198</b>	0.198
Weighted average exercise price	<b>0.200</b>	0.200
Expected volatility (%)	<b>161.91</b>	161.91
Expected life (years)	<b>0.48 years</b>	0.48 years
Risk free rate (%)	<b>1.76</b>	1.76
Expected dividend yield (%)	<b>Nil</b>	Nil
Fair value at grant date:		
18 September 2020	<b>0.0128</b>	0.0128
Weighted average share price	<b>0.118</b>	0.118
Weighted average exercise price	<b>0.200</b>	0.200
Expected volatility (%)	<b>146.91</b>	146.91
Expected life (years)	<b>0.41 years</b>	0.41 years
Risk free rate (%)	<b>1.60</b>	1.60
Expected dividend yield (%)	<b>Nil</b>	Nil
Fair value at grant date:		
22 October 2020	<b>0.0187</b>	-
Weighted average share price	<b>0.118</b>	-
Weighted average exercise price	<b>0.120</b>	-
Expected volatility (%)	<b>145.46</b>	-
Expected life (years)	<b>0.39 years</b>	-
Risk free rate (%)	<b>1.59</b>	-
Expected dividend yield (%)	<b>Nil</b>	-
Fair value at grant date:		
11 December 2020	<b>0.0156</b>	-
Weighted average share price	<b>0.109</b>	-
Weighted average exercise price	<b>0.110</b>	-
Expected volatility (%)	<b>123.66</b>	-
Expected life (years)	<b>0.26 years</b>	-
Risk free rate (%)	<b>1.72</b>	-
Expected dividend yield (%)	<b>Nil</b>	-

**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**6. SHARE OPTIONS (CONT'D)**

The weighted average fair value of share options measured at grant date and the assumptions are as follows: (cont'd)

	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
Fair value at grant date:		
8 March 2021	<b>0.0026</b>	-
Weighted average share price	<b>0.074</b>	-
Weighted average exercise price	<b>0.070</b>	-
Expected volatility (%)	<b>115.97</b>	-
Expected life (years)	<b>0.01 years</b>	-
Risk free rate (%)	<b>1.78</b>	-
Expected dividend yield (%)	<b>Nil</b>	-
Fair value at grant date:		
30 June 2021	<b>0.0052</b>	-
Weighted average share price	<b>0.041</b>	-
Weighted average exercise price	<b>0.048</b>	-
Expected volatility (%)	<b>116.96</b>	-
Expected life (years)	<b>0.08 years</b>	-
Risk free rate (%)	<b>1.77</b>	-
Expected dividend yield (%)	<b>Nil</b>	-
Fair value at grant date:		
2 July 2021	<b>0.0072</b>	-
Weighted average share price	<b>0.043</b>	-
Weighted average exercise price	<b>0.045</b>	-
Expected volatility (%)	<b>117.27</b>	-
Expected life (years)	<b>0.12 years</b>	-
Risk free rate (%)	<b>1.77</b>	-
Expected dividend yield (%)	<b>Nil</b>	-
Fair value at grant date:		
26 August 2021	<b>0.0052</b>	-
Weighted average share price	<b>0.039</b>	-
Weighted average exercise price	<b>0.043</b>	-
Expected volatility (%)	<b>121.31</b>	-
Expected life (years)	<b>0.03 years</b>	-
Risk free rate (%)	<b>1.77</b>	-
Expected dividend yield (%)	<b>Nil</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

### 30 SEPTEMBER 2021

#### 6. SHARE OPTIONS (CONT'D)

The weighted average fair value of share options measured at grant date and the assumptions are as follows: (cont'd)

	2021 RM	2020 RM
Fair value at grant date:		
16 August 2021	<b>0.0101</b>	-
Weighted average share price	<b>0.039</b>	-
Weighted average exercise price	<b>0.038</b>	-
Expected volatility (%)	<b>125.38</b>	-
Expected life (years)	<b>0.10 years</b>	-
Risk free rate (%)	<b>1.80</b>	-
Expected dividend yield (%)	<b>Nil</b>	-

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.

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

	2021 Unit	2020 Unit
At beginning of the financial year	<b>7,198,800</b>	23,232,400
Granted	<b>333,600,800</b>	478,125,900
Exercised	<b>(333,600,800)</b>	(478,125,900)
Expired	<b>(7,198,800)</b>	-
Forfeited	-	(16,033,600)
At end of the financial year	-	7,198,800

#### 7. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Current tax:</b>				
- Current year	<b>185,224</b>	165,873	-	-
- Overprovision in prior year	<b>(583)</b>	(4,573)	-	-
	<b>184,641</b>	161,300	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**7. INCOME TAX EXPENSE/(CREDIT) (CONT'D)**

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Deferred tax (Note 18):</b>				
Relating to origination of temporary differences				
- Current year	<b>293,187</b>	(1,375,979)	-	-
- Under/(Over)provision in prior year	<b>59,260</b>	(1,309)	-	-
	<b>352,447</b>	(1,377,288)	-	-
Tax expense/(credit) for the financial year	<b>537,088</b>	(1,215,988)	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions which are ranging from 16.5% to 25% (2020: 16.5% to 25%).

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

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Loss before tax	<b>(46,858,141)</b>	(55,663,403)	<b>(46,200,183)</b>	(37,084,064)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	<b>(11,245,954)</b>	(13,359,217)	<b>(11,088,044)</b>	(8,900,175)
Effect of different tax rate in other jurisdictions	<b>2,862,622</b>	117,766	-	-
Expenses not deductible for tax purposes	<b>10,476,107</b>	9,138,098	<b>11,088,076</b>	9,352,352
Income not subject to tax	<b>(36,403)</b>	(491,065)	<b>(32)</b>	(452,177)
Utilisation of previously unrecognised deferred tax assets	<b>(1,577,961)</b>	-	-	-
Deferred tax assets not recognised: (Over)/Underprovision in prior year:	-	3,384,312	-	-
- Income tax expense	<b>(583)</b>	(4,573)	-	-
- Deferred tax	<b>59,260</b>	(1,309)	-	-
Income tax expense/(credit) for the financial year	<b>537,088</b>	(1,215,988)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 7. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

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

	Group	
	2021 RM	Restated 2020 RM
Unutilised tax losses	<b>34,431,443</b>	33,852,589
Unabsorbed capital allowances	<b>27,886,638</b>	27,389,665
	<b>62,318,081</b>	61,242,254

For entities incorporated in Malaysia, the comparative figures have been restated to reflect the actual tax losses and unabsorbed capital allowances carried forward available to the Group. The availability of the tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

For entities incorporated in Malaysia, the unutilised tax losses in a year of assessment can only be carried forward for a maximum period of 10 consecutive YAs to be utilised against income from any business source with effect from Year of Assessment ("YA") 2019.

### 8. LOSS PER ORDINARY SHARE

#### (a) Basic

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

	Group	
	2021	2020
<b>Basic loss per share:</b>		
Loss after tax attributable to the Owners of the Company (RM)	<b>(45,488,924)</b>	(52,323,588)
<b>Weighted average number of ordinary shares:</b>		
Number of ordinary shares at beginning of the financial year	<b>3,068,831,575</b>	1,092,396,675
Effect of weighted average number of ordinary shares issued	<b>701,259,763</b>	294,762,025
<b>Weighted average number of ordinary shares at end of the financial year</b>	<b>3,770,091,338</b>	1,387,158,700
Basic loss per share (sen)	<b>(1.21)</b>	(3.77)

#### (b) Diluted

The diluted loss per ordinary share is calculated based on the adjusted consolidated loss for the financial year attributable to the Owners of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares.

Fully diluted loss per share on the basis of the assumed conversion of ICPS and exercise of Warrants B and C, SIS and ESOS have not been disclosed as the effect is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS  
30 SEPTEMBER 2021

**9. PROPERTY, PLANT AND EQUIPMENT**

	Capital work- -in-progress RM	Telecom- - network and equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Leased properties RM	Leased signboard RM	Total RM
<b>Group</b>									
<b>2021</b>									
<b>Cost</b>									
At 1 October 2020	429,286	71,716,947	10,858,709	681,389	6,669,054	3,380,111	9,972,985	2,665,677	106,374,158
Additions	12,372,091	14,310	630,267	-	238,700	1,506,000	5,078,797	-	19,840,165
Reclassification	(12,801,377)	12,777,158	24,219	-	-	-	-	-	-
Written off	-	-	(138,159)	-	(305,610)	-	-	-	(443,769)
Expired of lease contract	-	-	-	-	-	-	(893,433)	-	(893,433)
Termination of lease contract	-	-	-	-	-	-	(160,261)	-	(160,261)
Derecognition due to lease arrangement	-	-	-	-	-	-	(482,073)	-	(482,073)
Exchange differences	-	26,388	7,207	-	-	-	-	-	33,595
At 30 September 2021	-	84,534,803	11,382,243	681,389	6,602,144	4,886,111	13,516,015	2,665,677	124,268,382
<b>Accumulated depreciation</b>									
At 1 October 2020	-	36,437,001	5,656,234	400,578	1,555,431	2,848,722	2,510,112	814,431	50,222,509
Charge for the financial year	-	6,321,537	1,264,156	60,604	667,082	695,609	2,822,577	888,470	12,720,035
Written off	-	-	(114,802)	-	(174,356)	-	-	-	(289,158)
Expired of lease contract	-	-	-	-	-	-	(893,433)	-	(893,433)
Termination of lease contract	-	-	-	-	-	-	(83,469)	-	(83,469)
Exchange differences	-	4,178	1,442	-	-	-	-	-	5,620
At 30 September 2021	-	42,762,716	6,807,030	461,182	2,048,157	3,544,331	4,355,787	1,702,901	61,682,104
<b>Accumulated impairment losses</b>									
At 1 October 2020	-	760,344	2,079,240	-	-	-	-	-	2,839,584
Exchange differences	-	22,210	5,765	-	-	-	-	-	27,975
At 30 September 2021	-	782,554	2,085,005	-	-	-	-	-	2,867,559
<b>Net carrying amount</b>									
At 30 September 2021	-	40,989,533	2,490,208	220,207	4,553,987	1,341,780	9,160,228	962,776	59,718,719



**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Capital work- -in-progress RM	Telecom- -munication network and equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Leased properties RM	Leased signboard RM	Total RM
<b>Group</b>									
<b>2020</b>									
<b>Cost</b>									
At 1 October 2019	348,863	72,280,486	9,362,098	681,389	4,937,343	4,350,481	7,853,836	-	99,814,496
Additions	4,001,417	-	412,214	-	1,731,711	-	2,119,149	2,665,677	10,930,168
Reclassification	(3,920,994)	3,920,994	-	-	-	-	-	-	-
Written off	-	(4,454,085)	(1,500,825)	-	-	-	-	-	(5,954,910)
Disposals	-	-	(6,509)	-	-	(970,370)	-	-	(976,879)
Transfer*	-	-	2,597,829	-	-	-	-	-	2,597,829
Exchange differences	-	(30,448)	(6,098)	-	-	-	-	-	(36,546)
At 30 September 2020	429,286	71,716,947	10,858,709	681,389	6,669,054	3,380,111	9,972,985	2,665,677	106,374,158
<b>Accumulated depreciation</b>									
At 1 October 2019	-	32,286,135	5,787,061	339,334	976,214	2,887,242	-	-	42,275,986
Charge for the financial year	-	7,218,983	1,327,934	61,244	579,217	721,603	2,510,112	814,431	13,233,524
Written off	-	(3,064,109)	(1,452,116)	-	-	-	-	-	(4,516,225)
Disposals	-	-	(5,425)	-	-	(760,123)	-	-	(765,548)
Exchange differences	-	(4,008)	(1,220)	-	-	-	-	-	(5,228)
At 30 September 2020	-	36,437,001	5,656,234	400,578	1,555,431	2,848,722	2,510,112	814,431	50,222,509
<b>Accumulated impairment losses</b>									
At 1 October 2019	-	-	-	-	-	-	-	-	-
Charge for the financial year	-	779,137	2,084,118	-	-	-	-	-	2,863,255
Exchange differences	-	(18,793)	(4,878)	-	-	-	-	-	(23,671)
At 30 September 2020	-	760,344	2,079,240	-	-	-	-	-	2,839,584
<b>Net carrying amount</b>									
At 30 September 2020	429,286	34,519,602	3,123,235	280,811	5,113,623	531,389	7,462,873	1,851,246	53,312,065

\* Relates to the transfer of assets from prepayments during the financial year

**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(a) Acquisition of property, plant and equipment

	<b>Group</b>	
	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
Cash purchase	<b>14,761,368</b>	6,145,342
Financed through lease arrangement	<b>5,078,797</b>	4,784,826
<b>Total acquisition of property, plant and equipment</b>	<b>19,840,165</b>	10,930,168

(b) Assets classified as right-of-use assets

The net carrying amount of right-of-use assets recognised by the Group are as follows:

	<b>Group</b>	
	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
Telecommunication network and equipment	<b>2,452,803</b>	2,783,518
Motor vehicles	<b>76,877</b>	450,422
Leased properties	<b>9,160,228</b>	7,462,873
Leased signboard	<b>962,776</b>	1,851,246

The expenses charged to profit or loss during the financial year are as follows:

	<b>Group</b>	
	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
Depreciation of right-of-use assets	<b>4,415,302</b>	4,080,618
Interest expenses of lease liabilities	<b>1,598,680</b>	1,649,973
	<b>6,013,982</b>	5,730,591

(c) Impairment of telecommunication network and equipment and office equipment

In prior year, the Group carried out a review of the recoverable amount of its telecommunications network and equipment and office equipment as the business plan in Indonesia has been halted due to the unforeseeable circumstances (i.e. COVID-19) which resulted the recoverable amount was deemed at zero. An impairment loss of RM2,863,255 was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 30 September 2020.

**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**10. INTANGIBLE ASSETS**

	<b>Capital work-in-progress RM</b>	<b>Mobile and telecommunication software RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>2021</b>			
<b>At Cost</b>			
At 1 October 2020	<b>12,137,805</b>	<b>39,022,010</b>	<b>51,159,815</b>
Additions	<b>1,374,521</b>	<b>448,380</b>	<b>1,822,901</b>
Reclassification	<b>(4,823,000)</b>	<b>4,823,000</b>	<b>-</b>
At 30 September 2021	<b>8,689,326</b>	<b>44,293,390</b>	<b>52,982,716</b>
<b>Accumulated amortisation</b>			
At 1 October 2020	-	<b>8,568,882</b>	<b>8,568,882</b>
Charge for the financial year	-	<b>3,184,297</b>	<b>3,184,297</b>
At 30 September 2021	-	<b>11,753,179</b>	<b>11,753,179</b>
<b>Accumulated impairment losses</b>			
At 1 October 2020	<b>2,394,505</b>	<b>3,503,281</b>	<b>5,897,786</b>
Additions	<b>916,825</b>	<b>503,886</b>	<b>1,420,711</b>
At 30 September 2021	<b>3,311,330</b>	<b>4,007,167</b>	<b>7,318,497</b>
<b>Net carrying amount</b>			
At 30 September 2021	<b>5,377,996</b>	<b>28,533,044</b>	<b>33,911,040</b>
<b>2020</b>			
<b>At Cost</b>			
At 1 October 2019	7,001,826	38,691,285	45,693,111
Additions	10,079,417	98,100	10,177,517
Reclassification	(4,617,625)	4,617,625	-
Written off	(325,813)	(4,385,000)	(4,710,813)
At 30 September 2020	12,137,805	39,022,010	51,159,815
<b>Accumulated amortisation</b>			
At 1 October 2019	-	5,566,745	5,566,745
Charge for the financial year	-	3,842,595	3,842,595
Written off	-	(840,458)	(840,458)
At 30 September 2020	-	8,568,882	8,568,882
<b>Accumulated impairment losses</b>			
At 1 October 2019	900,000	-	900,000
Additions	1,494,505	3,503,281	4,997,786
At 30 September 2020	2,394,505	3,503,281	5,897,786
<b>Net carrying amount</b>			
At 30 September 2020	9,743,300	26,949,847	36,693,147

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 10. INTANGIBLE ASSETS (CONT'D)

#### **Impairment testing for intangible assets**

The recoverable amount of intangible assets were determined based on value-in-use calculations using cash flow projections from financial forecasts and projections approved by Board of Directors covering a five-year period. The intangible assets had been allocated into two cash-generating units ("CGUs") for impairment testing which are telecommunication services and mobile application services.

The calculation of value-in-use for the intangible assets are most sensitive to the following assumptions:

(i) Revenue growth rate

Telecommunication services

Projected revenue growth rate for various business operation ranges from 1% to 5% (2020: 1% to 2%) per annum based on historical experience and management's assessment of future trends and market development in the segment with terminal value without growth rate.

Mobile application services

Projected revenue growth rate for various business operation ranges from 1% to 2% (2020: 1% to 2%) per annum based on historical experience and management's assessment of future trends and market development in the segment with terminal value without growth rate.

(ii) Budgeted gross margin

Telecommunication services

The budgeted gross margin ranges from 26% to 42% (2020: 41% to 45%). Gross margins are based on values achieved previously preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Mobile application services

The budgeted gross margin ranges from 21% to 22% (2020: 62%). Gross margins are based on values achieved previously preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

(iii) Pre-tax discount rate

Pre-tax discount rate of 19.0% (2020: 12.7%) was applied in determining the recoverable amounts of the intangible assets. The discount rate used is based on the weighted average cost of capital of the Group.

The sensitivity analysis is presented as follows except for mobile application services which had been fully impaired during the year:

- A decrease of 20% in revenue would result in recoverable amount that equates to the carrying amount of the CGU.
- A decrease of 4.9% in gross margin would result in recoverable amount that equates to the carrying amount of the CGU.
- An increase of 10 percentage point in the discount rate would not increase impairment loss.

Except as mentioned above, the Group believes there are no reasonably foreseeable changes in the above key assumptions that would cause the carrying values of the remaining CGUs to materially exceed their recoverable amounts, other than changes in prevailing operating environments, of which the impact is not ascertainable.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 10. INTANGIBLE ASSETS (CONT'D)

#### **Impairment loss recognised**

##### **(a) Impairment of capital work-in-progress**

2021

During the financial year, total impairment loss amounted to RM916,825 was recognised to write-down the carrying amount of capital work-in-progress as shown in the "other expenses" line item in the statements of comprehensive income.

As the future economic benefit likely not to be materialised due to the recent downturn of such mobile application, the capital work-in-progress is subject to impairment. The recoverable amount was derived based on value-in-use which was measured based on cash flows projection prepared by the management.

2020

As at 30 September 2020, the Group carried out a review of the recoverable amount of its capital work-in-progress due to the cessation of one of the ongoing mobile application development during the financial year. An impairment loss of RM1,494,505 representing the cessation of the development of the ongoing mobile application which was recognised as "other expenses" line item of the statements of comprehensive income.

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

##### **(b) Impairment of mobile and telecommunication software**

2021

During the financial year, total impairment loss amounted to RM503,886 was recognised as shown in the "other expenses" line item in the statements of comprehensive income for the financial year ended 30 September 2021. The related mobile application was subject to impairment as there were no indications from past records to show the improvement trend of results and the future economic benefit was assessed to more unlikely to be materialised due to the recent downturn in that mobile applications industry. The recoverable amount was derived based on value-in-use which was measured based on cash flows projection prepared by the management.

2020

As at 30 September 2020, the Group carried out a review of the recoverable amount of its mobile and telecommunication software as the business plan in Indonesia has been halted due to the unforeseeable circumstances (i.e. COVID-19) which resulted in the recoverable amount was deemed at zero. An impairment loss of RM 3,503,281 was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 30 September 2020.

**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**11. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
<b>Unquoted shares, at cost</b>		
At beginning of the financial year	<b>131,082,512</b>	131,861,150
Additions	-	5,362
Effect on dilution of equity interest of a subsidiary	-	(784,000)
At end of the financial year	<b>131,082,512</b>	131,082,512
<b>Capital contribution to subsidiaries</b>		
At beginning of the financial year	<b>38,454,893</b>	-
Additions	<b>2,797,433</b>	38,454,893
At end of the financial year	<b>41,252,326</b>	38,454,893
<b>Accumulated impairment losses</b>		
At beginning of the financial year	<b>62,119,080</b>	38,005,821
Additions	<b>5,416,030</b>	24,897,259
Effect on dilution of equity interest of a subsidiary	-	(784,000)
At end of the financial year	<b>67,535,110</b>	62,119,080
<b>Net carrying amount</b>		
At end of the financial year	<b>104,799,728</b>	107,418,325

The details of the subsidiaries are as follows:

<b>Name of Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Principal activities</b>	<b>Effective Equity Interest</b>	
			<b>2021 %</b>	<b>2020 %</b>
XOX Com Sdn. Bhd.	Malaysia	Provider of mobile telecommunication products and services	<b>100</b>	100
XOX Management Services Sdn. Bhd.	Malaysia	Provision of management services	<b>100</b>	100
XOX Media Sdn. Bhd.	Malaysia	Provision of fintech, telecommunication and mobile application services	<b>100</b>	100
XOX Wallet Sdn. Bhd.	Malaysia	Provision of mobile wallet services; trading of telecommunications airtime as a traded commodity for Shariah compliant financing and provision of information technology solution or products which brings simplification to businesses	<b>51</b>	51

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows: (cont'd)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2021 %	2020 %
X Style Sdn. Bhd.	Malaysia	Provision of mobile virtual network operator services and broadband internet services. Ceased operation and remained dormant	<b>51</b>	51
One XOX Sdn. Bhd.	Malaysia	Wholesaler of mobile telecommunication products and services	<b>60</b>	60
XOX Mobile Pte. Ltd.*	Singapore	Intended engaged in the provision of mobile cellular and other wireless telecommunications network operation	<b>100</b>	100
XOX (Hong Kong) Limited*	Hong Kong	Investment holding	<b>100</b>	100
<b><u>Held through XOX Com Sdn. Bhd.</u></b>				
XOX Mobile Sdn. Bhd.	Malaysia	Provider of telecommunication products and related services	<b>100</b>	100
<b><u>Held through XOX Media Sdn. Bhd.</u></b>				
PT. Nusantara Mobile Telecommunication*	Indonesia	Intended engaged in telecommunication products and services, mobile application services and e-Wallet services. Ceased operation and remained dormant	<b>40</b>	40
<b><u>Held through XOX (Hong Kong) Limited</u></b>				
XOX International Sdn. Bhd.*^	Malaysia	Investment company and provision of management services, telecommunication and fintech products and services. Yet to start operation and remained dormant	<b>100</b>	-

\* Not audited by Moore Stephens Associates PLT. The Directors consider that the Group has de facto control of PT. Nusantara Mobile Telecommunication even though it has less than 50% of the equity shares. Based on the terms under which this entity was established, the Group is exposed to variable returns from its involvement and has the ability to affect those returns through its power over the entity. Consequently, it is regarded as subsidiary of the Group.

^ The management accounts are reviewed by Moore Stephens Associates PLT for consolidation purpose as XOX International Sdn. Bhd. was newly incorporated on 21 April 2021 and may appoint its first auditor at any time within 18 months from the date of its incorporation.



# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Acquisition of a subsidiary

#### **2021**

(i) *Incorporation of subsidiary*

On 21 April 2021, XOX (Hong Kong) Limited incorporated a new wholly-owned subsidiary in Malaysia with the name of XOX International Sdn. Bhd. for a total cash consideration of RM1.

(ii) *Capital contribution to subsidiaries*

XOX Management Services Sdn. Bhd., XOX Mobile Sdn. Bhd. and XOX Media Sdn. Bhd.

The capital contribution amounted to RM2,797,433 represents SIS and ESOS granted by the Company to the Directors and employees of subsidiaries and is treated as additional cost of its investment in the subsidiaries.

#### **2020**

(i) *Incorporation of subsidiary*

On 9 July 2020, the Company incorporated a new wholly-owned subsidiary in Hong Kong with the name of XOX (Hong Kong) Limited for a total cash consideration of RM5,362, equivalent to Hong Kong Dollar ("HKD") of 10,000.

(ii) *Capital contribution to subsidiaries*

XOX Com Sdn. Bhd.

The capital contribution amounted to RM17,000,000 was in relation to advances that are not expected to be repaid in foreseeable future and in substance, represents additional investments into the subsidiary by the Company.

XOX Management Services Sdn. Bhd., XOX Mobile Sdn. Bhd. and XOX Media Sdn. Bhd.

The capital contribution amounted to RM21,454,893 represents SIS granted by the Company to the Directors and employees of subsidiaries and is treated as additional cost of its investment in the subsidiaries.

(b) Effect on dilution of equity interest of a subsidiary

In the prior year, the Company had disposed 49% equity interest (representing 784,000 ordinary shares) in XOX Wallet Sdn. Bhd. ("XOX Wallet") at a cash consideration of RM31,542. The Company's effective ownership in XOX Wallet had decreased from 100% to 51% as a result of the disposal of shares. The changes in ownership interest do not result in a loss of control over the subsidiary and the share transfer was completed on 1 September 2020.

The carrying amount of XOX Wallet's net assets shared by the Group on the date of the dilution was RM13,217. The Group has recognised an increase in non-controlling interests of RM6,476 and an increase in retained earnings attributable to Owners of the Company of RM25,066.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

#### (c) Impairment loss on investment in subsidiaries

As at 30 September 2021, the Company carried out a review of the recoverable amounts of its investment in subsidiaries that are in loss-making and significant accumulated losses positions. An impairment loss amounting to RM5,416,030 (2020: RM24,897,259) was recognised as "other expenses" line item in the statements of comprehensive income for the financial year ended 30 September 2021. The recoverable amounts were derived based on VIU calculation using cash flows projection from financial budget approved by Board of Directors covering a five-year period of respective subsidiaries.

The key assumptions used in the determination of recoverable amount derived based on VIU calculation are as follows:

#### (i) Revenue growth rate

Projected revenue growth rate for various business operation ranges from 1% to 2% (2020: 1% to 2%) per annum based on historical experience and management's assessment of future trends and market development in the segment with terminal value without growth rate.

#### (ii) Budgeted gross margin

The budgeted gross margin ranges from 21% to 22% (2020: 62%). Gross margins are based on values achieved previously preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

#### (iii) Pre-tax discount rate

A pre-tax discount rate of 19.0% (2020: 12.7%) was applied to the calculations in determining the recoverable amount of the CGUs. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

The sensitivity analysis is presented as follows:

- A decrease of 0.5 percentage point in the revenue growth rate would have reduced the value in use by approximately RM2.2 million.
- A decrease of 2 percentage point in the budgeted gross margin would have reduced the value in use by approximately RM3.9 million.
- An increase of 1 percentage point in the discount rate would have reduced the value in use by approximately RM0.24 million.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(d) Non-controlling interests in subsidiaries

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

	<b>X Style Sdn. Bhd.</b>	<b>One XOX Sdn. Bhd.</b>	<b>PT. Nusantara Mobile Telecom- munication</b>	<b>XOX Wallet Sdn. Bhd.</b>	<b>Total</b>
<b>2021</b>					
NCI percentage of ownership and voting interest (%)	<b>49%</b>	<b>40%</b>	<b>60%</b>	<b>49%</b>	
Carrying amount of NCI (RM)	<b>(291,627)</b>	<b>1,112,814</b>	<b>(858,541)</b>	<b>(1,738,791)</b>	<b>(1,776,145)</b>
(Loss)/profit allocated to NCI (RM)	<b>(4,631)</b>	<b>50,689</b>	<b>(1,298,870)</b>	<b>(653,493)</b>	<b>(1,906,305)</b>
Other comprehensive income allocated to NCI (RM)	-	-	<b>(6,412)</b>	-	<b>(6,412)</b>
<b>2020</b>					
NCI percentage of ownership and voting interest (%)	49%	40%	60%	49%	
Carrying amount of NCI (RM)	(286,996)	1,062,125	446,741	(1,085,298)	136,572
(Loss)/profit allocated to NCI (RM)	(4,976)	122,098	(1,149,175)	(1,091,774)	(2,123,827)
Other comprehensive income allocated to NCI (RM)	-	-	(39,728)	-	(39,728)

## 11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

### (d) Non-controlling interests in subsidiaries (cont'd)

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

	X Style Sdn. Bhd.		One XOX Sdn. Bhd.		PT. Nusantara Mobile Telecommunication		XOX Wallet Sdn. Bhd.	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 <sup>*</sup> RM
<b>Assets and liabilities:</b>								
Non-current assets	1,187	1,822	1,997,420	888,074	-	-	-	12,838
Current assets	8,592	7,798	17,896,518	20,101,493	59,878	2,118,759	20,532	847,987
Non-current liabilities	-	-	(1,355,465)	(43,343)	-	-	-	-
Current liabilities	(604,937)	(595,327)	(15,756,436)	(18,290,911)	(1,490,780)	(1,374,191)	(3,569,085)	(3,075,718)
Net (liabilities)/assets	(595,158)	(585,707)	2,782,037	2,655,313	(1,430,902)	744,568	(3,548,553)	(2,214,893)
<b>Results:</b>								
Revenue	-	-	132,241,192	121,938,305	-	-	35,735	5,010
Net (loss)/profit for the financial year	(9,451)	(10,155)	126,724	305,246	(2,164,783)	(1,915,291)	(1,333,660)	(2,228,110)
<b>Cash flows:</b>								
Net cash (used in)/from operating activities	(86,588)	(17,944)	246,838	3,173,490	(166,420)	247,585	(810,171)	(2,173,451)
Net cash used in investing activities	-	-	(41,388)	(43,810)	-	(155,227)	-	-
Net cash from/(used in) financing activities	86,339	12,190	(342,192)	(388,595)	142,769	(302,616)	772,558	2,173,451
Net (decrease)/increase in cash and cash equivalents	(249)	(5,754)	(136,742)	2,741,085	(23,651)	(210,258)	(37,613)	-

\* The loss for the year of XOX Wallet Sdn. Bhd. being shared with the NCI commencing from 1 September 2020.

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**12. INVESTMENT IN ASSOCIATES**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Quoted shares, at cost</b>				
At beginning of the financial year	-	-	-	-
Addition	<b>45,735,009</b>	-	-	-
Remeasurement of equity interest and transfer from other investment (Note 14)	<b>13,912,800</b>	-	<b>1,922,952</b>	-
At end of the financial year	<b>59,647,809</b>	-	<b>1,922,952</b>	-
<b>Add: Share of post-acquisition results</b>				
At beginning of the financial year	-	-	-	-
Addition	<b>(1,520,518)</b>	-	-	-
At end of the financial year	<b>(1,520,518)</b>	-	-	-
<b>Less: Accumulated impairment loss</b>				
At beginning of the financial year	-	-	-	-
Addition	<b>(6,215,853)</b>	-	-	-
At end of the financial year	<b>(6,215,853)</b>	-	-	-
	<b>51,911,438</b>	-	<b>1,922,952</b>	-

	Group	
	2021 RM	2020 RM
Market value:		
Quoted shares in Malaysia	<b>51,937,800</b>	-

(a) The details of the associates are as follows:

Name of Associates	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2021 %	2020 %
Cheetah Holdings Berhad* #	Malaysia	Investment holding	<b>29.43</b>	-
XOX Technology Berhad (formerly known as M3 Technologies (Asia) Berhad)* #	Malaysia	Provision of mobile solutions and trading and distribution of fast-moving electronic goods and related products.	<b>25.95</b>	-

\* Not audited by Moore Stephens Associates PLT.

# The statutory financial year end of CHB and XTB are not coterminous with the financial year end of the Group. For the purpose of applying the equity method of accounting, the latest unaudited financial statements available have been used.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 12. INVESTMENT IN ASSOCIATES (CONT'D)

(b) Acquisition of associates

Cheetah Holdings Berhad ("CHB")

On 8 February 2021, a wholly-owned subsidiary of the Company, XOX (Hong Kong) Limited has entered into a Sale and Purchase Agreement ("SPA") with Chia Yoon Yuen Holdings Sdn. Bhd. for the acquisition of 33,800,000 ordinary shares ("Sale Share") in CHB, representing approximately 29.43% of the total issued and paid up share capital of CHB, for a total purchase consideration of RM44,616,000 only. The Group had capitalised RM1,119,009 as transaction costs attributable from the acquisition. For accounting purposes, CHB was recognised an associate effective from 1 February 2021 upon significant influence in place.

XOX Technology Berhad ("XTB") (formerly known as M3 Technologies (Asia) Berhad)

During the financial year, XOX (Hong Kong) Limited has subscribed addition 159,500,000 ordinary shares in XTB for a total purchase consideration of RM12,281,600. Consequently, the Group's effective equity interest in XTB has increased from 11.26% to 25.95% subsequent to the completion of new shares subscription. For accounting purposes, the equity-interest in XTB was remeasured and recognised as an associate effective from 1 September 2021 upon significant influence in place.

(c) The summarised financial information of the associates, not adjusted for the proportion of the ownership interests held by the Group, are as follows:

	<b>Cheetah Holding Berhad 30.09.2021 RM</b>	<b>XOX Technology Berhad 30.09.2021 RM</b>
<b>Assets and liabilities:</b>		
Non-current assets	<b>34,165,575</b>	<b>7,554,605</b>
Current assets	<b>93,618,229</b>	<b>43,771,352</b>
Non-current liabilities	<b>(586,655)</b>	<b>(895,112)</b>
Current liabilities	<b>(3,641,913)</b>	<b>(20,289,894)</b>
Net assets	<b>123,555,236</b>	<b>30,140,952</b>
	<b>Cheetah Holding Berhad 01.02.2021 to 30.09.2021 RM</b>	<b>XOX Technology Berhad 01.09.2021 to 30.09.2021 RM</b>
<b>Results:</b>		
Revenue	<b>55,520,772</b>	<b>5,055,708</b>
Loss for the financial period	<b>(5,076,984)</b>	<b>(101,587)</b>
Total comprehensive loss	<b>(5,076,984)</b>	<b>(101,587)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. INVESTMENT IN ASSOCIATES (CONT'D)**

- (d) The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:

	Group	
	2021 RM	2020 RM
Group's share of net assets	42,148,036	-
Goodwill	9,763,402	-
Carrying amount in the statements of financial position	<b>51,911,438</b>	-
Group's share of results, net of tax	<b>(1,520,518)</b>	-

- (e) Impairment loss

As at 30 September 2021, the Group and the Company carried out an annual review of the recoverable amount of the investments in associates. An impairment loss amounted to RM6,215,853 (2020: RM Nil) was recognised as "other expenses" in the statements of comprehensive income for financial year ended 30 September 2021.

The recoverable amount was derived based on fair value less cost to sales of the associates represented by the market price of the quoted shares of the associates as at 30 September 2021.

**13. INVESTMENT IN A JOINT VENTURE**

	Group	
	2021 RM	2020 RM
<b>Unquoted shares, at cost</b>		
At beginning of the financial year	-	-
Addition	4,500,000	-
Share of post-acquisition result	<b>(473,776)</b>	-
At end of the financial year	<b>4,026,224</b>	-

Details of the joint venture are as follows:

Name of Joint Venture	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2021 %	2020 %
SpacedX Sdn. Bhd.*#	Malaysia	Provision of vending machines, advertising business to promote the usage of digital wallets and cashless transactions	45%	-

\* Not audited by Moore Stephens Associates PLT.

# The statutory financial year end of SpacedX is not coterminous with the financial year end of the Group. For the purpose of applying the equity method of accounting, the latest unaudited financial statements available have been used.



# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 13. INVESTMENT IN A JOINT VENTURE (CONT'D)

(a) Investment in a joint venture

On 4 January 2021, a wholly-owned subsidiary, XOX Media Sdn. Bhd. has subscribed for 4,500,000 ordinary shares representing an equity interest of 45% in SpacedX Sdn. Bhd. for a total cash consideration of RM4,500,000. For accounting purposes, the investment in joint venture was recognised effective from 1 January 2021.

SpacedX Sdn. Bhd. is structured as a separate vehicle and provides the Group rights to the net assets of the entity. Accordingly, the Directors consider that the Group has joint control over SpacedX Sdn. Bhd. and has classified the investment in SpacedX Sdn. Bhd. as a joint venture.

(b) The summarised financial information of the joint venture, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	<b>SpacedX Sdn. Bhd. 2021 RM</b>
<b>Assets and liabilities:</b>	
Non-current assets	<b>5,552,994</b>
Current assets	<b>3,695,999</b>
Current liabilities	<b>(301,828)</b>
Net assets	<b>8,947,165</b>

	<b>SpacedX Sdn. Bhd. 01.01.2021 to 30.09.2021 RM</b>
<b>Results:</b>	
Revenue	-
Loss for the financial period	<b>(1,052,835)</b>
Total comprehensive loss	<b>(1,052,835)</b>

(c) The reconciliation of net asset of the joint venture to the carrying amount of the investment in joint venture is as follows:

	<b>Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Group's share of net assets	<b>4,500,000</b>	-
Share of post-acquisition result	<b>(473,776)</b>	-
Carrying amount in the statements of financial position	<b>4,026,224</b>	-
Group's share of results, net of tax	<b>(473,776)</b>	-

**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**14. OTHER INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Investment in quoted shares, at fair value through profit or loss</b>				
<i>In Malaysia</i>				
At beginning of the financial year	<b>6,152,300</b>	1,442,214	<b>2,724,182</b>	1,442,214
Additions	<b>64,913,822</b>	5,201,994	-	-
	<b>71,066,122</b>	6,644,208	<b>2,724,182</b>	1,442,214
Less: Changes in fair value	<b>(33,816,720)</b>	(463,138)	<b>(801,230)</b>	1,281,968
Less: Remeasurement of equity interest and transfer to associate (Note 12)	<b>(13,912,800)</b>	-	<b>(1,922,952)</b>	-
Exchange differences	<b>275,398</b>	(28,770)	-	-
At end of the financial year	<b>23,612,000</b>	6,152,300	-	2,724,182
<i>Outside Malaysia</i>				
At beginning of the financial year	-	-	-	-
Additions	<b>23,033,113</b>	-	-	-
	<b>23,033,113</b>	-	-	-
Less: Changes in fair value	<b>(9,779,164)</b>	-	-	-
Exchange differences	<b>177,386</b>	-	-	-
At end of the financial year	<b>13,431,335</b>	-	-	-
<b>Investment in quoted warrants, at fair value through profit or loss</b>				
At beginning of the financial year	-	-	-	-
Additions	<b>5,509,500</b>	-	-	-
Add: Changes in fair value	<b>3,271,988</b>	-	-	-
Less: Disposal	<b>(8,781,488)</b>	-	-	-
At end of the financial year	-	-	-	-
	<b>37,043,335</b>	6,152,300	-	2,724,182

- (a) These investments have quoted market price in active market and hence, the fair value was derived based on the market price of the quoted shares. The fair value of the investments are categorised at Level 1 of the fair value hierarchy.
- (b) Upon the completion of the share subscription as disclosed in Note 12(b), XOX Technology Berhad (formerly known as M3 Technologies (Asia) Berhad) has become an associate of the Group and of the Company starting from 1 September 2021 with significant influence in place.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 15. GOODWILL ON CONSOLIDATION

	Group	
	2021 RM	2020 RM
At beginning of the financial year	-	2,859
Written off	-	(2,859)
At end of the financial year	-	-

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

### 16. FINANCE LEASE RECEIVABLE

The Group's sub-lease of its right-of-use of the office space is classified as finance lease receivable because the sub-lease is for the entire remaining lease term of the head lease. The right-of-use asset relating to the head lease with the sub-lease classified as finance lease is derecognised as disclosed in Note 9.

	Group	
	2021 RM	2020 RM
<b>Future minimum lease income</b>		
Receivable within one year	<b>195,312</b>	-
Receivable between one and two years	<b>195,312</b>	-
Receivable between two and five years	<b>56,179</b>	-
	<b>446,803</b>	-
Less: Future finance charges	<b>(60,795)</b>	-
Present value of minimum lease receivables	<b>386,008</b>	-
<b>Present value of lease receivables:</b>		
Repayable within one year	<b>154,643</b>	-
Repayable between one and two years	<b>176,237</b>	-
Repayable between two and five years	<b>55,128</b>	-
	<b>386,008</b>	-
<b>Representing:</b>		
Current portion	<b>154,643</b>	-
Non-current portion	<b>231,365</b>	-
	<b>386,008</b>	-

The effective interest rate of the finance lease receivables is 13.14% (2020: Nil) per annum. Finance income on the net investment in sub-lease during the financial year is RM43,068 (2020: RM Nil).

**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. OTHER RECEIVABLES**

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current asset:</b>					
Other receivables	(i)	<b>221,926</b>	238,253	-	-
<b>Current assets:</b>					
Other receivables, gross		<b>5,879,746</b>	5,530,168	<b>1,000</b>	1,000
Less: Allowance for impairment loss	(ii)	<b>(3,407,614)</b>	(1,368,049)	-	-
Other receivables, net	(iii)	<b>2,472,132</b>	4,162,119	<b>1,000</b>	1,000
Deposits, gross		<b>13,904,372</b>	12,324,886	-	-
Less: Allowance for impairment loss		<b>(60,000)</b>	(60,000)	-	-
Deposits, net	(iv)	<b>13,844,372</b>	12,264,886	-	-
Prepayments	(v)	<b>11,471,566</b>	13,626,549	<b>70,091</b>	79,095
Contract costs	(vi)	<b>6,060,692</b>	5,080,723	-	-
Deferred costs	(vii)	<b>11,773,707</b>	11,755,360	-	-
		<b>45,622,469</b>	46,889,637	<b>71,091</b>	80,095

(i) The non-current other receivables represent the principal outstanding sum of staff advances which are expected to be recoverable more than 1 year. The effective interest rate of the non-current other receivables discounting is 3.85% (2020: 3.85%) per annum.

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

	Group	
	2021 RM	2020 RM
Balance at beginning of the financial year	<b>1,368,049</b>	362,917
Addition	<b>2,066,400</b>	1,005,132
Written off	<b>(70,035)</b>	-
Exchange difference	<b>43,200</b>	-
Balance at end of the financial year	<b>3,407,614</b>	1,368,049

(iii) Included in net other receivables of the Group are:

- (a) an amount of RM Nil (2020: RM2,016,000) which represents the unpaid share capital of a foreign subsidiary by the minority shareholders;
- (b) an amount of RM45,120 (2020: RM800) owing by Directors' related companies which relates to the rental receivable and purchase of goods; and
- (c) an amount of RM126,000 (2020: RM Nil) due from a joint venture which represents advance given to the joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 17. OTHER RECEIVABLES (CONT'D)

- (iv) Included in net deposits of the Group are:
- (a) an amount of RM10,000,000 (2020: RM10,000,000) relating to performance bond for a business arrangement; and
  - (b) an amount of RM1,314,786 (2020: RM Nil) which represents deposits paid for two Sales and Purchase Agreements ("SPAs") for acquisition of freehold lands and buildings. As at year end, the condition precedents of SPAs have yet to be fulfilled and remaining capital commitment are disclosed in Note 31.
- (v) Included in prepayments are:
- (a) an advance payment for electronic data management service of RM810,000 (2020: RM4,800,000) paid to a Director's related company;
  - (b) an advance payment for advertising, promotions, billboards and sponsorship of RM90,000 (2020: RM5,327,534) to a Director's related company;
  - (c) down payments for office renovation amounted to RM6,471,024 (2020: RM Nil) to a Director's related company; and
  - (d) an advance payment for purchase of goods of RM68,016 (2020: RM Nil) paid to a Director's related company.
- (vi) The contract costs represent the capitalised incremental cost to obtain a contract in relation to the deferred revenue.
- (vii) The deferred costs represent mobile tariff directly attributable to the deferred telecommunication revenue from prepaid services and mobile application services which the services have yet to be rendered.

### 18. DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2021 RM	2020 RM
At beginning of the financial year	<b>(1,279,104)</b>	98,184
Recognised in profit or loss (Note 7)	<b>352,447</b>	(1,377,288)
At end of the financial year	<b>(926,657)</b>	(1,279,104)
<b>Representing:</b>		
Deferred tax assets	<b>(1,226,735)</b>	(1,449,113)
Deferred tax liabilities	<b>300,078</b>	170,009
	<b>(926,657)</b>	(1,279,104)

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 18. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

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

	Group	
	2021 RM	2020 RM
Deferred tax liabilities	9,411,008	6,738,798
Deferred tax assets	(10,337,665)	(8,017,902)
	<b>(926,657)</b>	<b>(1,279,104)</b>

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

	Accelerated capital allowances RM	Others taxable temporary differences RM	Total RM
<b>Group</b>			
<b>Deferred tax liabilities:</b>			
<b>2021</b>			
At 1 October 2020	6,674,437	64,361	6,738,798
Recognised in profit or loss	2,828,904	(156,694)	2,672,210
At 30 September 2021	9,503,341	(92,333)	9,411,008
<b>2020</b>			
At 1 October 2019	7,106,524	-	7,106,524
Recognised in profit or loss	(432,087)	64,361	(367,726)
At 30 September 2020	6,674,437	64,361	6,738,798

	Unabsorbed capital allowances RM	Unutilised tax losses RM	Others deductible temporary differences RM	Total RM
<b>Group</b>				
<b>Deferred tax assets:</b>				
<b>2021</b>				
At 1 October 2020	(3,265,372)	(3,399,741)	(1,352,789)	(8,017,902)
Recognised in profit or loss	(353,851)	(2,012,672)	46,760	(2,319,763)
At 30 September 2021	(3,619,223)	(5,412,413)	(1,306,029)	(10,337,665)
<b>2020</b>				
At 1 October 2019	(1,417,094)	(4,448,964)	(1,142,282)	(7,008,340)
Recognised in profit or loss	(1,848,278)	1,049,223	(210,507)	(1,009,562)
At 30 September 2020	(3,265,372)	(3,399,741)	(1,352,789)	(8,017,902)

## NOTES TO THE FINANCIAL STATEMENTS

### 30 SEPTEMBER 2021

#### 18. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

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

	Group	
	2021 RM	Restated 2020 RM
Unabsorbed capital allowances	<b>12,806,542</b>	10,971,511
Unutilised tax losses	<b>11,879,722</b>	19,499,047
Other deductible temporary differences	-	790,542
	<b>24,686,264</b>	31,261,100

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

#### 19. INVENTORIES

	Group	
	2021 RM	2020 RM
<b>At cost:</b>		
SIM cards, recharge cards and e-recharge	<b>8,252,624</b>	7,927,590
e-Commerce	<b>260,105</b>	-
Handphones	<b>316,848</b>	1,960
Goods-in-transit	<b>4,883</b>	-
	<b>8,834,460</b>	7,929,550

The Group recognised inventories as cost of sales amounted to RM72,665,139 (2020: RM62,457,133).



**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. TRADE RECEIVABLES**

	Note	Group	
		2021 RM	2020 RM
Trade receivables, gross	(a)	<b>18,663,191</b>	19,641,121
Less: Allowance for impairment loss	(b)	<b>(5,633,472)</b>	(7,190,097)
Trade receivables, net		<b>13,029,719</b>	12,451,024

The normal credit terms extended to customers is ranging from 7 to 60 days (2020: 7 to 90 days). Other credit terms are assessed and approved on a case by case basis.

(a) Included in trade receivables is RM18,977 (2020: RM213,842) represents the amount owing by an associate which is unsecured, interest free and subject to normal credit term granted by the Group.

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

	Group	
	2021 RM	2020 RM
Balance at beginning of the financial year	<b>7,190,097</b>	11,342,211
Additions	<b>4,315,305</b>	6,332,147
Written off	<b>(5,871,930)</b>	(10,484,261)
Balance at end of the financial year	<b>5,633,472</b>	7,190,097

**21. AMOUNTS DUE FROM/(TO) SUBSIDIARIES**

	Note	Company	
		2021 RM	2020 RM
<b>Amounts due from subsidiaries</b>			
Non-trade, gross		<b>225,403,779</b>	86,437,736
Less: Allowance for impairment loss			
At beginning of the financial year		<b>(36,770,774)</b>	(24,915,056)
Reversal		<b>4,756,189</b>	-
Additions		<b>(41,895,235)</b>	(11,855,718)
At end of the financial year		<b>(73,909,820)</b>	(36,770,774)
Non-trade, net	(i)	<b>151,493,959</b>	49,666,962
<b>Amount due to subsidiary</b>			
- Non-trade	(ii)	<b>2,865,515</b>	-

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

(ii) This amount is non-trade in nature, unsecured, interest free advances which is repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 22. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposit with a license bank	(i)	<b>404,908</b>	392,730	-	-
Short-term fund	(ii)	<b>68,168,842</b>	120,822,401	<b>68,168,842</b>	120,822,401
Cash and bank balances		<b>95,192,837</b>	61,059,990	<b>318,666</b>	713,259
		<b>163,766,587</b>	182,275,121	<b>68,487,508</b>	121,535,660

- (i) The effective interest rate of fixed deposit is 1.85% (2020: 3.35%) per annum. The fixed deposit with the carrying amount of RM404,908 (2020: RM392,730) has maturity period of 365 days (2020: 365 days). The fixed deposit is pledged by a subsidiary to a licensed bank for bank guarantee facility granted to a third party.
- (ii) This refers to investment in a short to medium-term fixed income fund of which the fund will be invested in money market investments and short to medium-term fixed income instruments. The distribution income from this fund is tax exempted and is being treated as interest income by the Group and the Company.

### 23. ORDINARY SHARES

	←----- Group and Company -----→			
	Number of shares		Amount	
	2021 Units	2020 Units	2021 RM	2020 RM
<b>Issued and fully paid:</b>				
At beginning of the financial year	<b>3,068,831,575</b>	1,092,396,675	<b>343,519,338</b>	126,892,891
Issuance of ordinary shares pursuant to:				
- private placement	<b>614,851,000</b>	327,719,000	<b>60,630,845</b>	19,663,140
- conversion of ICPS (Note 24)	<b>8,442,400</b>	972,478,700	<b>422,120</b>	48,623,935
- exercise of warrants B	<b>80,000</b>	33,344,000	<b>4,800</b>	2,000,640
- exercise of SIS and ESOS	<b>343,660,800</b>	642,893,200	<b>27,573,026</b>	146,338,732
At end of the financial year	<b>4,035,865,775</b>	3,068,831,575	<b>432,150,129</b>	343,519,338

#### **2021**

During the financial year, the Company increased its issued and paid up ordinary shares from RM343,519,338 to RM432,150,129 by way of the issuance of:

- (i) 614,851,000 new ordinary shares at the issue price ranging from RM0.095 to RM0.1119 per share pursuant to the private placement for the purpose of raising working capital;
- (ii) 8,442,400 new ordinary shares of RM0.05 each pursuant to the conversion of 8,442,400 irredeemable convertible preference shares ("ICPS") at a conversion ratio of 1 ICPS for 1 new ordinary share;
- (iii) 80,000 new ordinary shares at an issue price of RM0.06 per share pursuant to the exercise of Warrants B 2020/2023 ("Warrants B"); and
- (iv) 343,660,800 new ordinary shares at the issue price ranging from RM0.045 to RM0.13 per ordinary share pursuant to the exercise of the share options that was granted under Share Issuance Scheme ("SIS") and Employees' Share Option Scheme ("ESOS") at the ratio of 1 SIS or ESOS for 1 new ordinary share.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 23. ORDINARY SHARES (CONT'D)

#### **2020**

In prior year, the Company increased its issued and paid up ordinary shares from RM126,892,891 to RM343,519,338 by way of the issuance of:

- (i) 327,719,000 new ordinary shares at an issue price of RM0.06 per share pursuant to the private placement for the purpose of raising working capital;
- (ii) 970,343,700 new ordinary shares of RM0.05 each pursuant to the conversion of 970,343,700 ICPS at a conversion ratio of 1 ICPS for 1 new ordinary share;
- (iii) 2,135,000 new ordinary shares of RM0.05 each pursuant to conversion of 4,270,000 ICPS at a conversion of 2 ICPS for 1 new ordinary share;
- (iv) 33,344,000 new ordinary shares at an issue price of RM0.06 per share pursuant to the exercise of Warrants B; and
- (v) 642,893,200 new ordinary shares at an issue price of RM0.10 and RM0.20 per ordinary share pursuant to the exercise of the share options that was granted under SIS at the ratio of 1 SIS for 1 new ordinary share.

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

The 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 regards to the Company's residual interests.

### 24. ICPS

	←----- Group and Company -----→			
	Number of ICPS		Amount	
	2021 Units	2020 Units	2021 RM	2020 RM
At beginning of the financial year	<b>86,413,806</b>	-	<b>2,160,345</b>	-
Issued during the financial year	-	1,061,027,506	-	26,525,688
Conversion during the financial year (Note 23)	<b>(8,442,400)</b>	(974,613,700)	<b>(211,060)</b>	(24,365,343)
At end of the financial year	<b>77,971,406</b>	86,413,806	<b>1,949,285</b>	2,160,345

On 12 March 2020, the Company has issued and allotted 1,061,027,506 new ICPS of RM26,525,688 at an issue price of RM0.025 per share.

#### **2021**

During the financial year, the ICPS of the Company decreased from RM2,160,345 to RM1,949,285 by way of the conversion of 8,442,400 ICPS for 8,442,400 new ordinary shares at a conversion ratio of 1 ICPS for 1 new ordinary share with a conversion price of RM0.025 per ordinary share.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 24. ICPS (CONT'D)

#### **2020**

In prior year, the ICPS of the Company decreased from RM26,525,688 to RM2,160,345 by way of the conversion of:

- (i) 970,343,700 ICPS for 970,343,700 new ordinary shares at a conversion ratio of 1 ICPS for 1 new ordinary share; and
- (ii) 4,270,000 ICPS for 2,135,000 new ordinary shares at a conversion ratio of 2 ICPS for 1 new ordinary share.

The salient terms of the ICPS were as follows:

(a) Dividend

The Company has full discretion over the declaration of dividends. Dividends declared and payable annually in arrears are non-cumulative and shall be paid in priority over the ordinary shares of the Company.

(b) Conversion

(i) Conversion period

The ICPS holders may convert the ICPS into new ordinary shares of the Company at any time during the tenure of 10 years commencing from and inclusive the date of issuance. Any outstanding unconverted ICPS at the end of the tenure shall be mandatorily converted into new ordinary share of the Company at the conversion ratio of 2 ICPS for every 1 new ordinary share.

(ii) Conversion mode

The ICPS may be converted into new ordinary shares in the following manner:

- by surrendering for cancellation the ICPS with an aggregate issue price equivalent to the conversion price; or
- by surrendering for cancellation such number of ICPS with an aggregate par value below the conversion price, subject to a minimum of 1 ICPS, and paying the difference between the aggregate issue price of ICPS surrendered and the conversion price, in cash, for every 1 new ordinary share of the Company.

The conversion mode and conversion price will be subject to adjustment at the determination of the Board, in the event of any alteration to the Company's share capital, whether by way of rights issue, bonus issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital.

(c) Redemption

The ICPS shall not be redeemable for cash.

(d) Ranking of the ICPS

The ICPS will rank *pari passu* in all respects with each other and will rank in priority to all other class of shares in the capital of the Company except that such new ordinary shares shall not entitled to any dividends, rights, allotments and/or other distributions that may be declared.

(e) Ranking of the new ordinary shares

The new ordinary shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the ordinary shares of the Company except that such new ordinary shares shall not entitle its holders to any dividends, rights, allotments and/or other distributions on or prior to the relevant date of allotment of new ordinary shares arising from the conversion of the ICPS.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 24. ICPS (CONT'D)

The salient terms of the ICPS were as follows: (cont'd)

(f) Rights

The ICPS holders shall be entitled to receive notice of meetings, report and accounts, and attend meetings of the Company but shall not have the right to vote at any general meeting of the Company except on:

- (i) reduction of the Company's share capital;
- (ii) sale the whole of the Company's property, business and undertaking;
- (iii) proposals varying or affecting the rights and privileges attached to the ICPS; and
- (iv) winding up of the Company.

(g) Transferability

The ICPS shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act 1991 ("SICDA") and the Rules of Bursa Depository.

### 25. RESERVES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-distributable:</b>					
Capital reserve	(a)	<b>2,200,000</b>	2,200,000	<b>2,200,000</b>	2,200,000
Warrants reserve	(b)	<b>2,526,978</b>	2,527,850	<b>2,526,978</b>	2,527,850
Other reserve	(c)	<b>(2,526,978)</b>	(2,527,850)	<b>(2,526,978)</b>	(2,527,850)
Foreign translation reserve	(d)	<b>(1,694,345)</b>	(23,140)	-	-
Share options reserve	(e)	<b>3,036,252</b>	2,975,773	<b>3,036,252</b>	2,975,773
<b>Distributable:</b>					
Accumulated losses		<b>(131,926,764)</b>	(89,408,796)	<b>(115,536,937)</b>	(69,825,719)
		<b>(128,384,857)</b>	(84,256,163)	<b>(110,300,685)</b>	(64,649,946)

**(a) Capital reserve**

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

**(b) Warrants reserve**

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

Warrants B

On 12 March 2020, the Company listed and quoted of 265,256,876 free detachable Warrants B pursuant to the renounceable rights issue of ICPS with Warrants B exercise on the basis of four (4) ICPS together with one (1) free Warrants B for every two (2) existing ordinary shares of the Company. The fair value of the Warrants B was determined as RM0.0109.

The Company executed a Deed Poll constituting the Warrants B and the exercise price of the Warrants B have been fixed at RM0.06 each. The Warrants B may be exercised at any time within 3 years commencing on and including the date of issuance and expiring on 3 March 2023. Any Warrants B which has not been exercised at date of maturity will lapse and cease to be valid for any purpose.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 25. RESERVES (CONT'D)

#### (b) Warrants reserve (cont'd)

##### Warrants B (cont'd)

The new ordinary shares allotted and issued upon exercise of the Warrants B 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 B.

As at 30 September 2021, the total numbers of Warrants B that remain unexercised stands at 231,832,876 (2020: 231,912,876).

##### Warrants C

On 22 January 2021, Bursa Malaysia Securities Berhad approved the Company's proposed bonus issue of up to 1,412,612,765 free warrants ("Warrants C") on the basis of three (3) Warrants C for every eight (8) existing ordinary shares of the Company. There is no proceed received by the Company arising from the Bonus Issue of warrant, accordingly, no allocation of proceeds is required to account for the fair value of warrant issued.

The Company executed a Deed Poll constituting the Warrants C and the exercise price of the Warrants C have been fixed at RM0.10 each. The Warrants C may be exercised at any time within 3 years commencing on and including the date of issuance and expiring on 19 January 2024. Any Warrants C which has not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercise of the Warrants C 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 C.

As at 30 September 2021, the total numbers of Warrants C that remain unexercised amounted to 1,412,612,765.

#### (c) Other reserve

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

#### (d) Foreign translation reserve

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

#### (e) Share options reserve

Share options reserve represents the equity-settled share options granted to Directors and employees of the Group. 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 options is disclosed in Note 6.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. LEASE LIABILITIES**

	<b>Group</b>	
	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
<b>Minimum lease payments:</b>		
Repayable within one year	<b>6,150,419</b>	5,820,424
Repayable between one to two years	<b>4,334,134</b>	4,878,601
Repayable between two to five years	<b>5,401,874</b>	5,243,944
Repayable more than five years	<b>600,061</b>	144,159
	<b>16,486,488</b>	16,087,128
Less: Future finance charges	<b>(3,047,487)</b>	(2,854,525)
Present value of minimum lease payments	<b>13,439,001</b>	13,232,603
<b>Present value of lease payables:</b>		
Repayable within one year	<b>4,820,676</b>	4,472,938
Repayable between one to two years	<b>3,499,062</b>	4,033,933
Repayable between two to five years	<b>4,539,143</b>	4,589,352
Repayable more than five years	<b>580,120</b>	136,380
	<b>13,439,001</b>	13,232,603
<b>Representing:</b>		
Current portion	<b>4,820,676</b>	4,472,938
Non-current portion	<b>8,618,325</b>	8,759,665
	<b>13,439,001</b>	13,232,603

The lease liabilities bear effective interest rate ranging from 4.69% to 13.84% (2020: 4.69% to 13.84%) per annum.

**27. TRADE PAYABLES**

The normal trade credit terms granted to the Company is ranging from 30 to 90 days (2020: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.



# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 28. OTHER PAYABLES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Other payables	(i)	<b>7,600,938</b>	8,169,539	-	199,696
Deposits	(ii)	<b>48,828</b>	400	-	-
Accruals	(iii)	<b>46,461,814</b>	21,868,070	<b>149,568</b>	223,104
		<b>54,111,580</b>	30,038,009	<b>149,568</b>	422,800

(i) Included in other payables of the Group is:

- (a) an amount of RM717,973 (2020: RM3,084,455) due to the vendors for the purchase and enhancement of telecommunication network equipment and software;
- (b) an amount of RM410,605 (2020: RM Nil) due to Director's related company for the provision of event management services;
- (c) an amount of RM16,664 (2020: RM2,544) due to Director's related company for the provision of rental services;
- (d) an amount of RM55,889 ((2020: RM Nil) due to Director's related company for printing and packing related services; and
- (e) an amount of RM1,620,000 (2020: RM Nil) due to Director's related company for electronic data management service.

(ii) Included in deposits is refundable rental deposits received from a Director's related company amounting to RM48,828 (2020: RM Nil).

(iii) Included in accruals of the Group is:

- (a) accrued event management expenses and marketing expenses payable to Directors' related companies amounting to RM763,200 (2020: RM Nil);
- (b) accrued advertising expenses of RM2,902,824 (2020: RM2,450,000) payable to a third party; and
- (c) the cost of recharge usage accrued amounting to RM26,293,354 (2020: RM11,832,119).

### 29. CONTRACT LIABILITIES

	Note	Group	
		2021 RM	2020 RM
Telecommunication services			
- Prepaid, postpaid and other services	(i)	<b>23,894,601</b>	23,581,101
Mobile applications services	(ii)	<b>474,899</b>	452,562
Digital advertising	(iii)	<b>43,489</b>	-
e-Commerce	(iv)	<b>44,085</b>	-
		<b>24,457,074</b>	24,033,663

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 29. CONTRACT LIABILITIES (CONT'D)

Contract liabilities mainly relates to advance consideration received from subscribers at inception of contracts, for which is only recognised upon rendering of telecommunication services, mobile application services via Voopee. For e-Commerce and digital advertising, contract liabilities mainly related to amount billed to customer before the related performance obligations are satisfied by the Group.

Movement of contract liabilities are as follows:

(i) Telecommunication services

	Group	
	2021 RM	2020 RM
At beginning of the financial year	<b>23,581,101</b>	22,103,234
Collection during the financial year	<b>309,318,636</b>	249,920,296
Revenue recognised during the financial year (Note 4)	<b>(309,005,136)</b>	(248,442,429)
At end of the financial year	<b>23,894,601</b>	23,581,101

(ii) Mobile application services

	Group	
	2021 RM	2020 RM
At beginning of the financial year	<b>452,562</b>	408,974
Collection during the financial year	<b>79,549</b>	230,472
Revenue recognised during the financial year (Note 4)	<b>(57,212)</b>	(186,884)
At end of the financial year	<b>474,899</b>	452,562

(iii) Digital advertising

	Group	
	2021 RM	2020 RM
At beginning of the financial year	-	-
Billing during the financial year	<b>60,000</b>	-
Revenue recognised during the financial year (Note 4)	<b>(16,511)</b>	-
At end of the financial year	<b>43,489</b>	-

(iv) e-Commerce

	Group	
	2021 RM	2020 RM
At beginning of the financial year	-	-
Billing during the financial year	<b>4,741,690</b>	-
Revenue recognised during the financial year (Note 4)	<b>(4,697,605)</b>	-
At end of the financial year	<b>44,085</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 30. RELATED PARTY DISCLOSURES

#### (a) Identifying related parties

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

The Group has a related party relationship with Directors' related companies, associates, joint venture and key management personnel. The Company has related party relationship with its subsidiaries. The Directors' related companies refer to companies in which certain Directors of the Group are also Directors of the related companies. The related party balances of the Group and of the Company are disclosed in Notes 17, 20, 21 and 28.

#### (b) Related party transactions

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Transactions with Directors' related companies:</b>				
- Purchase of software	<b>(7,925,375)</b>	(17,850,000)	-	-
- Purchase of vending machine	<b>(4,626,000)</b>	-	-	-
- Purchase of goods	<b>(1,458,706)</b>	-	-	-
- Rental charge	<b>(45,345)</b>	(198,855)	<b>(33,579)</b>	(9,499)
- Renovation charge	<b>(6,490,310)</b>	(151,151)	-	-
- Marketing related expenses	<b>(2,240,157)</b>	-	-	-
- Sales	<b>35,620</b>	3,907	-	-
<b>Transactions with associates:</b>				
- Sales	<b>211,044</b>	183,558	-	-
- Service charge	<b>(37,290)</b>	(46,739)	-	-
<b>Transaction with subsidiaries:</b>				
- Advances to	-	-	<b>(136,100,528)</b>	(77,162,215)
- Capital contribution				
- Cash	-	-	-	17,000,000
- Share options	-	-	<b>5,357,557</b>	21,454,893
<b>Transaction with joint venture:</b>				
- Advances to	<b>(126,000)</b>	-	-	-

#### (c) Compensation of key management personnel

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 31. CAPITAL AND OTHER COMMITMENT

The future capital and other commitment payable at the reporting date but not recognised as payable is as follows:

	Group	
	2021 RM	2020 RM
Contracted for:		
Antchain Blockchain-based Solutions	<b>1,605,400</b>	1,663,400
Purchase of system software	<b>3,829,662</b>	1,464,289
Renovation	<b>4,957,039</b>	-
	<b>10,392,101</b>	3,127,689
Contracted and authorised for:		
Acquisition of freehold lands and buildings	<b>8,460,000</b>	-

### 32. SEGMENTAL INFORMATION

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products, e-Commerce services and digital advertising in Malaysia.

### 33. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised as amortised costs respectively, except for other investment in quoted shares which is categorised at fair value through profit or loss as disclosed in Note 14.

#### Financial Risk Management Objectives and Policies

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

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

#### (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables (which consist of trade and other receivables). The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to prior year.

#### Trade receivables

##### Risk management objectives, policies and processes for managing the risk

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (cont'd)

##### (a) Credit risk (cont'd)

###### Trade receivables (cont'd)

###### Risk management objectives, policies and processes for managing the risk (cont'd)

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

There is no significant changes as compared to previous year.

###### Exposure to credit risk, credit quality and collateral

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

###### Concentration of credit risk

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

As at 30 September 2021, the Group has significant concentration of credit risk arising from the amounts owing by 4 (2020: 5) distribution channels constituting 57% (2020: 58%) of net trade receivables of the Group.

###### Recognition and measurement of impairment loss

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

###### ***Distribution channels and others***

The Group assesses impairment of trade receivables on individual and collective basis.

For individual assessment, it is due to different credit risk characteristics and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually.

For collective assessment, the Group determines the expected credit losses by using a provision matrix for collective assessed receivables which are grouped together based on shared credit risk characteristics and similar types of contracts which have similar risk characteristics.

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

Loss rates are based on actual credit loss experienced over the prior years and are adjusted to reflect the alternative forward looking information. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions, (c) the Group's view of economic conditions over the expected lives of the receivables and (d) impact of COVID-19 pandemic on the ECL.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (cont'd)

##### (a) Credit risk (cont'd)

##### Trade receivables (cont'd)

##### *Postpaid users*

The Group assesses impairment of trade receivable on collective basis. The Group uses an allowance matrix to measure ECL of collective assessed receivables as they are grouped based on shared credit risk characteristics, the days past due and similar types of contracts which have similar risk characteristics. Consistent with the debt recovery process, invoices which are past due more than 120 days will be considered as credit impaired.

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

Loss rates are based on actual credit loss experienced over the prior years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions, (c) the Group's view of economic conditions over the expected lives of the receivables and (d) impact of COVID-19 pandemic on the ECL.

##### Impairment losses

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

	Gross RM	Loss Allowance RM	Net RM
<b>Group</b>			
<b>Postpaid users, distribution channels and others</b>			
<b>2021</b>			
Not past due	<b>9,728,910</b>	<b>(1,160,101)</b>	<b>8,568,809</b>
Past due and impaired:			
Less than 30 days	<b>3,149,385</b>	<b>(743,216)</b>	<b>2,406,169</b>
31 days to 60 days	<b>1,281,949</b>	<b>(311,791)</b>	<b>970,158</b>
61 days to 90 days	<b>603,786</b>	<b>(249,224)</b>	<b>354,562</b>
91 days to 120 days	<b>439,257</b>	<b>(267,748)</b>	<b>171,509</b>
121 days to 150 days	<b>2,762,476</b>	<b>(2,762,476)</b>	<b>-</b>
<b>Trade receivables, gross</b>	<b>8,236,853</b>	<b>(4,334,455)</b>	<b>3,902,398</b>
Credit impaired:			
More than 150 days	<b>558,512</b>	<b>-</b>	<b>558,512</b>
Individually impaired	<b>138,916</b>	<b>(138,916)</b>	<b>-</b>
<b>Trade receivables, net</b>	<b>18,663,191</b>	<b>(5,633,472)</b>	<b>13,029,719</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (cont'd)

##### (a) Credit risk (cont'd)

##### Trade receivables (cont'd)

##### Impairment losses (cont'd)

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

	Gross RM	Loss Allowance RM	Net RM
<b>Group</b>			
<b>Postpaid users, distribution channels and others</b>			
<b>2020</b>			
Not past due	7,944,910	(695,286)	7,249,624
Past due and impaired:			
Less than 30 days	1,546,241	(71,807)	1,474,434
31 days to 60 days	989,207	(15,904)	973,303
61 days to 90 days	300,995	(8,638)	292,357
91 days to 120 days	152,112	(8,085)	144,027
121 days to 150 days	6,489,876	(6,390,377)	99,499
<b>Trade receivables, gross</b>	<b>9,478,431</b>	<b>(6,494,811)</b>	<b>2,983,620</b>
Credit impaired:			
More than 150 days	2,217,780	-	2,217,780
<b>Trade receivables, net</b>	<b>19,641,121</b>	<b>(7,190,097)</b>	<b>12,451,024</b>

##### Credit impaired

##### Distribution channels and others

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments subsequent to the range from 30 to 150 days past due, depending on risk profile of the respective debtors. These receivables are not secured by any collateral or credit enhancements.

A debtor of the Group with credit impaired risk on total debt outstanding amounted to RM563,000 as at 30 September 2021 has been renegotiated with the Group by way of 12-months repayment plan within the next financial year end.

##### Postpaid users

Trade receivables that are collectively determined to be impaired at the reporting date relate to debtors that have defaulted on payments and due more than 120 days. These receivables are not secured by any collateral or credit enhancements.



# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (cont'd)

##### (a) Credit risk (cont'd)

###### Trade receivables (cont'd)

Receivables that are not past due nor impaired/not past due

###### **Distribution channels and others**

Trade receivables that are not past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

###### **Postpaid users**

Trade receivables that are not past due are creditworthy debtors with good payment records.

Receivables that are past due but not impaired

###### **Distribution channels and others**

These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default. The Group has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable.

###### **Postpaid users**

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

###### **Cash and cash equivalents**

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

###### **Other receivables and deposits**

Expected credit loss of other receivable is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. The Group has provided allowances for expected credit losses on the debtors as disclosed in Note 17. Besides, the Group has assessed debtors which are past due more than 1 year as credit impaired and has write off the receivables as disclosed in Note 17.

Credit risk on deposits are mainly arising from deposits paid to landlord as security and utilities deposit for rental of office and outlet which will be received upon termination of such services and thus have low credit risks. As at the end of the reporting period, no allowance for doubtful debts is necessary in respect of the deposits.

###### **Amounts due from subsidiaries**

Risk management objectives, policies and processes for managing the risk

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (cont'd)

##### (a) Credit risk (cont'd)

###### Amounts due from subsidiaries (cont'd)

###### Exposure to credit risk, credit quality and collateral

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

###### Recognition and measurement of impairment loss

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

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

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

At the reporting date, the Company assumes that there is a significant increase in credit risk given the subsidiaries financial position has deteriorated significantly which may lead to high probability of default for the advances to the subsidiaries. An impairment loss of RM41,895,235 (2020: RM11,855,718) and reversal of impairment of RM4,756,189 (2020: RM Nil) has been recognised in profit or loss as disclosed in Note 21.

##### (b) Foreign currency risk

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**Financial Risk Management Objectives and Policies (cont'd)**

**(b) Foreign currency risk (cont'd)**

Exposure to foreign currency risk

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

	Denominated in		
	USD RM	AUD RM	Total RM
<b>Group</b>			
<b>2021</b>			
Other payables	(234,335)	-	(234,335)
Cash and cash equivalents	61,658,835	5,679,864	67,338,699
	<b>61,424,500</b>	<b>5,679,864</b>	<b>67,104,364</b>
<b>2020</b>			
Other payables	(578,518)	-	(578,518)
Cash and cash equivalents	-	5,570,633	5,570,633
	(578,518)	5,570,633	4,992,115
<b>Company</b>			
<b>2021</b>			
Cash and cash equivalents	-	5,679,864	5,679,864
<b>2020</b>			
Cash and cash equivalents	-	5,570,633	5,570,633

A 5% strengthening of the functional currency of the Group and of the Company against the foreign currency at the end of the reporting period would have (increased)/decreased loss after tax and equity by the amount shown below:

	2021		2020	
	Loss after tax RM	Equity RM	Loss after tax RM	Equity RM
<b>Group</b>				
USD/RM	2,334,131	2,334,131	(21,984)	(21,984)
AUD/RM	215,835	215,835	211,684	211,684
<b>Company</b>				
AUD/RM	215,835	215,835	211,684	211,684

A 5% weakening of the functional currency of the Group and of the Company against the foreign currency at the end of the reporting period would have equal but opposite effect on loss after tax and equity.

**NOTES TO THE FINANCIAL STATEMENTS**  
30 SEPTEMBER 2021

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**Financial Risk Management Objectives and Policies (cont'd)**

**(c) Interest rate risk**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Floating rate interest</b>				
Financial assets	<b>62,488,978</b>	115,251,768	<b>62,488,978</b>	115,251,768

The Group and the Company are exposed to interest rate risk through the impact of rate changes in floating rate short term fund. The changes in interest rates would not have material impact on the profit or loss of the Group and of the Company.

**(d) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain sufficient cash balances and the availability of funding through certain commitment credit facilities.

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

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

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

	Carrying amount RM	Contractual cash flows RM	Contractual Cash Flows			
			On demand or within 1 year RM	Between 1 to 2 years RM	Between 2 to 5 years RM	More than 5 years RM
<b>Group</b>						
<b>2021</b>						
Trade payables	<b>24,370,865</b>	<b>24,370,865</b>	<b>24,370,865</b>	-	-	-
Other payables	<b>54,111,580</b>	<b>54,111,580</b>	<b>54,111,580</b>	-	-	-
Lease liabilities	<b>13,439,001</b>	<b>16,486,488</b>	<b>6,150,419</b>	<b>4,334,134</b>	<b>5,401,874</b>	<b>600,061</b>
	<b>91,921,446</b>	<b>94,968,933</b>	<b>84,632,864</b>	<b>4,334,134</b>	<b>5,401,874</b>	<b>600,061</b>
<b>2020</b>						
Trade payables	18,687,302	18,687,302	18,687,302	-	-	-
Other payables	30,038,009	30,038,009	30,038,009	-	-	-
Lease liabilities	13,232,603	16,087,128	5,820,424	4,878,601	5,243,944	144,159
	61,957,914	64,812,439	54,545,735	4,878,601	5,243,944	144,159

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 34. FAIR VALUE INFORMATION

#### Financial instrument at fair value

The fair value measurement hierarchies used to measure financial instruments at fair value in the statements of financial position are disclosed in Note 14.

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

#### Financial instrument other than those carried at fair value

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

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

### 35. CAPITAL MANAGEMENT

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

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

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

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

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

	<b>Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Lease liabilities (Note 26)	<b>13,439,001</b>	13,232,603
Less: Cash and cash equivalents (Note 22)	<b>(163,766,587)</b>	(182,275,121)
Total net debts	<b>(150,327,586)</b>	(169,042,518)
Equity attributable to the Owners of the Company, representing total capital	<b>305,714,557</b>	261,423,520
Debt-to-equity ratio (%)	*	*

\* *Not meaningful*

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentations:

	As previously reported RM	As restated RM
<b>Group</b>		
<b>30 September 2020</b>		
<b>Statements of Financial Position</b>		
<b>Non-current assets</b>		
Property, plant and equipment	52,882,779	53,312,065
Intangible assets	37,122,433	36,693,147
<hr/>		
<b>Statements of Cash Flows</b>		
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(5,716,056)	(6,145,342)
Purchase of intangible assets	(10,606,803)	(10,177,517)
<hr/>		
<b>Company</b>		
<b>30 September 2020</b>		
<b>Statement of Cash Flows</b>		
<b>Cash Flows from Investing Activities</b>		
Advances to subsidiaries	-	(77,162,215)
<hr/>		
<b>Cash Flows from Financing Activities</b>		
Advances to subsidiaries	(77,162,215)	-
<hr/>		

### 37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

#### Coronavirus (COVID-19) outbreak

Due to the ongoing COVID-19 pandemic, the Government of Malaysia had implemented various and differing forms of lockdowns and standard operating procedures to be complied with over the course of the past financial year and up to the date of this report. Despite various other intermittent restrictions, the business performance of the Group has not been adversely nor negatively impacted given the Group is categorised as essential services as well as owning up-to-date information technology platforms that provide modern digital solutions which enables the Group to deliver multiple channels that lead to an uptake in overall business.

Premised on the overview and outlook of the telecommunication, e-Commerce, digital lending and electronic payments in Malaysia, the Board is cautiously optimistic of the future prospect of the Group despite a challenging economic outlook ahead. Besides, the pandemic drove a massive acceleration in digitalisation activities, especially in e-Commerce marketplace. In response to the COVID-19 pandemic, the Group has and will continue to implement various precautionary measures at its offices to minimise the risk of COVID-19 infections and to ensure compliance with the standard operating procedures imposed by the Government.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 38. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

#### Offer and grant of options under ESOS

On 16 August 2021, the Company has offered 300,000,000 options to employees under ESOS at an exercise price of RM0.0375 each and 145,000,000 options have been exercised subsequent to year end.

On 16 November 2021, the Company has offered 600,000,000 options to employees under ESOS at an exercise price of RM0.035 each and 479,998,600 options have been exercised subsequent to year end.

On 13 December 2021, the Company has offered 250,000,000 options to employees under ESOS at an exercise price of RM0.0275 each and 99,999,600 options have been exercised subsequent to year end.

#### Issuance of ordinary shares

Subsequent to year end, the Company had increased its issued share capital from RM432,150,129 to RM457,137,569 by way of the issuance of 724,998,200 new ordinary shares at an issue price of RM0.0275, RM0.035 and RM0.0375 per ordinary share pursuant to the exercise of the share options that was granted under ESOS.

#### Acquisition of other investment

##### (a) *Jadi Imaging Holdings Berhad ("Jadi")*

On 15 October 2021, a wholly-owned subsidiary of the Company, XOX (Hong Kong) Limited ("XOXHK") had entered into a Sale and Purchase of Shares Agreement ("SPA") with LSI Holdings Sdn. Bhd. for the proposed acquisition of 200,000,000 ordinary shares ("Sale Shares") in Jadi, representing approximately 19.01% of the total issued and paid-up share capital of Jadi, for a total purchase consideration of RM46,000,000 only ("Proposed Acquisition"). The Proposed Acquisition has been completed on 22 October 2021.

Between 6 December 2021 to 5 January 2022, XOXHK has acquired from the open market an aggregate of 52,596,600 ordinary shares in Jadi, representing 23.47% of the total issued and paid up share capital of Jadi for a total purchase consideration of approximately RM4,956,539.

As at the date of reporting, the number of shares held by XOXHK in Jadi is 252,596,600, representing 23.47% of the total issued and paid up share capital of Jadi. The aggregate cost of investment of XOX in Jadi was RM50,956,539.

##### (b) *XOX Networks Berhad ("XOX Network") (formerly known as MACPIE Berhad)*

Between 6 December 2021 to 7 December 2021, XOXHK has acquired from the open market an aggregate of 57,400,000 ordinary shares in XOX Network, representing 15.85% of the total issued and paid up share capital of XOX Network for a total purchase consideration of approximately RM4,018,000.

As at the date of reporting, the number of shares held by XOXHK in XOX Network is 150,000,000, representing 15.85% of the total issued and paid up share capital of XOX Network. The aggregate cost of investment of XOX in XOX Network was RM26,732,961.



# NOTES TO THE FINANCIAL STATEMENTS

## 30 SEPTEMBER 2021

### 39. ANNOUNCED BUSINESS COLLABORATION

- (i) On 18 August 2017, XOX Media Sdn. Bhd. ("XOX Media") has entered into a MOU with Multimedia Research Lab Sdn. Bhd. ("MRL") to cooperate and collaborate with the aim of enhancing the functions of Voopee mobile application by sharing and incorporating MRL range of video conferencing and server technology ("Technology collaboration") to exploit the potential market that arises from XOX Media collaboration with PT. Inovasi Telematika Nusantara and Pengurus Besar Nahdlatul Ulama. XOX Media has served a notice of termination to MRL on 30 November 2021.
- (ii) On 26 February 2019, XOX Mobile Sdn. Bhd. ("XOX Mobile") has entered into a MOU with 10T Tech Limited ("10T Tech") for the purpose of participating in a platform, to be called as the "eSIM Alliance", which will handle international traffic through eSIM profile switching between its participants. XOX Mobile has served a notice of termination to 10T Tech on 30 November 2021.
- (iii) On 8 August 2019, XOX Mobile has entered into a MOU with TOT Public Company Limited ("TOT") for the purpose to record the mobile virtual network operator ("MVNO") partnership, cooperation and support between both parties in relation to the performances of exploring MVNO market in Thailand, connecting in technicality and testing the mobile telecommunication systems as well as other commercial operations. XOX Mobile has served a notice of termination to TOT on 30 November 2021.
- (iv) On 15 June 2020, XOX Media has entered into a Joint Venture Agreement ("JVA") with DGB Networks Sdn. Bhd. ("DGB Networks"), a wholly-owned subsidiary of DGB Asia Berhad ("DGB") to form a 50/50 net profit sharing partnership for the media management and advertising platform that will result from the national deployment of DGB Networks' next generation AI Vending Machines. On 28 December 2020, XOX Media has entered into a Supplemental Letter to the JVA with DGB Networks to solidify their JVA by forming a Special Propose Vehicle, to co-own the AI Vending Machines ecosystem. The proposed joint venture has been completed with the incorporation of SpacedX Sdn. Bhd.
- (v) On 16 July 2020, XOX Media has entered into a 40/60 profit sharing on financing Partnership Agreement with Wetek Technology (M) Sdn. Bhd. for the proposed collaboration to offer micro-financing facilities to XOX's subscribers and general public to enhance the adoption of e-Wallet and ultimately give impoverished people an opportunity to become self-sufficient. The Partnership Agreement is deemed terminated on 15 July 2021.
- (vi) On 27 July 2020, XOX Media has entered into a Head of Agreement ("HOA") with Jiangsu Sulian Asset Management Co., Ltd ("Sulian Capital") to form a non-circumvention and commercial agreement between both parties concerning the introduction of a Chinese Telco, to partner and collaborate with XOX in the regional deployment of 5G mobile networks. The HOA is terminated on 26 December 2021 as no commercial agreement was concluded.
- (vii) On 17 September 2020, the Company has entered into a Provisional Technology Partnership Agreement with Nexion Technologies Limited ("Nexion") to establish a long-term and stable strategic partnership in order to ensure XOX and Nexion competitiveness and offerings to a more challenging global market. To date, there is no material development pertaining to the agreement.
- (viii) On 9 October 2020, XOX Media has entered into a MOU with GEM Pay Sdn. Bhd. ("GEM Pay"), a subsidiary of NetX Holdings Berhad, for the purpose to discuss, explore and enter into negotiations in respect of a business arrangement to rent up to 1,000 units of contactless payment terminals and/or cashless e-Wallet payment solutions from GEM Pay to be incorporated into smart vending machines. The MOU was expired on 8 April 2021.
- (ix) On 13 November 2020, XOX Mobile has entered into a Master Service Agreement with XOX Networks Berhad ("XOX Network") (formerly known as MACPIE Berhad) relating to the provision of any services by XOX Network to XOX Mobile for the organisation of the Company's event known as "XOX Unity Player Unknown's Battleground (PUBG) League" on a fee to be agreed by XOX Network and XOX Mobile. The agreement was completed during the financial year.
- (x) On 12 March 2021, XOX Media has entered into a Heads of Agreement ("HOA") with Cheetah Corporation (M) Sdn. Bhd. ("CHEETAH") and Lamboplace Sdn. Bhd. ("LAMBO") for the purpose to jointly create a rebranded and reimaged CHEETAH exclusive digital shopping platform. The HOA was completed during the financial year.
- (xi) On 23 April 2021, a wholly-owned subsidiary of the Company, XOX Com Sdn. Bhd. ("XOX Com") has entered into a Supply and Installation Agreement ("SIA") with Mlabs Research Sdn. Bhd. ("Mlabs Research"), a wholly-owned subsidiary of Mlabs Systems Berhad ("Mlabs"), whereby Mlabs Research will supply, install, provisioning and subsequent support of the remote cloud-based Webex Contact Centre ("WCC") to XOX Com. The agreement was completed during the financial year.

# ANALYSIS OF SHAREHOLDINGS

AS AT 11 JANUARY 2022

## SHARE CAPITAL

Total Number of Issued Share : 4,760,863,975  
Issued and Paid-Up Capital : RM456,522,487.33  
Class of Shares : Ordinary Shares  
Voting Rights : One vote for each ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS AS AT 11 JANUARY 2022

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	NO. OF SHARES	%
1 – 99	169	7,513	Negligible
100 – 1,000	2,145	1,241,773	0.03
1,001 – 10,000	8,958	58,601,442	1.23
10,001 – 100,000	18,456	842,830,775	17.70
100,001 to less than 5% of issued shares	7,165	3,491,182,472	73.33
5% and above of issued shares	1	367,000,000	7.71
<b>TOTAL</b>	<b>36,894</b>	<b>4,760,863,975</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS AS AT 11 JANUARY 2022

### Substantial Shareholders

	Direct		Indirect	
	No. of Shares Held	Percentage Held	No. of Shares Held	Percentage Held
1 Key Alliance Group Berhad	347,900,000	7.31	-	-

### 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	0.01	-	-
2 Tan Sik Eek	34,785,000	0.73	-	-
3 Roy Ho Yew Kee	-	-	-	-
4 Hew Tze Kok	-	-	-	-
5 Andy Liew Hock Sim	-	-	-	-

# ANALYSIS OF SHAREHOLDINGS

## AS AT 11 JANUARY 2022

### LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 11 JANUARY 2022)

No.	Name	Shares Held	Percentage
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR LAZARUS CORPORATE FINANCE PTY LTD	367,000,000	7.71
2.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	173,000,000	3.63
3.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	37,720,000	0.79
4.	M & A NOMINEE (TEMPATAN) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	34,785,000	0.73
5.	TIRAM TRAVEL SDN BHD	14,500,000	0.31
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE CHUAN (7007197)	14,260,000	0.30
7.	TAN CHOONG KEAT	14,000,000	0.29
8.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM YEE SIEW (E-TAI)	13,500,000	0.28
9.	ONG KIM HOI	13,000,000	0.27
10.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE CHI VUN (M02)	12,700,000	0.27
11.	MARA INCORPORATED SDN BHD	11,559,945	0.24
12.	WONG HUI LING	11,500,000	0.24
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHONG WEI	10,500,000	0.22
14.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHOW CHONG CHEK (PB)	10,472,300	0.22
15.	NG WAH SIM	10,000,000	0.21
16.	MD YUSOFF BIN ABDUL GHAFAR	9,850,000	0.21
17.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AUN HOOI (MY3852)	9,700,000	0.20
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHIE KING (6000752)	9,500,000	0.20
19.	LEE HYEN SIP @ SIMON	9,500,000	0.20
20.	ONG NGOH ING @ ONG CHONG OON	9,500,000	0.20
21.	CHENG, AIJIN	9,332,200	0.20
22.	TAN KEAN YIP	8,700,000	0.18
23.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOU SING HOAN	8,150,000	0.17
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KOK HENG	8,000,000	0.17
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHEK KENG (E-TAI)	8,000,000	0.17
26.	BOEY TZE NIN	7,821,300	0.16
27.	CH'NG CHOR WAH	7,550,000	0.16
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD TAN HOCK KIAN (KAIZHENG13)	7,100,000	0.15
29.	HOO DIONG HOO	7,015,000	0.15
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TECK KUNG (E-TJJ)	7,000,100	0.15
<b>Total</b>		<b>875,215,845</b>	<b>18.38</b>

# ANALYSIS OF WARRANTS B HOLDINGS

AS AT 11 JANUARY 2022

## WARRANTS B 2020/2023

Number of Outstanding Warrants B : 231,832,876

## DISTRIBUTION OF WARRANTS B HOLDINGS AS AT 11 JANUARY 2022

SIZE OF WARRANTS B HOLDINGS	NO. OF HOLDERS	NO. OF WARRANTS B	%
1 – 99	36	1,775	Negligible
100 – 1,000	131	68,066	0.03
1,001 – 10,000	620	4,049,810	1.74
10,001 – 100,000	1,242	52,754,875	22.76
100,001 to less than 5% of issued warrant	445	174,958,350	75.47
5% and above of issued warrant	0	0	0.00
<b>TOTAL</b>	<b>2,474</b>	<b>231,832,876</b>	<b>100.00</b>

## DIRECTORS' WARRANTS B HOLDINGS AS AT 11 JANUARY 2022

	Direct		Indirect	
	No. of Warrants B Held	Percentage Held	No. of Warrants B Held	Percentage Held
1 Dato' Seri Abdul Azim bin Mohd Zabidi	-	-	-	-
2 Tan Sik Eek	-	-	-	-
3 Roy Ho Yew Kee	-	-	-	-
4 Hew Tze Kok	-	-	-	-
5 Andy Liew Hock Sim	-	-	-	-

# ANALYSIS OF WARRANTS B HOLDINGS

## AS AT 11 JANUARY 2022

### LIST OF TOP 30 WARRANTS B ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 11 JANUARY 2022)

No.	Name	Warrants Held	Percentage
1.	YIN YIT FUN	4,118,800	1.78
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE CHI VUN (M02)	3,850,000	1.66
3.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW TECK HWA	2,950,050	1.27
4.	MOHAMED ZAIN BIN MAT TAIB	2,712,000	1.17
5.	FOONG WAI CHEE	2,517,600	1.09
6.	MARINA BINTI MOHAMOD JANAB	2,434,500	1.05
7.	ZOLKEPELI BIN ABD AZIZ	2,200,000	0.95
8.	KENANGA NOMINEES (ASING) SDN BHD RAKUTEN TRADE SDN BHD FOR ANDREA WESTRICH GEB. WAGNER	2,000,000	0.86
9.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PUA CHYE (E-SKC)	1,989,600	0.86
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SENG POH (8068615)	1,543,300	0.67
11.	ANG SOO BOON	1,542,200	0.67
12.	MOHAMAD LOKMAN BIN MOHAMAD RAFIUDDIN	1,507,600	0.65
13.	MUHD NUR IRFAN BIN SHAMSUDIN	1,400,800	0.60
14.	TAN WEE	1,400,000	0.60
15.	ONG EU LIONG	1,391,000	0.60
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD SYAFIEE BIN ABDUL RAHMAN (ETMI)	1,370,000	0.59
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ONG BENG HOE	1,310,000	0.57
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE MEE KON	1,250,000	0.54
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH LEH CHIONG (E-SRK)	1,240,000	0.54
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ISMAIL BIN MAMAT	1,216,400	0.53
21.	FAHITAH BINTI MOHD SENAWI	1,200,000	0.52
22.	LIM CHIN HONG	1,120,000	0.48
23.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP YEE PING	1,100,000	0.48
24.	LEOW KUAN SHU	1,100,000	0.48
25.	LOKE KENG YONG	1,100,000	0.48
26.	TAN TENG FOOK	1,100,000	0.48
27.	YAP SHUEY LIN	1,100,000	0.48
28.	SAKINAH BINTI MOHD AZAM	1,085,000	0.47
29.	KANG CHEE SEANG	1,032,000	0.45
30.	TAN YUN KIM	1,028,200	0.44
	<b>Total</b>	<b>50,909,050</b>	<b>22.01</b>

# ANALYSIS OF WARRANTS C HOLDINGS

AS AT 11 JANUARY 2022

## WARRANTS C 2021/2024

Number of Outstanding Warrants C : 1,412,612,765

## DISTRIBUTION OF WARRANTS C HOLDINGS AS AT 11 JANUARY 2022

SIZE OF WARRANTS C HOLDINGS	NO. OF HOLDERS	NO. OF WARRANTS C	%
1 – 99	4,202	205,305	0.02
100 – 1,000	3,200	1,572,944	0.11
1,001 – 10,000	11,896	53,864,322	3.81
10,001 – 100,000	10,714	343,112,147	24.29
100,001 to less than 5% of issued warrant	2,351	1,013,858,047	71.77
5% and above of issued warrant	0	0	0.00
<b>TOTAL</b>	<b>32,363</b>	<b>1,412,612,765</b>	<b>100.00</b>

## DIRECTORS' WARRANTS C HOLDINGS AS AT 11 JANUARY 2022

	Direct		Indirect	
	No. of Warrants C Held	Percentage Held	No. of Warrants C Held	Percentage Held
1 Dato' Seri Abdul Azim bin Mohd Zabidi	-	-	-	-
2 Tan Sik Eek	-	-	-	-
3 Roy Ho Yew Kee	-	-	-	-
4 Hew Tze Kok	-	-	-	-
5 Andy Liew Hock Sim	-	-	-	-

# ANALYSIS OF WARRANTS C HOLDINGS

## AS AT 11 JANUARY 2022

### LIST OF TOP 30 WARRANTS C ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 11 JANUARY 2022)

No.	Name	Warrants Held	Percentage
1.	CHONG ME HONG	15,750,000	1.12
2.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS )	13,818,800	0.98
3.	MD NOR BIN MANSOR	13,000,000	0.92
4.	ZEN HERITAGE CAPITAL SDN BHD	11,103,900	0.79
5.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHEK KENG (E-TAI)	7,500,000	0.53
6.	ZAINUDDIN BIN MD ALIP	6,537,500	0.46
7.	RHB NOMINEES (TEMPATAN) SDN BHD FOO PAK SOOI	6,375,000	0.45
8.	SIM KIAN SENG	6,050,000	0.43
9.	TAN KEAN YIP	6,000,000	0.43
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHOW CHONG CHEK (PB)	5,802,200	0.41
11.	LAY CHEAK JOE	5,687,212	0.40
12.	TAN MAO LING	5,500,000	0.39
13.	TIRAM TRAVEL SDN BHD	5,437,500	0.39
14.	LEE MEE HUONG	5,377,000	0.38
15.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHONG WEI	5,250,000	0.37
16.	LOKE PAK JOEN	5,088,000	0.36
17.	OOI TECK SEONG	5,015,000	0.36
18.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE CHUAN	5,000,000	0.35
19.	CH'NG CHOR WAH	4,956,300	0.35
20.	CHAN SWUEI NGAN	4,594,937	0.33
21.	TEE KIM LEE	4,575,000	0.32
22.	DAVID YEK NAI LEONG	4,400,050	0.31
23.	ADRIAN QUAH	4,308,600	0.31
24.	WONG YENG FART	3,750,375	0.27
25.	MD YUSOFF BIN ABDUL GHAFAR	3,693,800	0.26
26.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE CHI VUN (M02)	3,637,500	0.26
27.	LEE HYEN SIP @ SIMON	3,562,500	0.25
28.	MOHD NAJID BIN MD YAHYA	3,515,850	0.25
29.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUHAMAD NAZIM BIN TAMRIN (MUH0117C)	3,500,000	0.25
30.	ONG NGOH ING @ ONG CHONG OON	3,500,000	0.25
<b>Total</b>		<b>182,287,024</b>	<b>12.93</b>



# ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”) HOLDINGS

AS AT 11 JANUARY 2022

## ICPS 2020/2030

Number of Outstanding ICPS : 77,971,406

## DISTRIBUTION OF ICPS HOLDINGS AS AT 11 JANUARY 2022

SIZE OF ICPS HOLDINGS	NO. OF HOLDERS	NO. OF ICPS	%
1 – 99	0	0	0.00
100 – 1,000	30	17,100	0.02
1,001 – 10,000	111	715,906	0.92
10,001 – 100,000	258	12,483,900	16.01
100,001 to less than 5% of issued ICPS	102	45,354,500	58.17
5% and above of issued ICPS	2	19,400,000	24.88
<b>TOTAL</b>	<b>503</b>	<b>77,971,406</b>	<b>100.00</b>

## DIRECTORS’ ICPS HOLDINGS AS AT 11 JANUARY 2022

	Direct		Indirect	
	No. of ICPS Held	Percentage Held	No. of ICPS Held	Percentage Held
1 Dato’ Seri Abdul Azim bin Mohd Zabidi	-	-	-	-
2 Tan Sik Eek	-	-	-	-
3 Roy Ho Yew Kee	-	-	-	-
4 Hew Tze Kok	-	-	-	-
5 Andy Liew Hock Sim	-	-	-	-

# ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”) HOLDINGS AS AT 11 JANUARY 2022

## LIST OF TOP 30 ICPS ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 11 JANUARY 2022)

No.	Name	ICPS Held	Percentage
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE CHI VUN (M02)	15,400,000	19.75
2.	TUNG CHEONG SENG	4,000,000	5.13
3.	CHIA AI WOON	3,030,000	3.89
4.	LEE HYEN SIP @ SIMON	3,000,000	3.85
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE LEP KIONG	3,000,000	3.85
6.	MURLIDHAR A/L DUHLANOMAL	2,000,000	2.57
7.	GEOFFREY LIM FUNG KEONG	1,634,700	2.10
8.	CHONG YING CHOY	1,600,000	2.05
9.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW TECK HWA	1,375,400	1.76
10.	POH CHYE LEAN	1,200,000	1.54
11.	WONG KAR CHUAN	939,000	1.20
12.	LEE SU CHEW	800,000	1.03
13.	YAP FOOK LIM	800,000	1.03
14.	CHIM LUANG ENG	781,700	1.00
15.	FONG CHIN TAU	770,000	0.99
16.	CHAI YUN KIEN	764,400	0.98
17.	WAI CHE SENG	700,000	0.90
18.	WONG HANG HUP @ WAN PENG KWONG	700,000	0.90
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR KHOO AH TIONG	642,500	0.82
20.	LEONG KAM KWONG	620,000	0.80
21.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR JASLINDA BINTI AHMAD (PB)	600,000	0.77
22.	LING AH KENG	600,000	0.77
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD YAP FOOK LIM	600,000	0.77
24.	MOHAMAD LOKMAN BIN MOHAMAD RAFIUDDIN	588,000	0.75
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE CHING KON	550,000	0.71
26.	TAN BEE CHOO	520,000	0.67
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD WONG KIM MOI	470,000	0.60
28.	LOKE QUENG TUCK	450,000	0.58
29.	CHEN KOK SOON	429,000	0.55
30.	CHIM LUANG ENG	425,500	0.55
<b>Total</b>		<b>48,990,200</b>	<b>62.86</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twelfth (12th) Annual General Meeting of XOX Bhd (“XOX” or “the Company”) will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Lot 8.1, 8th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 25 February 2022 at 9.30 a.m. or any adjournment thereof, for the purpose of transacting the following businesses:

## AGENDA

- |    |  |   |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 September 2021 together with the Directors’ and Auditors’ Reports thereon.   | <b>Please refer to Explanatory Note 1</b> |
| 2. | To approve the payment of Directors’ fees of up to RM800,000.00 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM200,000.00 for the period commencing from 25 February 2022 until the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 1                     |
| 3. | To re-elect the following Directors who retire pursuant to Clause 115 of the Company’s Constitution:   |   |
|    | (a) Mr Roy Ho Yew Kee  | Ordinary Resolution 2                     |
|    | (b) Mr Hew Tze Kok   | Ordinary Resolution 3                     |
| 4. | To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.  | Ordinary Resolution 4                     |

### SPECIAL BUSINESSES:

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

- |    |  |                       |
|----|--|-----------------------|
| 5. | <b>Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016</b>  | 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

Ordinary Resolution 6

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

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 27 January 2022 for the purposes of Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

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

whichever is the higher;

and amongst other, based on the following information:

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

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

# NOTICE OF ANNUAL GENERAL MEETING

7. **Proposed Amendments to the Constitution of the Company (“Proposed Amendments”)**

Special Resolution 1

“THAT proposed amendments to the Constitution of the Company as set out in the Appendix A, which is circulated together with the Notice of Twelfth (12th) Annual General Meeting dated 27 January 2022, be approved and adopted AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said Proposed Amendment for and on behalf of the Company.”

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

By order of the Board,

**CHONG VOON WAH (SSM PC No. 202008001343) (MAICSA 7055003)**

**THAI KIAN YAU (SSM PC No. 202008001515) (MIA 36921)**

Company Secretaries

Kuala Lumpur  
27 January 2022

## 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 authorised 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 Share Registrar’s office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via facsimile no. 03-6201 3121 or via e-mail at ir@shareworks.com.my 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 18 February 2022 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.
8. The AGM will be conducted fully virtual from the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES

### 1. Audited Financial Statements for the Financial Year Ended 30 September 2021

The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

### 2. Ordinary Resolution 1: To approve the payment of 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 25 February 2022 until the conclusion of the next Annual General Meeting for the Company.

### 3. Ordinary Resolutions 2 and 3 : Re-election of Directors

The following Directors are standing for re-election as Directors of the Company pursuant to Clause 115 of the Company's Constitution at the Twelfth (12th) Annual General Meeting of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution :

- (a) Mr Roy Ho Yew Kee; and
- (b) Mr Hew Tze Kok.

(collectively referred to as "Retiring Directors")

The Board of Directors through the Nomination and Remuneration Committee ("NRC") has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the Retiring Directors) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

Further, the NRC has considered and affirmed, and the Board has endorsed that Mr Hew Tze Kok, the Independent Non-Executive Director, who is seeking re-election at the forthcoming Twelfth (12th) Annual General Meeting of the Company comply with the independence criteria as prescribed in the Listing Requirements of Bursa Malaysia Securities Berhad and remained independent in exercising his judgment and in carrying out his duties as Independent Non-Executive Director.

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

The proposed Ordinary Resolution 5, if passed, is the 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 ("General Mandate"). 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) workings capital and/or acquisitions.

As at the date of this Notice, the Company has not issued any new shares pursuant to the General Mandate granted to the Directors at the Eleventh (11th) Annual General Meeting held on 23 February 2021 and which the said General Mandate will lapse at the conclusion of the Twelfth (12th) Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## 5. **Ordinary Resolution 6 : Proposed New Shareholders' Mandate and 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.

## 6. **Special Resolution 1 : Proposed Amendments to the Constitution of the Company ("Proposed Amendments")**

The Proposed Amendments is primarily to provide further clarify on certain terms of the Constitution and provide more flexibility for the Company and to ensure the compliance with the Act, Listing Requirements of Bursa Malaysia Securities Berhad. The Proposed Amendments to be made to the Constitution are listed as per Appendix A, which is circulated together with the Notice of Twelfth (12th) Annual General Meeting dated 27 January 2022.

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

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the Twelfth (12th) 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 Twelfth (12th) Annual General Meeting of the Company for the details.

### **APPENDIX A**

#### **Proposed Amendments to the Constitution of the Company**

The existing Constitution is to be amended by way of alterations, modifications, deletions and/or additions, where necessary, to reflect the proposed amendments thereto. The affected provisions of the existing Clauses are reproduced below with the proposed amendments highlighted alongside the respective Clauses:

<b>Clause No.</b>	<b>Existing Clause</b>	<b>Proposed Amendments</b>
21	Subject to the Listing Requirements, the Central Depositories Act and or the Rules, and notwithstanding the existence of a resolution pursuant to the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the value of the issued and paid-up capital of the Company, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.	Subject to the Listing Requirements, the Central Depositories Act and/or the Rules, and notwithstanding the existence of a resolution pursuant to the Act, the Company must ensure that it shall not issue any shares or convertible Securities, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue.

# ADMINISTRATIVE GUIDE

Date	Time	Broadcast Venue
Friday, 25 February 2022	9.30 a.m.	Lot 8.1, 8th Floor, Menara Lien Hoe No. 8, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan

## • **Coronavirus Disease (COVID-19) Outbreak**

1. With the outbreak of Coronavirus Disease (COVID-19) and as part of the safety measures to curb the spread of COVID-19 pandemic, the Twelfth (12th) Annual General Meeting (“**AGM**”) will be conducted by way of a fully virtual meeting and online remote voting using the Remote Participation and Voting Facilities (“**RPV Facilities**”) as the safety of our members, Directors, staff and other stakeholders who will attend the AGM is of paramount importance to us.
2. Shareholders are **strongly encouraged** to take advantage of the RPV Facilities to participate and vote remotely at the AGM. With the RPV Facilities, you may exercise your right as a member of the Company to participate (*including to pose questions to the Board of Directors (“**Board**”) and/or Management of the Company*) and vote at the AGM. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the AGM. Details of the RPV Facilities are set out below.

## **Registration**

3. Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities, the registration is mandatory for the event. Please click the following link to register: <https://rebrand.ly/XOX-AGM>.
4. All the shareholders are required to register in order to participate to the AGM via RPV Facilities. The registration will be open from 9.30 a.m. on 27 January 2022 and close at 9.30 a.m. on 24 February 2022.

Upon submission of your registration, you will receive an email to notify you that your registration has been received and is pending verification.

5. After verification of your registration against the General Meeting Record of Depositors of the Company as at 18 February 2022, the system will send you an email to notify you if your registration is approved or rejected after 18 February 2022.
  6. Should your registration be rejected, you can contact the Company’s Poll Administrator or the Company for clarifications.
- 7. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Please follow the tutorial guide posted on <https://rebrand.ly/XOX-AGM>.

## **General Meeting Record of Depositors**

8. For the purpose of determining members’ eligibility to attend this meeting, only members whose names appear in the Record of Depositors of the Company as at 18 February 2022 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.



# ADMINISTRATIVE GUIDE

## **Individual Members**

9. Individual members are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the AGM. Please refer to the details as set out under RPV Facilities for information.
10. If an individual member is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

## **Corporate Members**

11. Corporate members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the AGM using the RPV Facilities. Corporate members who wish to participate and vote remotely at the AGM must contact the Company's Poll Administrator with the details set out below for assistance and will be required to provide the following documents to the Company no later than 24 February 2022 at 9.30 a.m.:
  - i) Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
  - ii) Copy of the Corporate Representative's or proxy's MyKad (front and back)/Passport; and
  - iii) Corporate Representative's or proxy's email address and mobile phone number.

Upon receipt of such documents, the Company's Poll Administrator or the Company will respond to your remote participation request.

12. If a Corporate member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the AGM, it is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

## **Nominee Company Members**

13. The beneficiaries of the shares under a Nominee Company's CDS account ("**Nominee Company member(s)**") are also strongly advised to participate and vote remotely at the AGM using RPV Facilities. Nominee Company members who wish to participate and vote remotely at the AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the AGM. Nominee Company must contact the Company's Poll Administrator with the details set out below for assistance and will be required to provide the following documents to the Company no later than 24 February 2022 at 9.30 a.m.:
  - i) Form of Proxy under the seal of the Nominee Company;
  - ii) Copy of the proxy's MyKad (front and back)/Passport; and
  - iii) Proxy's email address and mobile phone number.

Upon receipt of such documents, the Company's Poll Administrator or the Company will respond to your remote participation request.

14. If a Nominee Company member is unable to attend the AGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

## **Revocation of Proxy**

15. If the member has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally participate in the AGM, the individual member must contact the Company's Poll Administrator or the Company, whose contact details are set out in note No. 20 below, to revoke the appointment of his/her proxy no later than 24 February 2022 at 9.30 a.m.


## ADMINISTRATIVE GUIDE

### **Poll Voting**

16. The voting at the AGM will be conducted by way of poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks Sdn. Bhd. as the Poll Administrator to conduct the poll by way of electronic voting and Sharepolls Sdn. Bhd. as the Scrutineers to verify the poll results. Upon completion of the voting session for the respective AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

### **RPV Facilities**

17. Please refer to the following information on RPV Facilities for live streaming and remote voting at the AGM:

Procedures		Action
<b>Before AGM</b>		
1.	Register as participant in Virtual AGM  	<ul style="list-style-type: none"> <li>• Using your computer, access the website at <a href="https://rebrand.ly/XOX-AGM">https://rebrand.ly/XOX-AGM</a>. Click on the <b>Register</b> button to register for the AGM session.</li> <li>• If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. Click <b>Register</b> and enter your email followed by <b>Next</b> to fill in your details to register for the AGM session.</li> <li>• Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification.</li> <li>• The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance.</li> </ul>
2.	Submit your online registration	<ul style="list-style-type: none"> <li>• Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities are required to register prior to the meeting. The registration will be open from 9.30 a.m. on 27 January 2022 and the registration will close at 9.30 a.m. on 24 February 2022.</li> <li>• Clicking on the link will redirect you to the AGM event page. Click on the <b>Register</b> button for the online registration form.</li> <li>• Complete your particulars in the registration page. Your name <b>MUST</b> match your CDS account name (not applicable for proxy).</li> <li>• Insert your CDS account number and indicate the number of shares you hold.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declarations.</li> <li>• Please ensure all information given is accurate before you click <b>Submit</b> to register your remote participation. Failure to do so will result in your registration being rejected.</li> <li>• System will send an email to notify that your registration for remote participation is received and will be verified.</li> <li>• After verification of your registration against the General Meeting Record of Depositors of the Company as at 18 February 2022, the system will send you an email to notify you if your registration is approved or rejected after 18 February 2022.</li> <li>• If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.</li> </ul>

## ADMINISTRATIVE GUIDE

<b>On the day of AGM</b>		
3.	Attending Virtual AGM	<ul style="list-style-type: none"> <li>• Two reminder emails will be sent to your inbox. First is one day before the AGM's day, while the 2<sup>nd</sup> will be sent 1 hour before the AGM's session.</li> <li>• Click <b>Join Event</b> in the reminder email to participate the RPV.</li> </ul>
4.	Participate with live video	<ul style="list-style-type: none"> <li>• You will be given a short brief about the system.</li> <li>• Your microphone is muted throughout the whole session.</li> <li>• If you have any questions for the Chairman/Board, you may use the <b>Q&amp;A panel</b> to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email.</li> <li>• The session will be recorded.</li> <li>• Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.</li> </ul>
5.	Online Remote Voting	<ul style="list-style-type: none"> <li>• The Chairman will announce the commencement of the Voting session and the duration allowed at the respective AGM.</li> <li>• The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame.</li> <li>• Click on the <b>Submit</b> button when you have completed.</li> <li>• Votes cannot be changed once it is submitted.</li> </ul>
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

### **No Recording or Photography**

18. Strictly **NO recording** or **photography** of the proceedings of the AGM is allowed.

### **No Breakfast/Lunch Packs, Gifts, e-Voucher or Food Vouchers**

19. There will be no distribution of breakfast / lunch packs, gifts, e-voucher or food vouchers.

### **Enquiry**

20. If you have any enquiry prior to the meeting, please contact the following officers during office hours (from 9.00 a.m. to 5.30 p.m. (Monday to Friday)):

#### **For Registration, logging in and system related: XOX Bhd**

Name : Ms Eris / Mr Bryan / Mr Hong  
Telephone No. : +603-7688 1013  
Email : vgm@mlabs.com

#### **For Form of Proxy: ShareWorks Sdn. Bhd.**

Name : Mr Wai Kien / Mr Wee Liam  
Telephone No. : +603-6201 1120  
Email : ir@shareworks.com.my

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**XOX BHD**

Company Registration No. 201001016682 (900384-X)  
(Incorporated in Malaysia)

<b>CDS Account No.</b>
<b>No. of Shares held</b>

**FORM OF PROXY**

I/We, ..... NRIC. No. / Registration No.: .....  
(Full name in block)

of .....  
(Address)

Contact No. .... Email Address .....

being a member of **XOX BHD**, hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address : Contact No. : Email Address :			

and / or\* (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address Contact No. : Email Address :			

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at Twelfth (12<sup>th</sup>) Annual General Meeting of XOX Bhd ("XOX" or "the Company") will be conducted on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Lot 8.1, 8<sup>th</sup> Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 25 February 2022 at 9.30 a.m. or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolutions	FOR	AGAINST
1.	To approve the payment of Directors' fees and other benefits payable to the Directors	Ordinary Resolution 1		
2.	To re-elect Roy Ho Yew Kee as Director	Ordinary Resolution 2		
3.	To re-elect Hew Tze Kok as Director	Ordinary Resolution 3		
4.	To re-appoint Messrs Moore Stephens Associates PLT as Auditors	Ordinary Resolution 4		
5.	To approve the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016	Ordinary Resolution 5		
6.	To approve the Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 6		
7.	To approve the proposed amendments to the Constitution	Special Resolution 1		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this.....

.....

Signature\*  
**Member**

**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 authorised 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 Share Registrar's office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via facsimile no. 03-6201 3121 or via e-mail at ir@shareworks.com.my 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 18 February 2022 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.
8. The AGM will be conducted fully virtual from the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

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AFFIX  
STAMP

**THE SHARE REGISTRAR OF  
XOX BHD**

[Company Registration No. 201001016682 (900384-X)]

**SHAREWORKS SDN. BHD.**

No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas, 50480 Kuala Lumpur  
Malaysia

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## XOX BHD

Registration No. 201001016682 (900384-X)

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

Tel : 03-7884 2388 Fax : 03- 7803 0778

[www.xox.com.my](http://www.xox.com.my)