



**XOX NETWORKS BERHAD**

200501002315 (679361-D)

2023

ANNUAL REPORT



Welcome to the  
**XOX Networks Berhad** *Group of Companies* and  
**Business Ecosystem.**

We would like to sincerely thank our shareholders for all their support throughout the challenging year and congratulate everyone at XOX Networks for the achievements we have had over the course of the current year. We are very hopeful for the upcoming year; not because we assume it to be any easier (it certainly won't) but because we are well anticipated and prepared for whatever lies ahead. Thank you for supporting us, your satisfaction has been and will always be our topmost priority.



EVENT  
MANAGEMENT



RETAIL &  
DISTRIBUTION  
MANAGEMENT



FINANCIAL  
SOLUTIONS



DIGITAL  
AND MEDIA  
MANAGEMENT



“

**Every detail matters. In XOX Networks, we believe that's the key to successful activations and relationships. We are dedicated to delivering exceptional quality products and services to our clients to enable interaction between its people and businesses.**

”



# CORE VALUES

## CREATIVITY

Creativity is at the heart of innovation. Creative thinking can lead to breakthroughs that set a company apart from its competitors. We embody creativity and innovative thinking in everything we do, exploring the world of ideas and turning those ideas into indelible experiences for our clients and audiences.

## MEANINGFUL CONNECTIONS

It signifies a commitment to fostering strong and authentic relationships, whether with employees, clients, partners, or the broader community.

- Employees - can boost employee morale and motivation. When employees feel valued and connected to their colleagues and the Company's mission, they are more likely to be engaged and committed.
- Clients - creating unique and purposeful solutions to clients can lead to a long-term working relationship.
- Partners - contributing to mutual success.
- Broader community - It often engages in social responsibility initiatives, or participates in community events.

## SUSTAINABILITY

We strive to leave a positive impact on the world, through embracing and promoting sustainability in our businesses, creating a better future for our stakeholders.



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Form of Proxy



# COMPANY PROFILE



XOX Networks Berhad (“XOX Networks” or the “Company”) is a dynamic and innovative player in the entertainment industry, dedicated to delivering high-quality entertainment experiences to audiences. Our core business mainly focuses on concerts, corporate events and live entertainment with subsidiaries built to supplement the core business.

The Company has been listed on the ACE Market of Bursa Malaysia Securities Berhad since 2007.

Our mission is to entertain, inspire, and engage people through a diverse range of entertainment offerings. We aim to create memorable experiences that resonate with audiences of all ages, cultures, and backgrounds.

The core businesses of our Group involve Event Management, Event Equipment Rental, one-stop Ticketing Solutions Provider, Digital and Media Management and Financial Solutions.

Our dedicated and talented team is the heart and soul of our company. With a diverse group of professionals from various backgrounds, we bring together expertise in creative production, marketing, technology, and business development to drive our success.

In 2023, our Group continued maintain the momentum established and is actively seeking opportunities to strengthen its position as the leading player of the industry as well as to improve its market share in this industry.





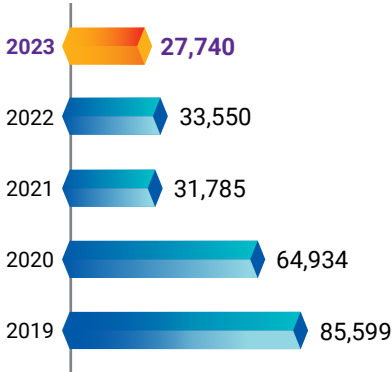


# FINANCIAL HIGHLIGHTS

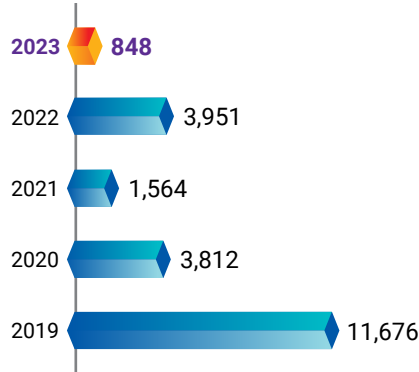
		AUDITED				
		2023	2022	2021	2020	2019
Number of shares	('000)	1,135,709	1,135,709	946,424	353,295	353,295
Revenue	(RM'000)	27,740	33,550	31,785	64,934	85,599
Gross Profit	(RM'000)	848	3,951	1,564	3,812	11,676
Gross Profit Margin	(%)	3.06	11.78	4.92	5.87	13.64
Loss Before Taxation	(RM'000)	(12,174)	(5,491)	(8,806)	(9,353)	(2,555)
Loss After Taxation	(RM'000)	(12,327)	(5,717)	(9,197)	(8,717)	(3,565)
Loss After Taxation Margin	(%)	(44.44)	(17.04)	(28.94)	(13.42)	(4.16)
Net Loss Per Share*	(Sen)	(1.09)	(0.57)	(1.65)	(1.64)	(0.85)
Current Ratio	(%)	12.25	5.04	4.84	2.31	2.69

\* Based on weighted average of ordinary shares

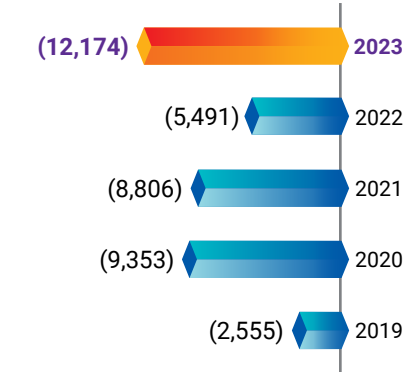
## REVENUE (RM'000)



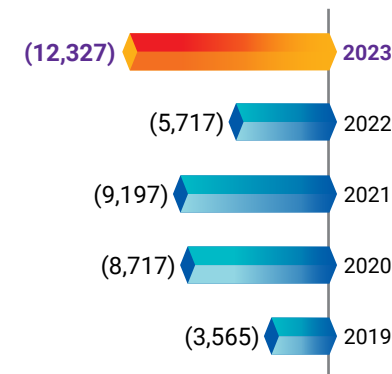
## GROSS PROFIT (RM'000)



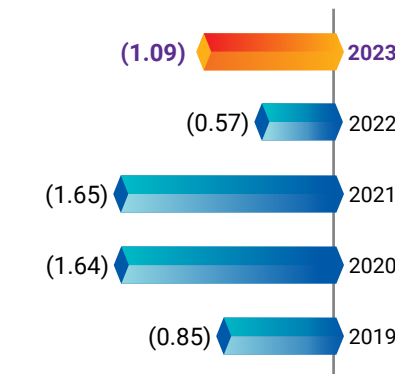
## LOSS BEFORE TAX (RM'000)



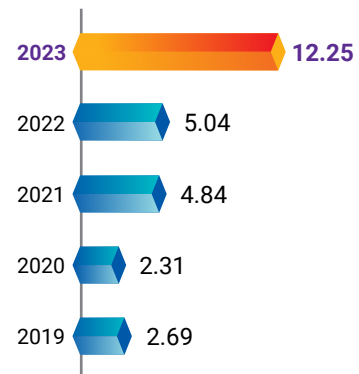
## LOSS AFTER TAX (RM'000)



## NET LOSS PER SHARE (SEN)



## CURRENT RATIO (RM'000)



# CORPORATE INFORMATION

## Board of Directors



**YM Tengku Ezuan  
Ismara bin Tengku  
Nun Ahmad**

Independent  
Non-Executive Chairman



**Koo Kien Keat**

Executive Director



**Andy Liew Hock Sim**

Independent Non-Executive  
Director



**Lionel Vernon  
Yong Nguon Kee**

Independent  
Non-Executive Director



**Woon Sing Jiunn**

Independent  
Non-Executive Director



**Lee Kien Fatt**

Independent  
Non-Executive Director

### Audit & Risk Management Committee

- Andy Liew Hock Sim (Chairman)
- Lionel Vernon Yong Nguon Kee
- Lee Kien Fatt

### Nomination and Remuneration Committee

- Lionel Vernon Yong Nguon Kee (Chairman)
- Lee Kien Fatt
- Andy Liew Hock Sim

### Employee Share Option Scheme Committee

- Koo Kien Keat
- Andy Liew Hock Sim

### Company Secretary

- Chong Voon Wah**  
(SSM PC No. 202008001343)  
(MAICSA 7055003)
- Thai Kian Yau**  
(SSM PC No. 202008001515)  
(MIA 36921)

### Principal Bankers

- Malayan Banking Berhad
- CIMB Bank Berhad
- AmBank Group Berhad

### Registered Office

- 22-09, Menara 1MK  
No. 1 Jalan Kiara, Mont Kiara  
50480 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Tel : 03-2856 7333  
Email : [vw.chong@silverocean.com.my](mailto:vw.chong@silverocean.com.my)

### Corporate Office

- 7<sup>th</sup> Floor, Menara Lien Hoe  
No. 8, Persiaran Tropicana  
Tropicana Golf & Country Resort  
47410 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 011-5881 6040  
Email : [ask@xoxnetworks.com.my](mailto:ask@xoxnetworks.com.my)

### Share Registrar

- SHAREWORKS SDN. BHD.  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas, 50480 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Tel : 03-6201 1120  
Fax : 03-6201 3121  
Email : [sharereg@shareworks.com.my](mailto:sharereg@shareworks.com.my)

### Website

- [www.xoxnetworks.com.my](http://www.xoxnetworks.com.my)

### Auditors

- UHY (AF 1411)  
Chartered Accountants  
Suite 11.05 Level 11  
The Gardens South Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Tel No : 603-2279 3088  
Fax No : 603-2279 3099

### Stock Exchange Listing

- ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Name : XOXNET  
Stock Code : 0140



# CORPORATE STRUCTURE



## Event Management

- 100% **Trumpet International Sdn Bhd**  
*Event and artist management*
- 51% **Level Up Plus Sdn Bhd**  
*Stage and event construction (Disposed off on 1 July 2022)*
- 100% **Macpie Equipment Sdn Bhd**  
*Renting of tools and equipment for event production*
- 100% **Excitix Ticketing Sdn Bhd**  
*Ticketing solutions provider*

## Retail and Distribution Management

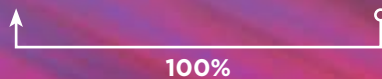
- 100% **PC3 Technology Sdn Bhd**  
*Money lending businesses*
- 100% **Macpie Management Sdn Bhd**  
*Trading of tele-communication products*
- 100% **Macpie Distribution Sdn Bhd**  
*Trading of telecommunication products (Disposed off on 2 September 2022)*

## Digital and Media Services

- 100% **Octagon Media Sdn Bhd**  
*Advertising and maintainer of social media platform*
- 100% **Supernova International Sdn Bhd**  
*Digital Marketing and hotel management business*

## Others

- 100% **Urusrasa Sdn Bhd**  
*Dormant*
- 100% **ICT Rewards and Services Sdn Bhd**  
*Dormant*



## BOARD OF DIRECTORS' PROFILE



### YM TENGKU EZUAN ISMARA BIN TENGKU NUN AHMAD

Independent Non-Executive Chairman

**YM Tengku Ezuan Ismara bin Tengku Nun Ahmad** was appointed to the Board as the Independent Non-Executive Chairman on 27 September 2021.

He holds Masters in Law majoring in Banking Law and Anti-Money Laundering Act from International Islamic University Malaysia and Double Degree in Accounting and Finance from University of East London.

He is a professional and subsequently became a corporate member in numerous industries including oil & gas, military contractor, private equity and investment banking, corporate consulting to information technology and general trading.

In the event industry, he used to produce dramas and documentaries for TV stations. He has also involved in artist management for several major international events, for instance Petronas, Formula 1, football all-star exhibition match and etc.

Eager to achieve more, he is always open to any new ideas of career and business opportunities and cooperation with good prospects and future value.

He is also an active member of Royal Family and involves in several official and philanthropic activities.

He is presently an Independent Non-Executive Chairman of Komarkcorp Berhad, Non-Independent Non-Executive Director of Key Alliance Group Berhad and Independent Non-Executive Director of Uzma Berhad. He is also a Director of several private companies and holding advisory and management positions in many companies across a multitude of industries in Malaysia and overseas.



## BOARD OF DIRECTORS' PROFILE (cont'd)



### KOO KIEN KEAT

Executive Director

**Mr. Koo Kien Keat** was appointed to the Board as the Executive Director on 8 September 2020. He is a member of Employee Share Option Scheme (“**ESOS**”) Committee.

He has been one of the most popular international badminton players in Malaysia. He studied at the Saint Michael’s Institute and completed his secondary school at Bukit Jalil Sports School. He being successful in his career and reached a career high ranking of world’s number 1 in Men’s Doubles in 2007. He has also become the youngest ever men’s doubles pair and won the gold medal at Asian Games.

In addition, he has won 5 Gold Medals in Commonwealth Games which is the most Gold Medal wins in the history of Malaysia. He took part in the 2012 London Olympics where he achieved 4th prize in the Men’s doubles. Over the years, he has participated in various of worldwide tournaments and after retirement he was appointed

as club coach cum club manager for Badminton Asia High Performance Director. In 2015, he returned from retirement and participate in 2016 Rio Olympics. In November 2016, he officially announced his retirement from professional badminton.

He believes in innovation and is bound to help XOX Networks Berhad to attract more partnerships and diversify their clientele.

He has no conflict of interest with the Company other than those disclosed in the Company’s circular to shareholders dated 30 October 2023.

Presently, he is the Independent Non-Executive Director of Cheetah Holdings Berhad and Komarkcorp Berhad.

## BOARD OF DIRECTORS' PROFILE (cont'd)



### ANDY LIEW HOCK SIM

Independent Non-Executive Director

Mr. Andy Liew Hock Sim was appointed to the Board as the Independent Non-Executive Director on 27 October 2020. He is the Chairman of Audit & Risk Management Committee and a member of Nomination and Remuneration Committee and ESOS Committee of the Company.

He is a Chartered Accountant with Malaysian Institute of Accountants (MIA) and member of Certified Practising Accountant (CPA) Australia. He has over sixteen (16) years of experience with major audit firms in audit, taxation and accountancy that gained from both Malaysia and overseas. He was involved in numerous successful initial public offering ("IPO") in Malaysia, Singapore, Germany and Hong Kong throughout his career.

He 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 (MNC) and public listed company (PLC). He also involved in the IPO of a financial services company in the Main Market of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).

In 2008, he ventured to China and since then, spent eight (8) years in China. From 2008 to 2012, he worked in KPMG Beijing and actively involved in audit and IPO. 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 in 2016.

Upon his return to Malaysia, he joined Baker Tilly Malaysia and led a team of forty (40) which specialise in IPO and actively involved in various corporate exercise such as business restructuring, mergers and acquisitions, reverse takeover, transfer listing, financial due diligence, regularisation plan for PN17 company, fund raising, 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 XOX Bhd, Perak Corporation Berhad and Oversea Enterprise Berhad as Independent Non-Executive Director.



## BOARD OF DIRECTORS' PROFILE (cont'd)



### LIONEL VERNON YONG NGUON KEE

Independent Non-Executive Director

**Mr. Lionel Vernon Yong Nguon Kee** is an Independent Non-Executive Director of the Company. He was appointed to the Board on the 21 March 2017 and is the Chairman of the Nomination and Remuneration Committee and a member of the Audit & Risk Management Committee of the Company.

Mr. Lionel Yong (CIA, CA (M), FCCA, CMIIA) is an internal audit practitioner with more than 21 years of experience in accounting, finance, and internal audit. He is a certified internal auditor (USA), a chartered accountant (Malaysia), a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Chartered Association of Certified Accountants (UK). His specialities include the provision of independent and objective assessments of systems of internal control as implemented by the management to evaluate and improve the effectiveness

of risk management, control, and governance. He is also familiar with the requirements of carrying out investigations into corporate fraud activities and with the requirements of the governance and audit of Information Technology systems based on the Control Objectives for Information Technologies (COBIT) Framework.

He has carried out risk assessment exercises for numerous companies, involved in the system development life cycle process in the implementation of several information technology applications during his career and led investigations into a number of corporate fraud activities.

He is currently the Chief Financial Officer of the Nova Wellness Group. He also serves on the Board of Green Packet Berhad as an Independent Non-Executive Director.

## BOARD OF DIRECTORS' PROFILE (cont'd)



### WOON SING JIUNN

Independent Non-Executive Director

**Ms. Woon Sing Jiunn** was appointed as the Independent Non-Executive Director on 30 January 2019.

She graduated from Tuanku Abdul Rahman University College with a Degree in Mass Communication (Media Studies).

She has more than 14 years of experience in the broadcast and media industry.

She got her start as a broadcast journalist with RTM, covering news ranging from crime to natural disasters, politics, and economic issues.

She then joined TV3 and worked as an Assistant Producer cum News Presenter on Buletin Utama. During her time with the television channel, she had amassed a wealth of experience from interviewing high-profile celebrities,

politicians, international artists, and successful entrepreneurs. She interviewed personalities such as Ricardo Guadalupe, Chief Executive Officer ("CEO") of Hublot, Lang Lang, a famous Chinese pianist and Franz Linder, CEO of Mido. She was also tasked with carrying out live reporting in front of millions of audiences.

From 2016 until 2018, she was the Image and Branding Consultant for Media Prima news and current affairs. She was the first female presenter who won Reader's Digest Malaysia's Most Trusted TV Presenter twice, in 2016 and 2017. She was also appointed as Chief Editor for the Malaysia Book of Records 2018.

She does not hold any directorship in any other public companies or listed corporations.



## BOARD OF DIRECTORS' PROFILE (cont'd)



Nationality



Gender



Aged

57

### LEE KIEN FATT

Independent Non-Executive Director

**Mr. Lee Kien Fatt** was appointed to the Board as the Independent Non-Executive Director on 22 January 2021. He is a member of Audit & Risk Management Committee and Nomination and Remuneration Committee of the Company.

Mr. Lee is a member of Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA).

He started his career with an articleship with KPMG in 1987 before joining Group Associated (C&L) Sdn. Bhd. as Finance Manager from 1992 to 1994. After a stint with Ng

Tiong Seng Corporation Berhad, he joined United Straits Amalgamated Berhad as Group Financial Controller in 1997. Subsequently, he was appointed as Consultant cum Executive Director of RNC Corporation Berhad in 1999. Mr. Lee then left to join as Consultant cum Independent Non-Executive Director of LBI Capital Berhad in 2003. He also served as an Independent Non-Executive Director of Tenggara Oil Berhad from 2007 to 2008.

Presently, he is an Independent Non-Executive Director of both Key Alliance Group Berhad and Niche Capital Emas Holdings Berhad.

**Notes:**

**Family Relationship with any Director and/or Major Shareholder**

None of the Directors has any family relationship with any Director and/or major shareholder of the Company.

**Conflict of Interest**

Save as disclosed above, none of the Directors has any conflict of interest with the Company.

**Conviction for Offences**

Other than traffic offences, if any, the Directors have not been convicted of any offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2023.

**Attendance of Board Meetings**

Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 23 of this Annual Report.

# PROFILE OF KEY SENIOR MANAGEMENT



Nationality



Gender



Aged



**Ms. Audrey Thong** is overseeing our Group Finance, Group Human Resource and all corporate affairs related matters. She is a Chartered Accountant with Malaysian Institute of Accountants (MIA) and a member of Association of Chartered Certified Accountants (ACCA). She has more than ten (10) years of experience in financial advisory roles, auditing and accounting in her career.

She started her career with KPMG Malaysia as a Finance Officer and moved on to a local audit firm to gain her audit experience. She then joined Baker Tilly Malaysia in the advisory department after she has completed her professional qualification (ACCA) and involved in various assignments which include a few successful Initial Public Offering projects for private companies, corporate restructuring and insolvency, financial due diligence as well as financial forensic engagements.

In 2019, she joined Deloitte Malaysia under the Forensic and Litigation Support arm for a team size of approximately 30 people and further explored her career with different investigation toolsets and knowledge to identify/uncover financial crime and/or business dispute through the review of financial statements, data collection as well as performing data analytics and relationship profiling.

Her appointment with the Group commences 1 January 2021.

She does not hold any directorship in any other public companies and listed corporations. She also does not have any family relationship with any Director and/or Major Shareholder of the Company, have no conflict of interest with the Company, have not been convicted of any offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2023.



## PROFILE OF KEY SENIOR MANAGEMENT (cont'd)



Nationality



Gender



Aged



**Mr. Kong ("Howard")** joins Trumpet International Sdn Bhd on 1 July 2023 and is currently the General Manager, leading the event segment of the group. He brings a wealth of experience and a proven track record of success to our organisation, with a distinguished career marked by outstanding achievements.

During his tenure as the Head of Department at Universal Music, the company witnessed a golden era in the Hong Kong music industry. Under his leadership, artists affiliated with Universal Music Hong Kong/Taiwan, including icons like Kelly Chen, Jacky Cheung, Jolin Tsai, Alan Tam, and many more, achieved exceptional album sales records in Malaysia. Each of these artists consistently achieved at least platinum status, a testament to his expertise in the music business.

Recognising his extraordinary talent, Warner Music Malaysia recruited him as the Head of Regional. Under his strategic guidance, some artists from Hong Kong, Taiwan and Singapore such as Aaron Kwok, Sammi Cheng, Stefanie Sun, A-Mei, Tanya Chua, and Gigi Leung witnessed unprecedented success of their significantly high album sales in the Malaysian market. His innovations in the industry led to two record-setting achievements in Malaysia's entertainment scenes, i.e. the Aaron Kwok's Para-Para Sakura dance event with over 10,000 participants and Stefanie Sun's giant kite banner promotion at Lot 10 shopping mall.

In 2013, he embarked on a new challenge by joining IME Malaysia as General Manager. Within a remarkably short span of three years, his leadership transformed IME Malaysia into the premier organiser of K-pop concerts and one of Malaysia's top three concert production companies. His contributions were so significant that he was promoted to Group Director in 2015 and then to Vice President in 2016. Under his guidance, IME expanded its presence across multiple countries, including Singapore, Thailand, Indonesia, Philippines, Vietnam, Hong Kong, Taiwan, and Australia. Notably, he played a pivotal role in training IME teams and fostering partnerships with a plethora of international artists such as RAIN, BIGBANG, 2NE1, CNBLUE, BTS, BLACKPINK, G-Dragon, Taeyang, WannaOne, Seventeen, Park Bo Gum, Mariah Carey, and many others.

His remarkable journey in the entertainment and music industry is a testament to his exceptional leadership, strategic prowess, and ability to drive success in dynamic and competitive markets. His experience and achievements position him as a valuable asset to our organisation as we look towards a future filled with growth and opportunities.

He does not hold any directorship in any other public companies and listed corporations. He also does not have any family relationship with any Director and/or Major Shareholder of the Company, have no conflict of interest with the Company, have not been convicted of any offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF OUR GROUP'S BUSINESS

XOX Networks Berhad ("XOX Networks" or "Company") and our subsidiaries ("XOX Networks Group" or "Group") are principally involved in the following:-

<p><b>Event Management</b></p> 	<p>event and artist management, provision of ticketing solutions as well as renting service for event equipment. Various types of events that we have organised include concerts, fans meeting, corporate launching and festivals. Our ticketing solutions deliver ticket management systems and infrastructure to event organisers and can accommodate a wide range of clients, offline sales counters, optional payment gateways, custom ticket choices, entry scanning facilities, report analysis and dispatch services. We continuously improve this platform to ensure it stays competitive in the market;</p>
<p><b>Digital and Media Management</b></p> 	<p>providing consultancy services to optimise our client's online presence and media assets. Our Group has been steadily building the digital and media management arm. Our diverse portfolio of digital and media platforms spans across various online channels, including social media, streaming services, blogs, and more. These platforms connect creators, consumers and advertisers, providing an immersive environment for content distribution, interaction and engagement;</p>
<p><b>Information and Communication Technology ("ICT")</b></p> 	<p>trading and distribution of computer hardware and parts as well as telecommunication products, marketing, and distribution of software with provision of related training and materials. On 2 September 2022, we announced the disposal of Macpie Distribution Sdn Bhd (a wholly-owned subsidiary engaged in the trading of telecommunication products). Save for the financial quarter ended 30 September 2022, we did not recognise any revenue for our ICT business; and</p>
<p><b>Financial Solutions</b></p> 	<p>provision of money lending services.</p>

As the COVID-19 pandemic subsides and Malaysia enters the endemic phase, the event management sector progressively recovered. Our Group involved in organising, executing and coordinating a series of events in 2022 and 2023, including but not limited to the following:

Date	Event
March 2022	Local Fashion Show "Summer / Spring 2022 (S/S 22)" Collection"
July 2022	Japanese festival event "Nihon Matsuri 2022"
August 2022	Anuar Zain & Ziana Zain Live in Kuala Lumpur 2022
September 2022	Borneo Music Festival Live 2022
October 2022	Maestro Ilaiyaraaja Live in Kuala Lumpur
December 2022	Park Eun-bin's (actress from "Extraordinary Attorney Woo") fan-meet tour in Kuala Lumpur
January 2023	Football match: Perak FC vs Penang FC
February 2023	MAMAMOO World Tour in Kuala Lumpur
February 2023	Westlife's "The Wild Dreams Tour Live in Kuala Lumpur"
June 2023	Japanese festival event "Nihon Matsuri 2023"

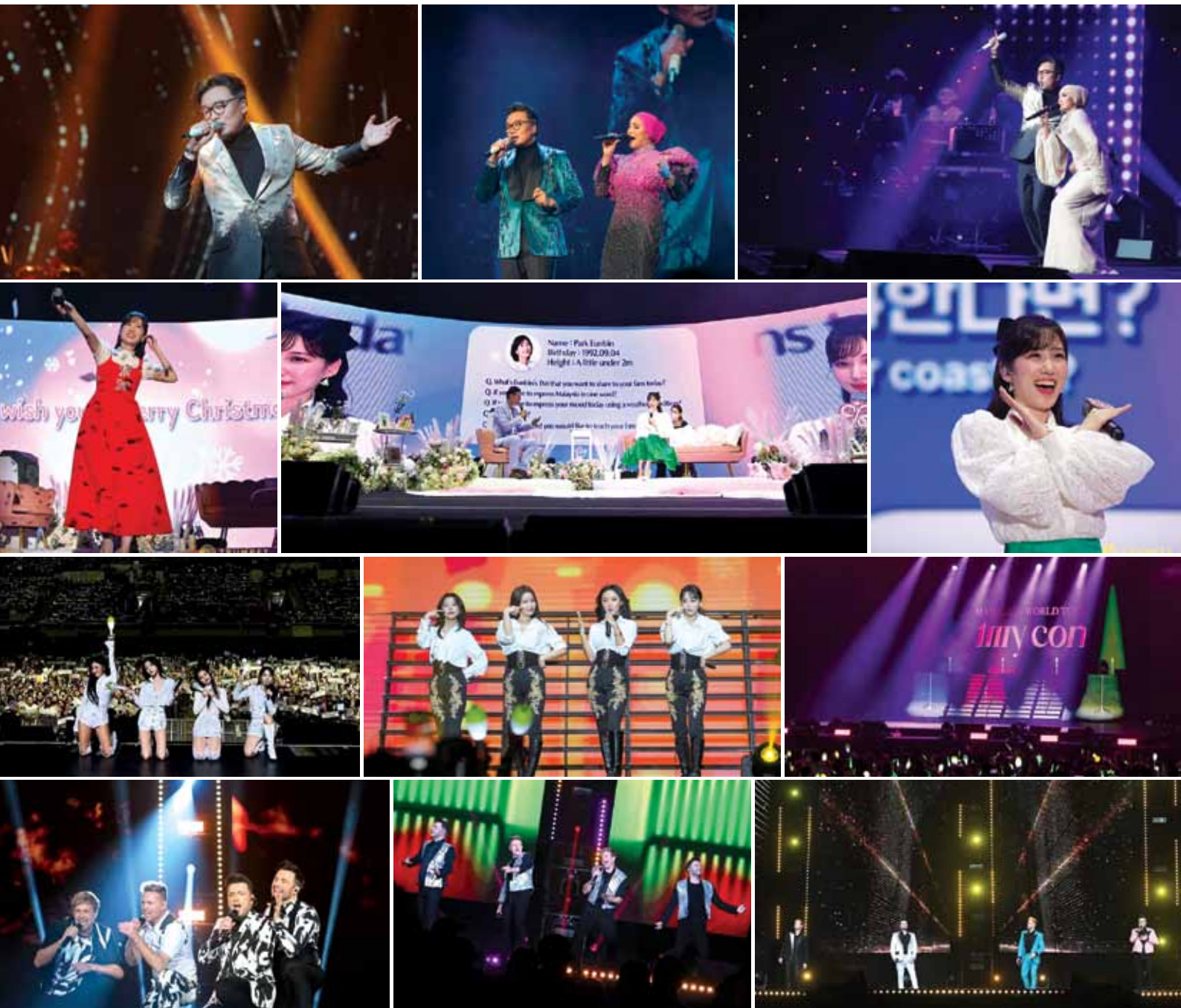


# MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

## OVERVIEW OF OUR GROUP'S BUSINESS (CONT'D)

We have successfully organised 2 world tour concerts in 2023, such as Westlife's "The Wild Dreams Tour Live in Kuala Lumpur" and MAMAMOO World Tour. Westlife's concert was held over 2 days with tickets priced from RM294 to RM884. Westlife is an Irish pop band formed in Dublin in 1998. The band released 12 studio albums and sold over 55 million records worldwide. MAMAMOO World Tour tickets were priced from RM298 to RM838. MAMAMOO is a South Korean girl group that debuted in 2014.

For financial year ended ("FYE") 30 June 2023, event management is the largest revenue contributor which contributed approximately 75% of our Group's total revenue, followed by the digital and media management segment at 21% and the remaining revenue was contributed by ICT and financial solutions.



## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

### OVERVIEW OF OUR GROUP'S BUSINESS (CONT'D)

Our Group recorded a higher LAT for FYE 30 June 2023 as compared to the previous financial year. We will continue to monitor closely market conditions and consumer sentiment, and will make prompt adjustments to our business strategies / range of services and products offered, where necessary. Internally, we will continue to strive for better cost management by constantly reviewing our operations and adopting more efficient processes.

### FINANCIAL PERFORMANCE

	Audited FYE 30 June 2023 RM'000	Audited FYE 30 June 2022 RM'000
Revenue	27,740	33,550
Gross Profit ("GP")	848	3,951
Loss before Tax ("LBT")	(12,174)	(5,491)
Loss after Tax ("LAT")	(12,327)	(5,679)
GP margin (%)	3.1	11.8
LBT margin (%)	(43.9)	(16.4)
LAT margin (%)	(44.4)	(16.9)

Our Group's revenue decreased from RM33.6 million in FYE 30 June 2022 to RM27.7 million in FYE 30 June 2023. The decrease in revenue was mainly due to the fall in revenue from the ICT segment. However, this was mitigated by the increase in sales from the event management segment, as our Group was able to generate more revenue by organising physical events including concerts, fans meeting, corporate launching and festivals.

Our Group recorded a LAT of RM12.3 million for FYE 30 June 2023 as compared to LAT of RM5.7 million for FYE 30 June 2022. The higher LAT in FYE 30 June 2023 was mainly due to lower GP and higher administrative expenses such as bad debts written off during the current financial year.

	As at 30 June	
	2023 RM'000	2022 RM'000
Total assets	54,416	71,937
Total liabilities	3,981	10,066
Net assets / Shareholders' equity	50,436	61,871
Net current assets	44,025	39,560
<b>Financial ratios</b>		
Current ratio <sup>(1)</sup>	12.25	5.04
Gearing ratio <sup>(2)</sup>	Negligible	0.01

Notes:

- (1) Current assets / Current liabilities  
(2) Total borrowings / Shareholders' equity

Our Group's net assets decreased mainly due to the increase in accumulated losses as at 30 June 2023. Our current ratio increased mainly due to the decrease in trade and other payables. Our Group's gearing ratio decreased due to the decrease in lease liabilities. This ratio is negligible as the Group does not have any borrowing to-date.

Non-current assets consist mainly of property, plant and equipment, decreased to RM6.5 million as at FYE 30 June 2023 from RM22.6 million as at FYE 30 June 2022. This was mainly due to the long-term trade receivables due during the current financial year as well as the disposal of property, plant and equipment and depreciation recorded during the current financial year.



# MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

## FINANCIAL PERFORMANCE (CONT'D)

Current assets decreased to RM47.9 million as at 30 June 2023 from RM49.3 million as at 30 June 2022. This was mainly due to the disposal of asset held for sale and decrease in cash and cash equivalent, partially offset by the increase in trade receivables.

Our Group's cash and cash equivalents together with deposits with licensed bank decreased to RM26.0 million as at 30 June 2023 from RM30.9 million as at 30 June 2022. The decrease was mainly due to utilisation of private placement proceeds for the purchase of equipment for the event management segment.

Trade receivables (current and non-current) decreased by 9.4% as a result of lower revenue and lower receivables from the money lending business as well as bad debts written off. Other receivables decreased by 20.2% as certain receivables were written off.

Non-current liabilities comprised lease liabilities in relation to the purchase of right-of-use asset (i.e. leases of office equipment / premises to store event equipment and props). Current liabilities comprised mainly trade and other payables as well as lease liabilities and contract liabilities. Trade and other payables decreased by 66.5% due to the repayment to trade and non-trade suppliers during the financial year.

On 1 March 2021, we completed a private placement exercise and raised approximately RM27.04 million. The proceeds were intended to fund the purchase of equipment for the event management segment, expansion of the financial solutions segment, and the Group's day-to-day operations. As at 30 September 2023, approximately RM4.2 million remains unutilised. This amount was allocated for the purchase of equipment for the event management segment. On 30 August 2023, the Board announced the extension of timeframe for the utilisation of that amount to 31 August 2024.



On 29 December 2021, we completed another private placement exercise and raised proceeds of approximately RM5.3 million. The proceeds were intended to fund the development of a digital media platform for our event management business in line with the increasing reliance on digitalisation. This will allow our Group to organise our events via livestreaming, overcoming geographical constraints as well as any movement restrictions the Government may impose in the future. As at 30 September 2023, RM0.2 million of the proceeds had been utilised for the setting up of digital platform.



Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition and liquidity.

## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

### ANTICIPATED OR KNOWN RISKS

In line with Bursa Malaysia Securities Berhad's regulatory framework on the new disclosure requirements, we highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below:

#### (i) Operational risks

For our event management segment, any disruption in electricity supply and equipment malfunction may have an adverse effect on the progress or delivery of our event (be it physical events or online events), which will affect our Group's business and financial performance. To avoid major breakdowns and disruptions to our events, electricity supply and relevant equipment are constantly monitored, and prior checking will be performed before hosting an event.

Our digital and media management segment provides a variety of online services, which are vulnerable to cyberattacks. We collect and store a significant amount of sensitive customer data, such as names, addresses, and phone numbers. We are acutely aware that this data is a valuable target for cybercriminals, and a data breach or service disruption could damage our Group's reputation and lead to a loss of customers and partners.

#### (ii) Competition risks

We continue to face competition from existing and new competitors who may be capable of offering similar services or products. Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance.

Nevertheless, our Group strives to maintain our competitive edge by ensuring the quality of our services and products through stringent quality assurance procedures. We also continuously place importance on improving our services and products, through developing new solutions such as the development of the digital media platform to overcome geographical constraints for our event management business, as well as providing training to develop our key personnel.



#### (iii) Credit risks

Our Group is exposed to the risk of default by our trade receivables. We may experience delays in payment for our services and/or products, or in more severe cases, our Group may not be able to collect payments from our trade receivables. In the event of payment defaults, our Group would have to impair or write off the said receivables, which will negatively affect our financial performance.

Considering the above, our Group constantly reviews and evaluates the status of our trade receivables as well as perform thorough due diligence check on our potential clients before any provision of services and/or products are made.



# MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

## ANTICIPATED OR KNOWN RISKS (CONT'D)

### (iv) Outbreak of infectious diseases

The outbreak of pandemics of infectious diseases or other health epidemics may create economic uncertainty and global instability, which may adversely affect business operations and overall economic activity globally. As seen during the start of the COVID-19 pandemic, governments around the world imposed various lockdown measures to curb the spread of the virus, leading to disruptions and temporary cessation of business activities.

Should there be a future outbreak of infectious disease similar to the COVID-19 pandemic, governments may again impose lockdown measures including closure of international borders as well as temporary cessation of a range of business activities. This may cause demand for our services and products to decline or disrupt the flow of our operations or increase our operational cost as we address the effects of such diseases. In this regard, we will remain vigilant and take a prudent approach in monitoring our operations by developing and implementing a comprehensive business continuity plan.

## TREND AND OUTLOOK

Since the Government has re-opened all the economic sectors on 15 May 2022, economic activities across various sectors have shown signs of recovery. This is expected to open up new opportunities for our event management segment as we may now organise more events. In this regard, we have organised a few notable events in late 2022 and 2023 (see earlier section on Overview of Our Group's Business).

In response to the COVID-19 pandemic and its adverse effects as well as to cater to a wider audience and overcome geographical constraints, our Group ventured into digital marketing services through our digital media platform in 2021. Through this platform, we organised virtual events and connecting such events with our audience via livestreaming. The advancement of livestreaming enables certain entertainment events to be carried out virtually and this creates opportunities for our Group to improve our financial performance.

As people are becoming more comfortable to attend physical events and more international performers and artistes are able to travel to Malaysia, we plan to redirect our focus to organising physical events. This will help us to capture more revenue from physical events and festivals in the near term. However, we will not lose sight of our digital platform and will continue to explore opportunities via this platform to create an alternative revenue source to physical events.

With this in mind, our Group is also actively seeking opportunities to expand our existing business or exploring new business activities. Nonetheless, there remains many uncertainties ahead in respect of our macroenvironment and the Board is cautiously optimistic of the future prospects of our Group.



## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

### DIVIDEND POLICY

No dividend has been paid by the Company for the current financial year. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to shareholders' approval. Although we have not formulated a dividend policy or payout ratio, we recognise that it is important to reward our investors with dividends. The payment of dividends or other distributions will depend on our financial performance, cash flow requirement, availability of distributable reserves, capital expenditure plans and other factors that the Board of Directors deems relevant.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of XOX Networks Berhad (“**XOX Networks**” or the “**Company**”) presents this Corporate Governance Overview Statement (“**Statement**”) to provide the shareholders and other stakeholders with an overview of the corporate governance (“**CG**”) practices of the Company during the financial year ended 30 June 2023 (“**FY2023**”). This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance (“**MCCG**”).

This Statement is prepared in accordance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and it is to be read together with the CG Report 2023 of the Company (“**CG Report**”) which is available on the Company’s website at <https://www.xoxnetworks.com.my/>.

The CG Report provides details on how the Company has applied the practices as set out in the MCCG during FY2023.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1.0 Board’s Responsibilities and Leadership

The Company and its subsidiaries (“**Group**”) is led by an experience and effective Board. All Board members are expected to show good stewardship and act in a professional manner as well as to uphold the core values of integrity with due regard to their fiduciary duties and responsibilities.

The Board is responsible for governing, guiding and overseeing the overall management of the Group and retains full and effective control over the affairs of the Group. It reviews the Group’s policies and strategies, enforces standards of accountability, actively oversees the conduct, management and business affairs of the Group and monitors the performance of Executive Director and Senior Management. The Board ensures the effective discharge of its fiduciary and leadership functions, as well as sustains long-term shareholder value while safeguarding the interests of all its stakeholders. It works closely with the Executive Director and Senior Management to ensure that the operations of the Group are conducted prudently within the framework of relevant laws and regulations. The Board ensured that it had set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group.

The Board has delegated specific responsibilities to the following Board Committees to assist in the execution of its responsibilities:

- (a) Audit & Risk Management Committee (“**ARMC**”); and
- (b) Nomination and Remuneration Committee (“**NRC**”).

Each Committee operates in accordance with respective terms of reference (“**TOR**”) and reports to the Board with their recommendations. The ultimate responsibility for decision lies with the Board. The Board keeps itself abreast of the significant matters and resolutions deliberated by each Board Committee through the reports by the Chairman of the relevant Board Committees or the tabling of the minutes of the Board Committees’ meetings and circular resolutions passed at the immediate subsequent Board meeting.

The TORs of the Board Committees are reviewed as and when the need arises. The TORs are published on the Company’s website at <https://www.xoxnetworks.com.my/>.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 1.0 Board's Responsibilities and Leadership (Cont'd)

##### 1.1 Separation of role and responsibility of Chairman and Executive Director

There is a clear separation of the role and responsibility between the Chairman, the Executive Director and the Independent Non-Executive Directors to promote greater accountability to enhance check and balance of power and authority. The positions of the Chairman and the Executive Director are held by different individuals, and their roles are described in the Board Charter.

The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Executive Director has overall responsibility, with the support of the Senior Management team of the Company, for the day-to-day management of the business and implementation of the Board's policies, directives, strategies and decisions.

Delegation of the Board's authority to the Executive Director and Senior Management is subject to defined limits of authority of the Group and monitoring by the Board. However, as the Board has the overall responsibility to manage and supervise the affairs of the Company in accordance with the law, there are matters which are reserved for the Board's consideration as set out in the Board Charter.

In line with the recommendation of the MCCG, the Chairman is not a member of any of the Board Committees. This is to ensure check and balance as well as the objectivity will not be influenced by the Chairman of the Board who also sits on Board Committee(s).

##### 1.2 Board Meetings

The Board met five (5) times during FY2023. The meeting attendance of the Board members is as follows:

Directors	Meeting Attendance
YM Tengku Ezuan Ismara bin Tengku Nun Ahmad	5/5
Koo Kien Keat	5/5
Andy Liew Hock Sim	4/5
Lionel Vernon Yong Nguon Kee	5/5
Woon Sing Jiunn	5/5
Lee Kien Fatt	5/5

At the Board meetings, the Management presented papers pertaining to each issue raised for discussion or as supplementary information.

Independent Advisers, Internal Auditors and External Auditors were invited to provide further insight and/or share advice and opinions on matters pertaining to corporate exercises, governance, internal controls and risk management. The Chairman constantly promotes constructive, healthy debate and the Directors are given the chance to freely express their views.

The deliberations of the Board and Board Committees 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 Secretary. Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the next meeting. The Directors may request clarification or make comments on the minutes prior to their confirmation.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 1.0 Board's Responsibilities and Leadership (Cont'd)

##### 1.2 Board Meetings (Cont'd)

To facilitate the Directors' time planning, a planned annual meeting calendar is prepared and circulated to them before the beginning of each year. It provides the scheduled dates for meetings of the Board, Board Committees and annual general meeting ("AGM"). If there is any extraordinary general meeting to be held during the financial year, the meeting date will be planned in accordance with the availability of the Directors and the timeline of the corporate exercise. The Directors are also constantly updated with the closed periods for dealings in securities based on the targeted dates of announcement of the Group's quarterly results and annual financial results.

In the intervals between Board meetings, for exceptional matters requiring urgent Board's decisions, approvals will be obtained via circular resolutions which are supported with information necessary for an informed decision. Ample time was given to all Directors in order for them to make informed and constructive decisions.

Notwithstanding that no specific quantum of time has been fixed, each member of the Board is expected to devote sufficient time and attention to the affairs of the Company. Each Board member is expected to achieve at least 50% attendance of total Board Meetings held in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

The Board was satisfied that all Directors have been devoting sufficient time to discharge their responsibilities adequately.

##### 1.3 Training

The Directors acknowledge that continuous education is vital for the Board members to gain insight into the state of the economy, technological advances, regulatory updates and management strategies to equip themselves with the necessary skills and knowledge to effectively discharge their duties.

An appropriate induction is provided to any newly appointed Director for them to familiarise themselves with the Group's organisational structure, strategic plans, significant financial, accounting and risk issues and other important matters and become effective in their role within the shortest practicable time.

In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors.

The Directors continuously received briefings and updates on amongst others, amendments to Listing Requirements and new circulars/directives/guidelines/consultation papers issued by Bursa Securities and Companies Commission of Malaysia ("CCM") respectively. The Directors also received briefings on information on the Group's businesses and operations and initiatives undertaken by the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 1.0 Board's Responsibilities and Leadership (Cont'd)

##### 1.3 Training (Cont'd)

Besides the above briefings, the Directors had attended the following training programmes/seminar/webinars during FY2023 to further enhance their knowledge and skills:

Name of Directors	Training Programmes/Seminar/Webinars
YM Tengku Ezuan Ismara bin Tengku Nun Ahmad	<ul style="list-style-type: none"> <li>Tax and Budget Seminar</li> </ul>
Koo Kien Keat	<ul style="list-style-type: none"> <li>Exploring Various RPT Exemptions</li> </ul>
Andy Liew Hock Sim	<ul style="list-style-type: none"> <li>MFRS/IFRS Technical Update 2022</li> <li>Case Studies in Practical Business Combinations and Changes in Controlling Interest.</li> </ul>
Lionel Vernon Yong Nguon Kee	<ul style="list-style-type: none"> <li>The Audit Committee: Unpacking the Roles of the Committee &amp; Honing Its Effectiveness in Discharging Its Responsibilities Holistically.</li> <li>Contract &amp; Procurement Fraud – Internal Controls, 3rd Party Due Diligence and Reporting Mechanism.</li> <li>Stepping up your AMLA Compliance: Best Practice &amp; Challenges in identifying the beneficial owner.</li> <li>Ethics for Internal Auditors Workshop</li> <li>Auditing Strategy Risks - An important consideration for Enterprise Risk Management and Internal Audit in today's turbulence business landscape.</li> </ul>
Lee Kien Fatt	<ul style="list-style-type: none"> <li>Tax and Budget Seminar</li> </ul>
Woon Sing Jiunn	<ul style="list-style-type: none"> <li>Key Compliance Issues on Annual Returns, Accounts, Audit and AGM</li> </ul>



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.0 Board's Composition

The Group is currently led and managed by an experienced Board consisted of one (1) Independent Non-Executive Chairman, one (1) Executive Director and four (4) Independent Non-Executive Directors. The Independent Directors make up more than 50% of the composition of the Board. Hence, the composition of the Board fulfils the prescribed requirement under Rule 15.02(1) of the Listing Requirement and adopts the best practice 5.2 of the MCCG. In the event of any vacancy in the Board 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 composition of the Board reflects a diversity of backgrounds, skills and experiences in the areas of business, media, accounting, finance, taxation, audit, sports, legal, general management and strategy that contributes effectively in leading and directing the management and affairs of the Group. Given the calibre and integrity of its members and the objectivity and independent judgment brought by the Independent Directors, the Board is of the opinion that its current size and composition contribute to an effective Board.

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 has adopted the Diversity Policy which sets out the Company's approach to diversity on the Board. 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 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 practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

As of FY2023, our Board comprises one (1) female Director, representing approximately 16.67% of total numbers of the Board. 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 director onto the Board in future to bring about a more diverse perspective.

#### 2.1 Board Charter

The Board is guided by its Board Charter which provides reference in relation to the roles and responsibilities of the Board and Management. The Board Charter is subject to periodic review and will be updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

The Board Charter is published on the Company's website at <https://www.xoxnetworks.com.my/>.

#### 2.2 Code of Business Conducts

The Directors are expected to conduct themselves with the highest ethical standards by setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Group. The Company has adopted a Code of Business Conducts, which can be viewed on the Company's website at <https://www.xoxnetworks.com.my/>.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.0 Board's Composition (Cont'd)

##### 2.3 Whistleblowing Policy

The Board is committed to promote and maintain high standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner.

The Company provides avenues for all employees and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy to provide protection for employees and members of the public who report such allegation. This is also to provide protection for the whistle-blower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality. To this end, the Board has established a Whistleblowing Policy, available for viewing on the Company's website at <https://www.xoxnetworks.com.my/>.

##### 2.4 Anti-Bribery & Anti-Corruption Policy

The Group has adopted an Anti-Bribery & Anti-Corruption Policy to prevent the occurrence of bribery and corruption practices in relation to the businesses of the Group. The Group strictly prohibits all forms of bribery and corruption and will take all necessary steps to ensure that it complies with and conducts its business with transparency. The Anti-Bribery & Anti-Corruption Policy is published on the Company's website at <https://www.xoxnetworks.com.my/>.

##### 2.5 Corporate Disclosure Policy

Recognising the importance of accurate and timely public disclosures of corporate information in order for the shareholders to exercise their ownership rights on an informed basis, the Board has established a Corporate Disclosure Policy, where it outlines how the Group identifies and distributes information in a timely manner to all shareholders. It also reinforces the Group's commitment to the continuous disclosure obligations and describes the procedures implemented to ensure compliance.

The Board through the Management oversees the Group's corporate disclosure practices and ensures implementation and adherence to the Corporate Disclosure Policy. The Board has authorised the Executive Director as the primary spokesperson responsible for communicating information to all stakeholders including the public.

The Corporate Disclosure Policy is published on the Company's website at <https://www.xoxnetworks.com.my/>.

##### 2.6 Directors' Fit and Proper Policy

The Board has established the Directors' Fit and Proper Policy, to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the appointed position in the most effective manner. The Directors' Fit and Proper Policy is accessible on the Company's website at <https://www.xoxnetworks.com.my/>.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.0 Board's Composition (Cont'd)

##### 2.7 Succession Plan

The Board, through the NRC, is ensuring that there is an effective and orderly succession plan within the Group. The NRC is responsible for formulating the nomination, selection and succession policies for the members of the Board and Board Committees while the Executive Director is responsible for the succession of the Group's key management personnel from time to time under the purview of NRC.

In this regard, the NRC reviews and assesses the profile, professional achievements, personality, experience, competency, skills and knowledge of each candidate for key management position to ensure the right candidate is appointed for the relevant position.

##### 2.8 Promoting Sustainability

The Board recognises the importance of sustainability and its increasing impact to the Group's businesses. The Board annually reviews the sustainability of the Company's strategic directions, with due consideration over the progress of the long term and short-term plans, changes in business and political environment, levels of competition, updates in risk factors and any other factors which could affect the sustainability of the Group.

##### 2.9 Access to Information and Advice

Every Director has full, free and unrestricted access to information within the Group. Where required, the Board and Board Committees are provided with independent professional advice or other advice in furtherance of their duties, the cost of which is borne by the Company. The Board may also seek advice from the Management or request further explanation, information or update on any aspect of the Group's operations or business concerns.

The Board is supplied with quality and timely information, which allows it to discharge its responsibilities effectively and efficiently. The agenda for each meeting together with a set of comprehensive meeting papers for each agenda item are delivered to each Director seven (7) days or at appropriate time prior to the meeting, to enable the Board to review the matters to be deliberated for effective discussion and decision making during the meeting, and where necessary, to obtain supplementary information before the meeting.

In addition, the Directors have full and unrestricted access to the advice and dedicated support services of the Company Secretary appointed by the Board. He is experienced, competent and responsible to advise the Board on procedural and regulatory requirements to ensure that the Board adheres to the Board policies, procedures and regulatory requirements in carrying out its roles and responsibilities effectively.

##### 2.10 Company Secretary

The Board is assisted by an experienced, competent and knowledgeable Company Secretary who gives clear and sound advice on regulatory requirements and governance matters to the Board. The Company Secretary is qualified to act as company secretary under Section 235 of the Companies Act 2016 ("the Act").

The Company Secretary is responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group as well as the principles of best corporate governance practices.

The Company Secretary is also advising the Board of their obligations and adherence to matters, amongst others, disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company or its subsidiaries, requirements on dealing in securities and restrictions on disclosure of price-sensitive information.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.0 Board's Composition (Cont'd)

##### 2.10 Company Secretary (Cont'd)

During FY2023, the Company Secretary had:

- attended the Board, Board Committees and general meetings and ensured that the proceedings of the meetings and decisions made thereof are accurately and sufficiently recorded and properly kept;
- advised the Board and Board Committees on the corporate disclosures and compliance with the Act, Listing Requirements and Capital Markets and Services Act 2007;
- advised the Board on the amendments to Listing Requirements and new circulars/directives/guidelines/consultation papers issued by Bursa Securities and CCM respectively;
- ensured all statutory submissions to the relevant authorities were completed within the prescribed timeline;
- monitored corporate governance developments and practices; and
- ensures timely and appropriate information flow within the Board and Board Committees.

##### 2.11 Nomination and Remuneration Committee

For FY2023, the NRC comprises exclusively of three (3) Independent Non-Executive Directors. The composition of the NRC fulfils the prescribed requirement under Rule 15.08A(1) of the Listing Requirement.

The main responsibilities of the NRC are as follows:

- Nominate new nominees for appointment to the Board and Board Committees for the Board's consideration.
- Annually assess the effectiveness of the Board as a whole, the Board Committees and the contributions of each individual Director including the Independent Non-Executive Directors based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.
- Annually review and assess the independence of the Independent Non-Executive Directors.
- Annually review the term of office and performance of the ARMC and each of its members to determine whether such committee and members have carried out their duties in accordance with the terms of reference.
- Annually review and make recommendation on the re-election of Directors.
- To oversee the development of succession planning of the Directors and Senior Management.
- Review and recommend the remuneration framework as well as the remuneration package of Executive Director and Senior Management.
- Review and recommend the payment of Directors' fees and other benefits payable to the Directors for the shareholders' approval.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### 2.0 Board's Composition (Cont'd)

#### 2.11 Nomination and Remuneration Committee (Cont'd)

During FY2023, the NRC met once and the activities undertaken by the NRC are listed below:

- Assessed the effectiveness of the Board as a whole, the Board Committees against criteria as set out in the evaluation forms.
- Reviewed the structure, size and composition of the Board.
- Assessed and evaluated the independence of the Independent Non-Executive Directors to ensure that they are free from any interest, position or relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his/her independent judgement.
- Assessed the performance of each individual Directors against criteria as set out in the evaluation forms, amongst others, attendance at Board and/or Board Committees meetings, adequate preparation for Board and/or Board Committee meetings, regular contribution to Board and/or Board Committee meetings, personal input to the role and other contributions to the Board and/or Board Committees.
- Reviewed and recommended the remuneration package of the Executive Director for the financial year ending 30 June 2024.
- Reviewed and recommended the payment of Directors' fees for the financial year ending 30 June 2024.

In the intervals between NRC meetings, for exceptional matters requiring urgent NRC's decisions, approvals will be obtained via circular resolutions which are supported with information necessary for an informed decision. Ample time was given to the NRC in order for them to make informed and constructive decisions.

#### 2.12 Annual Evaluation

The Board, through the NRC and facilitated by the Company Secretary, will conduct an annual assessment to evaluate the performance of the Board, its Board Committees and each individual directors, as well as identifying any gaps or areas of improvement.

The annual assessment will be conducted internally through a questionnaire and by way of self assessment approach on an annual basis, focusing on maximising the effectiveness and performance of the Board. The Board did not engage any external party to undertake an independent assessment of the Directors. A summary of the results and all feedback received were tabled to the NRC for deliberation before appropriate action plans were recommended to the Board for further discussion and approval.

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.

From the annual assessment and review conducted for FY2023, the NRC was satisfied that all the Directors possess sufficient qualification to remain on the Board. Save for the NRC members who are also a member of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the NRC members view that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.

As for the Board evaluation, the NRC agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as a Director effectively. The NRC further concluded that the Board and Board Committees were functioning effectively as a whole with a high level of compliance and integrity.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.0 Board's Composition (Cont'd)

##### 2.13 Annual Assessment of Independence

The NRC will conduct annual assessments on an annual 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.

From the annual assessment and review conducted for FY2023, the NRC was satisfied that all the Independent Directors are independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. Additionally, each of the Independent Directors has provided an annual confirmation of their independence to the NRC and the Board.

##### 2.14 Appointment of Directors

The NRC has a formal and transparent procedure for the appointment of new Directors to the Board. When assessing new appointments to the Board, the NRC carefully reviews the combined skills and experience of the existing Board members to determine the required characteristics and profile of the new Director. Candidates are identified based on their corporate leadership, skills, knowledge, competencies, experience, reference check and expertise to complement the Board. Diversity of experience in business, professionalism, corporate industry standing, integrity as well as academic background, age, gender, ethnicity and cultural background are also considered.

Besides carrying out reference checks, the candidates are interviewed as part of the assessment process. Consideration is given to ensure appointees have sufficient time to devote to the role, ability to discharge responsibilities and that the balance of skills, knowledge and experience on the Board will be maintained and enriched. When the NRC has found a suitable candidate, the NRC will make a recommendation to the Board for deliberation.

##### 2.15 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 1/3 of the remaining Directors are subject to re-election by rotation at each AGM, 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.

The NRC would carry out formal assessment evaluation on the performance as well as identifying any gaps or areas of improvement of the individual Directors, Board and Board Committee annually. The NRC also would identify the Directors to be retired by rotation in accordance with the Constitution of the Company.

For the purpose of determining the eligibility of the Directors to stand for re-election at the Eighteenth AGM ("18<sup>th</sup> AGM"), the Board through its NRC had assessed the retiring Director, and considered the following:

- (i) The Directors' performance and contribution;
- (ii) The Directors' skills, experience and strength in qualities; and
- (iii) The Directors' ability to act in the best interests of the Company in decision-making.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 2.0 Board's Composition (Cont'd)

##### 2.15 Re-Election of Directors (Cont'd)

Based on the satisfactory evaluation of the retiring Director's performance and contributions to the Board, and as recommended by the NRC, the Board (except for the retiring Directors who had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and NRC meeting) 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, subject to the shareholders' approval at the forthcoming 18<sup>th</sup> AGM.

##### 2.16 Tenure of Independent Director

The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director, unless the Board provides justification and shareholders' approval is sought through a two-tier voting process at an AGM of the Company for the Director concerned to continue to serve as an Independent Director.

As of FY2023, none of the Independent Non-Executive Directors of the Company has served the Board for more than nine (9) years.

##### 2.17 Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee was established by the Board to administer and manage the ESOS Scheme in accordance with the By-Laws.

The ESOS Scheme will allow the Company to grant the ESOS options to all the eligible persons of the Group (excluding dormant subsidiaries) as a recognition of their performance and contribution to the Group.

As of FY2023, the Company did not grant any options under ESOS.

#### 3.0 Remuneration

The Board has established the NRC which comprises exclusively of Independent Non-Executive Directors. The principal objective of NRC is to assist the Board in developing a policy on the remuneration packages for Directors and Senior Management of the Company, and to ensure that the remuneration packages are commensurate with the expected responsibilities and contributions by the Directors and Senior Management.

The Company has adopted a remuneration framework in attracting, retaining and motivating the Directors and Senior Management of the Company for the successful performance of the Group. The remuneration of the Executive Director consists of basic salary, fees, other emoluments and benefits customary to the Group. Any salary and bonus review takes into account the performance of the individual and the financial performance of the Group.

The Non-Executive Directors' remuneration comprises annual fees and benefits based on their roles and responsibilities in the Board and Board Committees, their attendance at meetings and/or special skills and expertise they bring to the Board. Their fees and benefits are subject to the shareholders' approval at the AGM.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 3.0 Remuneration (Cont'd)

The Board determines the level of remuneration, fees and benefits of the Board members, taking into consideration the recommendations of the NRC. Each individual Director abstains from deliberation and voting on all matters pertaining to their own respective remuneration.

The details of the remuneration of Directors of the Company and the Group during FY2023 are shown below:

#### The Company

Name	Fees RM	Salaries RM	Bonus RM	Allowance RM	Benefits in Kind RM	Other Emoluments RM	Total RM
YM Tengku Ezuan Ismara bin Tengku Nun Ahmad	84,000	-	-	-	-	-	84,000
Koo Kien Keat	62,400	210,000	41,250	-	-	-	313,650
Andy Liew Hock Sim	44,400	-	-	-	-	-	44,400
Lionel Vernon Yong Nguon Kee	44,400	-	-	-	-	-	44,400
Woon Sing Jiunn	44,400	-	-	-	-	-	44,400
Lee Kien Fatt	44,400	-	-	-	-	-	44,400
<b>Total</b>	<b>324,000</b>	<b>210,000</b>	<b>41,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>575,250</b>

#### The Group

Name	Fees RM	Salaries RM	Bonus RM	Allowance RM	Benefits in Kind RM	Other Emoluments RM	Total RM
YM Tengku Ezuan Ismara bin Tengku Nun Ahmad	96,000	-	-	-	-	-	96,000
Koo Kien Keat	122,400	210,000	41,250	-	-	-	373,650
Andy Liew Hock Sim	44,400	-	-	-	-	-	44,400
Lionel Vernon Yong Nguon Kee	44,400	-	-	-	-	-	44,400
Woon Sing Jiunn	44,400	-	-	-	-	-	44,400
Lee Kien Fatt	56,400	-	-	-	-	-	56,400
<b>Total</b>	<b>408,000</b>	<b>210,000</b>	<b>41,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>659,250</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### 3.0 Remuneration (Cont'd)

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's remuneration 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 FY2023 was RM314,888 representing 19.92% 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 and the interest of the shareholders will not be prejudiced as a result of non-disclosure of the key senior management on named basis.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 1.0 Audit & Risk Management Committee

In line with the best practice of MCCG, the Board has set up the ARMC which comprises exclusively of Independent Non-Executive Directors, as follows:

- Andy Liew Hock Sim (Chairman)
- Lionel Vernon Yong Nguon Kee (Member)
- Lee Kien Fatt (Member)

The positions of Chairman of the ARMC and the Chairman of the Board are held by two (2) different individuals. Hence, the objectivity of the Board's review of the ARMC's findings and recommendations will be able to be preserved.

The primary objective of the ARMC is to provide independent oversight on both internal and external audit functions, financial reporting, risk management and internal control systems of the Company including reviewing the integrity of the financial reporting and overseeing the independence of both Internal Auditors and External Auditors. The terms of reference of the ARMC are available at the Company's website at <https://www.xoxnetworks.com.my/>.

Collectively, the members of the ARMC 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 ARMC. During the FY2023, the ARMC members 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. Further details on the external programs attended by the ARMC members are set out in page 25 of this Annual Report.

The ARMC has in place a terms of reference that requires a former key audit partner of the External Auditors to observe a cooling-off period of at least three (3) years before he/she could be considered for appointment as a member of the ARMC. Currently, none of the members of the Board nor the ARMC of the Company was former key audit partners of the external auditors appointed by the Group.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### 1.0 Audit & Risk Management Committee (Cont'd)

The ARMC met five (5) times during FY2023 and discussed, amongst others, the draft audited financial statements, unaudited quarterly results, annual report, and the internal audit report. The ARMC also evaluated the Internal Auditors and External Auditors, in terms of their independence, suitability, objectivity, competency, skill set, resources, and time commitment.

To assess or determine the suitability and independence of the External Auditors, the ARMC 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 AGM on the recommendation of the ARMC and the Board. The external auditors are being invited to attend the AGM 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.

During FY2023, one (1) private meeting with the External Auditors were held during FY2023 and no material matters of concern were reported by the External Auditors.

The ARMC had assessed the independence of Messrs UHY ("UHY") as External Auditors of the Company as well as reviewed the level of non-audit services rendered by UHY to the Company for the financial year ended 30 June 2022. The ARMC had obtained assurance from UHY confirmed that they are, and have been independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

The ARMC was satisfied with UHY's technical competency and audit independence and took note that the quantum of non-audit fee charged thereto was not material as compared to the total audit fees paid to UHY. Having satisfied itself with their performance and technical competency as well as received the assurance from UHY as stated above, the Board approved the ARMC's recommendation for the shareholders' approval to be sought at the Seventeenth AGM held on 25 November 2022 relating to the re-appointment of UHY as the External Auditors of the Company for FY2023.

The details of the key activities carried out by the ARMC during the FY2023 are set out in the ARMC Report of this Annual Report.

#### 2.0 Risk Management and Internal Control Framework

The Board acknowledges the importance of risk management and internal control systems are an integral part of effective management practice and to safeguard shareholders' investment and Group's assets. The ARMC ensures principal risks in the Group are identified, assessed and mitigated with the appropriate internal control system.

In establishing and reviewing the risk management and internal controls system, the Board recognises that such systems can provide only reasonable, but not absolute, assurance against the occurrence of any material misstatement or loss.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### 2.0 Risk Management and Internal Control Framework (Cont'd)

The ARMC meets on a regular basis to ensure that there is clear accountability for managing significant identified risks and that identified risks are satisfactorily addressed on an ongoing basis. In addition, the adequacy and effectiveness of the risk management and internal controls system is also reviewed by the ARMC.

Assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are also carried out through internal audits. The risk-based internal audit plan that covers internal audit coverage and scope of work is presented to the ARMC for its consideration and approval annually. Internal audit reports encompassing the audit findings together with recommendations thereon are presented to the ARMC once to twice a year. The senior and functional line management are tasked to ensure management action plans are carried out effectively and regular follow-up audits are performed to monitor the continued compliance.

The Board has received assurance from the Executive Director that the Group's risk management and internal controls system is operating adequately and effectively, in all material aspects.

The Group has outsourced the services of internal audit to an independent professional service provider ("Outsourced IA") which reports directly to the ARMC. Further details of the activities of the internal audit function carried out by the Outsourced IA during the FY2023 are set out in the ARMC Report of this Annual Report.

The main features of the risk management framework and internal control system of the Group are as set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

#### 1.0 Communication with Stakeholders

The Board acknowledges the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group's performance and operations via distribution of annual reports and relevant circulars, and release of quarterly financial results, press releases and announcements.

The Company has in place policies and procedures on the roles and responsibilities of Directors, Management and other employees together with the levels of authority with regards to corporate disclosures requirements. The Company recognises the need to adopt a high standard for the disclosures of relevant and material information on the development of the Group. In addition, the Company also emphasises on the need of timely disclosures of information to shareholders as it acknowledges the importance of keeping shareholders and investment communities informed of Company's business and corporate developments to enable them to make informed judgement in valuing the Company's shares. Such information is disseminated via the Company's annual reports, quarterly financial results and the various announcements made from time to time to Bursa Securities which are accessible via Bursa Malaysia Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

The Group also maintains a website at <https://www.xoxnetworks.com.my/> that allows all shareholders and investors to access information about the Group.

The Company has provided procedure on communication channel at its website whereby enquiries and feedback may be posed to the Company's Management.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

#### **2.0 Conduct of General Meetings**

The Board also acknowledges AGM and extraordinary general meeting as important avenues in engaging with shareholders.

The AGM of the Company represents the principal forum for dialogue with shareholders where they may seek clarification on the Company's business. Shareholders are encouraged to participate in the questions and answers session and the Board will respond to any questions raised during the meeting to the best of its ability and knowledge.

In order to encourage shareholders' participation at the AGM, the Company issues the notice of AGM at least 28 days before the AGM to allow sufficient time for shareholders to make arrangements to attend either in person, by proxy(ies), corporate representative(s) or attorney(s). 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.

The Seventeenth AGM ("17<sup>th</sup> AGM") of the Company was held and conducted on a virtual basis through live streaming and online remote participation and voting from the broadcast venue on 25 November 2022 and has been attended by all the Directors of the Company. All resolutions set out in the Notice of 17<sup>th</sup> AGM were put to vote by poll via electronic voting and an independent scrutineer was appointed to validate the poll results. The Directors, Management and External Auditors had attended the 17<sup>th</sup> AGM to respond to the shareholders' and proxies' queries.

In line with the recommendation of MCCG, the minutes of the general meeting will be posted on the Company's website for public viewing within 30 business days after the general meeting.

### **COMPLIANCE STATEMENT**

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

Moving forward, the Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders. The areas to be prioritised by the Board will be principles that have yet to be adopted by the Company as disclosed in the CG Report.

This Statement was approved by the Board on 25 October 2023.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## STATEMENT ABOUT THE STATE OF RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board of Directors of XOX Networks Berhad is pleased to provide the following statement on the state of risk management and internal control of the Group, which has been prepared with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("The Guidelines").

## RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises the importance of good risk management practices and sound internal control as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a good sound system of risk management and internal control, and for reviewing its adequacy and integrity of such system. In addition, the Board has also received assurance from the Executive Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate the risk that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

## RISK MANAGEMENT

The Group's risk assessment process was developed with the assistance of a professional services firm. During the financial year under review, Senior Management reviews the existence of new risks and assesses the relevance of the Group's existing risk profile. Significant risks that may affect the Group's business objectives have been continually monitored. Whilst the Board maintains ultimate control over risk and control issues, the management of risks in the daily business operations is delegated to the management team and significant risks are identified and related mitigating responses as well as the corresponding internal controls are discussed at the Audit & Risk Management Committee ("ARMC") meetings.

The Board and Management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly on major proposed transactions, changes in nature of activities and/or operating environment, or new business ventures which may entail different risks, and require risk response strategies and controls to manage those risks to a level acceptable to the Board.

The abovementioned practices serve as the on-going process adopted by the Board and Management to identify, evaluate and manage significant risks faced by the Group in achieving the business objectives and strategies.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### INTERNAL CONTROL MECHANISM

The internal audit adopts a risk-based approach in developing its audit plan which addresses the core auditable areas of the Group based on their risk profile. The Group's internal audit function is outsourced to an independent professional services firm that specialises in the provision of internal audit services. The cost incurred in outsourcing the internal audit function for the financial year ended 30 June 2023 is at RM12,000.

Scheduled internal audits are carried out by the outsourced internal audit function based on the audit plan approved by the ARMC. The 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 ARMC.

Apart from risk management and internal audit, the Group also has put in place the following key elements of internal control:

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority. The Executive Director and Financial Controller lead all board papers presentation with the assistance of the respective Heads of Divisions and reports to the ARMC and the Board on all pertinent issues that may affect the Group's businesses and operations;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational, financial and human resource management, which is subject to a yearly review and improvement;
- Quarterly and comprehensive information provided by Management, covering financial performance for effective monitoring and decision making; and
- Regular visits to operating units by members of the Board and Senior Management.

During the financial year under review, a numbers of minor internal control weaknesses were identified, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in the Company's Annual Report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

### REVIEW OF THIS STATEMENT

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investment and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

The External Auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that cause them to believe that the Statement on Risk Management and Internal Control is not prepared, in all material aspects, in accordance with the disclosure required by the Guidelines.

This statement is issued in accordance with a resolution of the Board of Directors dated 25 October 2023.

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Audit & Risk Management Committee (“**ARMC**”) is established to fulfil the principles of accountability, integrity and good corporate governance in assisting the Board of Directors (“**Board**”) independently in discharging its responsibilities of reviewing and monitoring the Group’s financial processes, audit process, statutory and regulatory compliance, establishing and maintaining internal controls and reinforcing the independence of the Internal Auditors and External Auditors and other matters that the Board may specifically delegate to the ARMC.

## COMPOSITION AND MEETINGS

During the financial year ended 30 June 2023 (“**FY2023**”), the ARMC consists of three (3) members, all of whom are Independent Non-Executive Directors.

The composition of the ARMC and the attendance of its members at the meetings are as follows:

Name	Attendance
<b>Chairman</b>	
Andy Liew Hock Sim	4/5
<b>Members</b>	
Lionel Vernon Yong Nguon Kee	5/5
Lee Kien Fatt	5/5

The ARMC fulfils the requirement under Rule 15.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad as all the members of ARMC are member of the Malaysian Institute of Accountants and have vast experience, skills and knowledge in finance, audit and accounting practices.

The authorities, duties and responsibilities of the ARMC are set out in its terms of reference which is available at <https://www.xoxnetworks.com.my/>.

The ARMC will meet at least four (4) times in each financial year with additional meetings to be held, if necessary. If need arises, the ARMC will invite the Directors, Management, Internal Auditors and External Auditors to attend the meetings.

Where necessary, the ARMC will meet with the External Auditors without the presence of Executive Director and members of Management to discuss any matters that the External Auditors wish to raise directly to the ARMC.

The ARMC meetings are pre-scheduled and are timed just before the meetings of the Board. Notices are issued seven (7) days before the meeting and the relevant meeting papers will also be circulated (7) days before the meeting or at the appropriate time to all members to enable the ARMC to review the matters to be deliberated for effective discussion and decision making during the meeting.



## AUDIT & RISK MANAGEMENT COMMITTEE REPORT (cont'd)

### COMPOSITION AND MEETINGS (CONT'D)

The Executive Director, Financial Controller, Internal Auditors and External Auditors will be invited to the ARMC meetings, when necessary, to provide a direct flow of information to the ARMC as well as to provide clarification in the event of any issues arising. The relevant senior personnel will also be invited to brief the ARMC when specific issues involving their respective areas of responsibility arise from risk management and internal audit reports, when necessary.

The minutes of each ARMC meeting were recorded and tabled to the ARMC for adoption at the following meeting and subsequently all the minutes of ARMC meetings are presented to the Board for notation. The Chairman of the ARMC reported the ARMC's recommendations to the Board for its consideration, approval and implementation as well as highlighted to the Board significant matters and resolutions deliberated by the ARMC at the Board meeting held subsequent to the relevant ARMC meeting.

The Board, through its Nomination and Remuneration Committee, has reviewed the performance of the ARMC and the skills, experience and competencies possessed by the members of the ARMC through an annual ARMC effectiveness assessment. The Board is satisfied with the performance of the ARMC and its members where they have carried out their duties and responsibilities in accordance with the terms of reference of the ARMC.

### SUMMARY OF ACTIVITIES

The ARMC carried out the following activities during the FY2023:

#### 1. Financial Reporting

- Reviewed the unaudited quarterly reports of the Company and its subsidiaries (collectively referred as "Group") before recommending the same to the Board for approval.
- Reviewed the annual audited financial statements of the Group for the financial year ended 30 June 2022 ("FY2022") with the External Auditors prior to submission to the Board for approval.

For purposes of the above, the ARMC considered changes in accounting policies and practices and the implementation of such changes, compliance with accounting standards and other legal and regulatory requirements, significant and unusual events, significant adjustments arising from the audit process, material litigation, the going concern assumption and where applicable, review and ensure corporate disclosure of the Group pertaining to the accounting, audit and financial matters are complied with the disclosure requirements under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Companies Act 2016.

#### 2. Internal Audit

- Reviewed with the Internal Auditors, the internal audit report in respect of the FY2023 comprising the audit findings, recommendations of Internal Auditors, Management's response and actions to be taken by the Management.
- Reviewed with the Internal Auditors, the internal audit plan to ensure the adequacy of the scope, functions and resources to carry out its work.
- Assessed the suitability, objectivity, independence and performance of the Internal Auditors.
- Reviewed and recommended the appointment of Governance Advisory & Solutions Sdn. Bhd. as new Internal Auditors of the Group for the Board's consideration and approval.

## AUDIT & RISK MANAGEMENT COMMITTEE REPORT (cont'd)

### SUMMARY OF ACTIVITIES (CONT'D)

The ARMC carried out the following activities during the FY2023: (Cont'd)

#### 3. External Audit

- Reviewed the audit review memorandum of the Group for FY2022 with the External Auditors.
- Reviewed the results of the annual audit and audit report, including all the key audit matters raised by the External Auditors.
- Reviewed and discussed with the External Auditors the nature and scope of the audit plan and ensure that the audit plan is comprehensive;
- Reviewed the External Auditors' report on the status of the audit for FY2022, management letter and Management's response thereto;
- Conducted private meeting with the External Auditors, without the presence of the Executive Director and Management, to discuss any issues of concern arising from the annual statutory audit and, arising therefrom, directed Management to take further action on such matters.
- Reviewed the audit planning memorandum for FY2023.
- Assessed the suitability, objectivity, independence and performance of the External Auditors.

The ARMC was satisfied with the suitability, objectivity, independence, effectiveness, adequacy of resources and performance of the External Auditors and recommended to the Board on their re-appointment for the FY2023 at a remuneration to be determined by the Board, subject to the approval of the Company's shareholders at the Seventeenth Annual General Meeting held on 25 November 2022.

#### 4. Annual Report

Reviewed the Corporate Governance Overview Statement, ARMC Report, Sustainability Statement, Statement on Risk Management and Internal Control, Directors' Responsibilities Statement, Additional Compliance Information and Corporate Governance Report for FY2022 and subsequently recommending the same to the Board for its consideration and approval for inclusion in the Annual Report for FY2022.

#### 5. Recurrent Related Party Transactions ("RRPT")

- Reviewed the RRPTs and conflicts of interest situations on a quarterly and annual basis to ensure that such transactions were undertaken on an arm's length basis, on terms not more favourable to the related parties than those generally available to the public, not to the detriment of the minority shareholders of the Company and in the best interest of the Company and the Group and where appropriate, recommended to the Board for approval.
- Reviewed the process used to procure shareholders' mandate for RRPT.

#### 6. Other activities

- Reviewed and recommended the Internal Auditors Assessment Policy and External Auditors Assessment Policy for the Board's consideration and approval.

## AUDIT & RISK MANAGEMENT COMMITTEE REPORT (cont'd)

### STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The allocation of ESOS options shall be verified by the ARMC for each financial year to ensure compliance with the allocation criteria determined by the ESOS Committee and in accordance with the By-Laws of ESOS. The ARMC has reviewed and noted that the Company did not grant any options under ESOS during FY2023.

### INTERNAL AUDIT FUNCTION

The Group's internal audit function, which is outsourced to a professional services firm, is an integral part of the assurance mechanism in ensuring that the Group systems of internal control are adequate and effective. The outsourced internal audit function reports directly to the ARMC.

The internal audit covers the review of the adequacy of risk management, the strength and effectiveness of the internal controls, compliance to both internal and statutory requirements, governance and management efficiency, among others. The internal audit report, which provide the results of audits conducted, are submitted to the ARMC for review. Key control issues and recommendations are highlighted to enable the ARMC to execute its oversight function. Areas for improvement and audit recommendations are also forwarded to the Management for their attention and further action. The Management is responsible for the implementation of corrective actions within the required time frame.

During the financial year under review, the Internal Auditors has undertaken the review on the adequacy and effectiveness of the systems of internal control relating to the ticketing operation.

The ARMC was satisfied with the suitability, objectivity, independence, effectiveness, adequacy of resources and performance of the Internal Auditors.

The cost incurred for the internal audit function for FY2023 amounted to RM12,000.



# ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the financial year ended 30 June 2023 (“**FY2023**”) for XOX Networks Berhad (“**XOX Networks**” or the “**Company**”):

## 1. Utilisation of Proceeds Raised from Private Placement (“Private Placement I”)

On 14 December 2020, the Company proposed to undertake the proposed private placement of up to 129,614,800 new ordinary shares in XOX Networks (“**XOXNET Shares**” or “**Shares**”), representing up to approximately 30% of the total number of issued XOXNET Shares, to independent third-party investor(s) to be identified later at an issue price to be determined later (“**Proposed Private Placement**”);

The Private Placement had been completed following the listing and quotation of 106,030,800 Shares issued pursuant to the Proposed Private Placement (“**Placement Shares**”) on the ACE Market of Bursa Securities on 1 March 2021. The Company had raised total proceeds of RM27.038 million based on the issue price of RM0.255 per Placement Share.

The status of the utilisation of proceeds as at 30 June 2023 were tabulated below:

Utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000
Purchase of equipment for the event management segment	13,705	9,519	4,186
Additional funds for the financial solutions segment	8,938	8,938	–
Working capital	3,602	3,602	–
Estimated expenses in relation to the multiple proposals	793	793	–
<b>Total</b>	<b>27,038</b>	<b>22,852</b>	<b>4,186</b>

## 2. Utilisation of Proceeds Raised from Private Placement (“Private Placement II”)

On 30 August 2021, the Company proposed to undertake the proposed private placement of up to 20% of the total number of issued shares in XOX Networks to third-party investor(s) to be identified later and at an issue price to be determined later.

The second private placement has been completed following the listing and quotation of the first and final tranche of 189,284,800 Placement Shares on the ACE Market of Bursa Securities on 29 December 2021. The Company had raised total proceeds of RM5.281 million based on the issue price of RM0.0279 per Placement Share.

The status of the utilisation of proceeds as at 30 June 2023 were tabulated below:

Utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000
Setting up of digital media platform	5,211	310	4,901
Estimated expenses in relation to the exercise	70	30	40
<b>Total</b>	<b>5,281</b>	<b>340</b>	<b>4,941</b>

## ADDITIONAL COMPLIANCE INFORMATION (cont'd)

### 3. Audit and Non-audit fees

The audit fee and non-audit fees paid or payable by the Company and the Group to the External Auditors for FY2023 were as follows:

Audit Services	2023	
	Group RM'000	Company RM'000
Statutory audit fees	116,000	50,000
Non-audit fees		
- Review of Statement on Risk Management and Internal Control	7,000	7,000
<b>TOTAL</b>	<b>123,000</b>	<b>57,000</b>

### 4. Recurrent Related Party Transactions of Revenue of Trading Nature

At the Annual General Meeting ("AGM") of the Company held on 25 November 2022, the Company had obtained a mandate from its shareholders for the Company and/or its subsidiaries to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature.

The details of the RRPTs entered into during FY2023 were as follows:

XOX Networks Group - Transacting Party	Related Parties	Interested Director, Major Shareholders and/or Persons Connected to them	Nature of Recurrent Transactions	Actual Value RM
XOX Networks Group	XOX Bhd and its subsidiaries companies (" <b>XOX Group</b> ")	XOX Bhd and XOX(Hong Kong) Limited <sup>N1</sup>	Provision of event management services to XOX Group	4,128,917
XOX Networks Group	Komarkcorp Berhad and its subsidiary companies (" <b>Komarkcorp Group</b> ")	Key Alliance Group Berhad <sup>N2</sup>	Provision of event management and digital solution services to Komarkcorp Group	-
XOX Networks Group	Cheetah Holdings Berhad and its subsidiary companies (" <b>Cheetah Group</b> ")	XOX Bhd and XOX (Hong Kong) Limited <sup>N3</sup>	Provision of event management and digital solution services to Cheetah Group	2,000,000
XOX Networks Group	KNK Vogue Sdn Bhd (" <b>KNK</b> ")	Koo Kien Keat <sup>N4</sup>	Provision of event and project management to KNK	-

## ADDITIONAL COMPLIANCE INFORMATION (cont'd)

### 4. Recurrent Related Party Transactions of Revenue of Trading Nature (Cont'd)

Notes:

- N1 XOX Bhd has an indirect interest of 15.057% of the total number of issued shares in XOX Networks through its shareholding in XOX (Hong Kong) Limited. XOX (Hong Kong) Limited has a direct interest of 15.057% of the total number of issued shares in XOX Networks.
- N2 Key Alliance Group Berhad is a common Major Shareholder of both XOX Networks and Komarkcorp Berhad with a shareholding of 12.367% and 19.203% respectively.
- N3 XOX Bhd is a Major Shareholder of XOX Networks through its shareholding in XOX (Hong Kong) Limited. XOX Bhd is also a Major Shareholder of Cheetah Holdings Berhad with a shareholding of 20.854%.
- N4 Mr Koo Kien Keat is an Executive Director of the Company and sole Director of KNK. He is also the sole shareholder of KNK.

### 5. Material Contracts

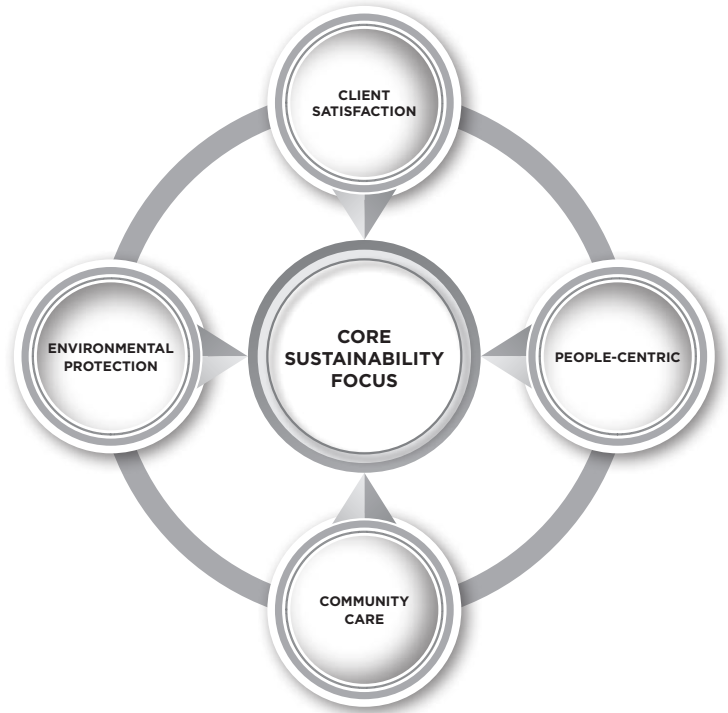
There were no material contracts, including contracts relating to any loans, entered into by the Company and its subsidiaries involving the interests of Directors or major shareholders either still subsisting at the end of FY2023 or entered into since the end of the previous financial year.



# SUSTAINABILITY STATEMENTS

XOX Networks Berhad (“XOX Networks” or “Company”) is committed to sustainability, and the commitment is rooted in the knowledge that economically, environmentally, and socially responsible business practices are essential to foster the long-term well-being of our stakeholders and our businesses. Our Board of Directors (“Board”) continues to oversee XOX Networks’ sustainability performance in compliance with the guidelines on sustainability reporting issued by Bursa Malaysia Securities Berhad.

We continue to do our best to persevere through a challenging business climate, remain conscious of the impacts of our business and strive to transition our business operations towards best sustainability practices. During the financial year under review, the following core focus areas define our approach towards that commitment:



## CLIENT SATISFACTION

Exceptional client experience and satisfaction are crucial factors for the long-term sustainability of our business. XOX Networks places client experience at the forefront of our service and product delivery by ensuring services and products are of good quality, priced competitively and delivered on time.

We recognise the importance of the efficient and effective functioning of our supply chain. To minimise potential disruption to our supply chain, we diversify our supply network and work closely with reliable and trusted suppliers. XOX Networks engaged collaborative partners from local communities to source for venue, security services, food & beverages, ticketing systems as well as other services.

We are committed to continuous improvement in our client satisfaction performance by constantly monitoring our progress and develop new initiatives to improve our client experience. To better understand our clients' needs and expectations, we provide them with the opportunity to give feedback on their event experience, which we then use to make improvements.

In addition, we also put in place the following measures:-

### Internal

Appropriate control and monitoring mechanism have been implemented to ensure our cost are kept within budget for all our event management activities. In addition, we strive to develop and provide our customers with innovative and high-quality services to adapt to the dynamic changes and stay ahead of the competition in the entertainment industries.



SUSTAINABILITY STATEMENTS  
(cont'd)

**CLIENT SATISFACTION (CONT'D)**

In addition, we also put in place the following measures:- (Cont'd)

**External**

At XOX Networks, we uphold a high standard of integrity and ethical conduct throughout our supply chain. We ensure that all our business partners adhere to fair business practices, which include incorporating the anti-corruption and anti-bribery clauses in the agreements signed with our business partners for compliance purposes. While the current business climate remains tough, we remain committed to resolving supplier issues in time, and outstanding amounts are paid to suppliers promptly.

We strive to achieve a more diversified market to ensure long-term revenue sustainability for our Group. Historically, we have been generating most of our revenue from the ICT and event management segment.

Following the onset of the COVID-19 pandemic in 2020, the local entertainment industry was adversely affected due to movement restrictions by the Government. To reduce our dependence on traditional event management

business, we sought to diversify into other forms of event management by capitalising on our existing skillsets and resources. This resulted in us managing online events such as the XOX Unity Player Unknown's Battlegrounds (PUBG) League in 2021 as well development of a digital media platform for our event management business in line with the increasing reliance on digitalisation.

As the COVID-19 pandemic subsides, we have actively expanded our event management business by organising a series of events in late 2022 and 2023, including the Japanese festival event titled "Nihon Matsuri" (held in both years), Westlife's "The Wild Dreams Tour Live In Kuala Lumpur", Park Eun-bin's (actress from "Extraordinary Attorney Woo") fan-meet tour in Kuala Lumpur and many more. Moving forward, we plan to continuously expand our event management business following the relaxation of movement containment measures and reopening of all major economic sectors.

**PEOPLE-CENTRIC**

Our employees play an important role in the continued success of our business. We recognise that their dedication and commitment is the key to the effective functioning of our various departments. XOX Networks prefers recruiting local talents, which could provide more job opportunities for the local communities.

We have identified the following areas which we think are the primary considerations of an employee's long-term career satisfaction:

- **Safe and conducive working environment.** We continuously ensure that our premises are clean, organised and adequately equipped with fire prevention measures for safety purposes. In addition, we have also designated certain areas within our premises for our employees to carry out leisure activities to encourage a healthy work-life balance.
- **Remuneration.** We strive to ensure that the remuneration package offered to our employees is in accordance to the applicable labour laws and regulations as well as comparable to market rates.

- **Personal development.** We provide on-the-job training to our employees to help them develop the necessary skills and be competent in their respective functions. We also conduct in-house seminars for our employees and reimburse employees for cost of external courses and seminars attended by them to improve their skills and employability.

Further, we carry out orientation programmes for new employees, such as the following:

- Briefing on our corporate culture;
- Briefing on internal rules and requirements applicable to our operations;
- Induction training for elementary on-the-job skills;
- Briefing on emergency evacuation procedures and fire drill; and
- Occupational health and safety training.



## ENVIRONMENTAL PROTECTION

As we are not a manufacturing concern or in the property development / construction industry, the environmental impact of our business is relatively lower compared to companies operating in those industries. However, we are cognisant of the need for environmental protection and has inculcated this aspect into our operations and corporate culture. The initiatives taken by us in this regard include introducing environmental awareness program and constant reminders to our employees to reduce wasteful consumption of resources in all of our premises.

Power saving features or sleep mode were also enabled on computers, photocopiers, and other equipment, which also lowered power consumption.

To reduce the use of paper, we encourage our employees to use digital storage and filing. Employees are also encouraged to re-use recycled paper for internal processes to practice the good culture of reduce, reuse and recycle waste materials.

We also proactively reduce wasteful consumption of water in our premises. The measures taken in this respect include regular maintenance of water taps and piping to prevent water leakage and creating awareness for the need to conserve water among employees. We also remind our employees to report any leakages and malfunction of water infrastructure in our premises.

## COMMUNITY CARE

We recognise the need to engage with the wider community, including our shareholders, clients and suppliers. Through our website, we disseminate information on our Company to investors and members of the public. For shareholders, there are also opportunities for engagement with our Board and management at annual general meetings.

In addition, we believe the wellbeing of the community is important to the sustainability and growth of our business. As a responsible organisation, we recognise our duty in contributing towards social welfare. We are dedicated to make annual contributions to the community, be it for improving the livelihood of old folks / underprivileged children or to improve the state of education in our country.

As best as we can, we incorporate our community care efforts to the events that we organise. In this regard, we provided Japanese students who study in Malaysia the opportunity to work as event crew as well as running a complimentary carnival booth with their own business model in our "Nihon Matsuri" festival. We believe in nurturing the new generation. This does not just provide them with practical, hands-on working experience in a professional work environment, it also helps them build a better understanding of their chosen field, gain industry-specific knowledge, and develop essential workplace skills.

# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 to ensure that the financial statements for each financial year are prepared in accordance with the applicable approved accounting standards and the requirements of the Companies Act 2016, which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial year ended 30 June 2023, the Directors ensured that the Management has:

- (a) adopted appropriate accounting policies and applied them consistently;
- (b) made judgments and estimates that are reasonable and prudent; and
- (c) prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have an overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2023, 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.



# 03

## FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors of the XOX Networks Berhad hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

## Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 6.

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

## Results

The results of the Group and of the Company for the financial year are as follows:

	<b>Group RM</b>	<b>Company RM</b>
Loss for the financial year attributable to owners of the Company	<u>12,327,139</u>	<u>16,924,617</u>

In the opinion of the Directors, the results of 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.

## Reserves and Provisions

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

DIRECTORS' REPORT  
(cont'd)

### **Dividends**

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the current financial year.

### **Issue of Shares and Debentures**

There was no issuance of shares or debentures during the financial year.

### **Share Options**

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

At an extraordinary general meeting held on 29 November 2018, the Company's shareholders approved the establishment of a New Employee Share Option Scheme ("New ESOS") of not more than 30% of the enlarged number of issued share capital of the Company at any one time over the duration of the scheme to eligible Directors and employee of the Group.

The salient features and other terms of the ESOS are disclosed in Note 27.

### **Warrants 2021/2024**

On 12 March 2021, the bonus issue of warrants has been completed following the listing and quotation of 459,467,057 Warrants B on the basis of every 2 existing ordinary shares on the ACE Market of Bursa Securities.

Each warrant carries entitlement, at any time during the exercise period, to subscribe for one (1) new ordinary share in the share capital of the Company at the exercise price of RM0.16 per ordinary share for each warrant held, subject to adjustments in accordance with the provision of the Deed Poll which is to be satisfied in cash. Any warrant not exercised during the exercise period will lapse and thereafter ceases to be valid for any purpose. The exercise period of the warrant is expired on 11 March 2024.

The salient terms of the warrants are disclosed in Note 16.

## DIRECTORS' REPORT (cont'd)

### Directors

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

YM Tengku Ezuan Ismara bin Tengku Nun Ahmad\*  
Koo Kien Keat\*  
Lionel Vernon Yong Nguon Kee  
Woon Sing Jiunn  
Andy Liew Hock Sim  
Lee Kien Fatt \*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Wong Mun Oon (appointed on 16 July 2022)

*\* Directors of the Company and of the subsidiary companies*

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

### Directors' Interests

According to the Register of Directors' Shareholdings, there is no Director who is in office at the end of the financial year held any interest in the shares of the Company and its related corporation.

### Directors' Benefits

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the Directors' Remuneration of this report) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.



DIRECTORS' REPORT  
 (cont'd)

**Directors' Remuneration**

The details of the Directors' remuneration paid/payable to the Directors of the Group and of the Company during the financial year are as follows:

	<b>Group RM</b>	<b>Company RM</b>
Directors' fee	500,000	324,000
Salaries and other emoluments	251,250	251,250
Defined contribution plans	40,775	40,775
Social security contributions	1,120	1,120
	<u>793,145</u>	<u>617,145</u>

**Indemnity and Insurance Costs**

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016.

**Other Statutory Information**

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

## DIRECTORS' REPORT (cont'd)

### Other Statutory Information (Cont'd)

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the Directors, 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 operations of the Group and of the Company in the financial year in which this report is made.

### Subsidiary Interests

The details of the subsidiary companies are disclosed in Note 6.

### Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 is RM123,000 and RM57,000.

DIRECTORS' REPORT  
(cont'd)

**Auditors**

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

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

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KOO KIEN KEAT

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ANDY LIEW HOCK SIM

KUALA LUMPUR

25 October 2023

# STATEMENTS BY DIRECTORS

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

The Directors of XOX Networks Berhad state that, in their opinion, the accompanying financial statements 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 of 30 June 2023 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with  
a resolution of the Directors,

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KOO KIEN KEAT

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ANDY LIEW HOCK SIM

KUALA LUMPUR

25 October 2023



## DECLARATION BY THE DIRECTOR

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY  
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Lee Kien Fatt (MIA Membership No. 7499), the Director primarily responsible for the financial management of XOX Networks Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

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LEE KIEN FATT

Subscribed and solemnly declared by the abovenamed Lee Kien Fatt at Kuala Lumpur in Federal Territory, this 25<sup>th</sup> day of October 2023.

Before me,

ZAINUL ABIDIN BIN AHMAD  
NO. W790

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COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XOX NETWORKS BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of XOX Networks Berhad which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, 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 IESBA Code.

INDEPENDENT AUDITORS' REPORT  
 (cont'd)

**Key Audit Matter**

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

Key Audit Matter	How we addressed the key audit matter
<p><b>1. Impairment of trade receivables</b></p> <p>The Group's trade receivables amounting to approximately RM19.93 million, representing approximately 36% of the Group's total assets as at 30 June 2023.</p> <p>The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. This is considered a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to the recoverability of the receivables.</p>	<p>Our procedures in relation to management's impairment assessment included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewed the Group's trade receivables to determine whether there is any indication of impairment. Our impairment review is focused towards trade receivables which are overdue but not impaired as at 30 June 2023.</li> <li>• Reviewed and understood management's credit control policies.</li> <li>• Tested the accuracy and completeness of the data used by the management.</li> <li>• Assessed the reasonableness of the methods and assumptions used by the management in estimating the recoverable amount and impairment loss both specific impairment and expected credit loss by reviewing the probability of default using historical data and forward-looking information adjustment applied by the Group.</li> </ul>



**INDEPENDENT AUDITORS' REPORT**  
(cont'd)

**Key Audit Matter (Cont'd)**

<b>Key Audit Matter</b>	<b>How we addressed the key audit matter</b>
<p><b>1. Impairment of trade receivables (Cont'd)</b></p>	<p>Our procedures in relation to management's impairment assessment included, amongst others: (Cont'd)</p> <ul style="list-style-type: none"> <li>Reviewed the adequacy of the impairment loss and enquired the management regarding the recoverability of selected samples of trade receivables that are individually significant and group of receivables with similar credit risk characteristics. We examine the subsequent cash collections or the fair value of collateral.</li> </ul>

## INDEPENDENT AUDITORS' REPORT (cont'd)

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

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

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

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

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

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

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

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



## INDEPENDENT AUDITORS' REPORT (cont'd)

### 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 the 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:

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

## INDEPENDENT AUDITORS' REPORT (cont'd)

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

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

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

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

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

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

## INDEPENDENT AUDITORS' REPORT (cont'd)

### Other Matters

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

UHY  
Firm Number: AF 1411  
Chartered Accountants

TEOH WEI YEIN  
Approved Number: 03655/04/2024 J  
Chartered Accountant

KUALA LUMPUR

25 October 2023

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and					
equipment	4	5,888,093	12,929,416	57,741	66,954
Right-of-use assets	5	151,806	646,437	70,772	202,408
Investment in subsidiary					
companies	6	-	-	47,550	47,550
Goodwill on consolidation	7	-	59,510	-	-
Trade receivables	8	439,590	8,959,030	-	-
Amount due from					
subsidiary companies	9	-	-	13,135,189	13,735,463
		<u>6,479,489</u>	<u>22,594,393</u>	<u>13,311,252</u>	<u>14,052,375</u>
<b>Current Assets</b>					
Inventories	10	-	601,893	-	-
Trade receivables	8	19,489,796	13,035,495	-	-
Other receivables	11	1,896,028	2,374,468	49,731	48,857
Amount due from					
subsidiary companies	9	-	-	6,594,951	20,608,409
Tax recoverable		541,850	289,747	143	143
Fixed deposits with					
licensed banks	12	12,298,270	10,358,900	12,094,853	10,257,378
Cash and bank balances		<u>13,711,034</u>	<u>20,500,429</u>	<u>9,179,515</u>	<u>13,195,455</u>
		<u>47,936,978</u>	<u>47,160,932</u>	<u>27,919,193</u>	<u>44,110,242</u>
Assets held for sale	13	-	255,467	-	-
Assets included in					
disposal group held					
for sale and					
discontinued operation	14	-	1,926,452	-	-
		<u>47,936,978</u>	<u>49,342,851</u>	<u>27,919,193</u>	<u>44,110,242</u>
<b>Total Assets</b>		<u>54,416,467</u>	<u>71,937,244</u>	<u>41,230,445</u>	<u>58,162,617</u>

## STATEMENTS OF FINANCIAL POSITION (cont'd)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	15	87,761,774	87,761,774	87,761,774	87,761,774
Reserves	16	(37,326,201)	(24,999,062)	(46,843,875)	(29,919,258)
<b>Equity attributable to owners of the parent</b>					
		50,435,573	62,762,712	40,917,899	57,842,516
Non-controlling interests		-	(891,686)	-	-
<b>Total Equity</b>		<b>50,435,573</b>	<b>61,871,026</b>	<b>40,917,899</b>	<b>57,842,516</b>
<b>Non-Current Liabilities</b>					
Lease liabilities	17	40,518	271,564	-	78,972
Deferred tax liabilities	18	28,506	11,864	-	-
		<b>69,024</b>	<b>283,428</b>	<b>-</b>	<b>78,972</b>
<b>Current Liabilities</b>					
Trade payables	19	1,342,693	3,211,799	-	-
Other payables	20	1,547,424	5,407,054	233,574	103,459
Contract liabilities	21	898,967	609,610	-	-
Lease liabilities	17	122,786	426,077	78,972	137,670
		<b>3,911,870</b>	<b>9,654,540</b>	<b>312,546</b>	<b>241,129</b>
Liabilities included in disposal group held for sale and discontinued operation	14	-	128,250	-	-
		<b>3,911,870</b>	<b>9,782,790</b>	<b>312,546</b>	<b>241,129</b>
<b>Total Liabilities</b>		<b>3,980,894</b>	<b>10,066,218</b>	<b>312,546</b>	<b>320,101</b>
<b>Total Equity and Liabilities</b>		<b>54,416,467</b>	<b>71,937,244</b>	<b>41,230,445</b>	<b>58,162,617</b>

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



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Continuing operations</b>					
Revenue	22	27,739,771	33,550,402	-	-
Cost of sales		(26,892,031)	(29,599,294)	-	-
Gross profit		847,740	3,951,108	-	-
Other income		6,716,534	894,463	1,530,372	1,518,142
Administrative expenses		(18,712,220)	(7,929,100)	(9,631,846)	(4,037,898)
Net loss on impairment of financial instruments		(1,001,553)	(369,965)	(8,810,573)	(636,231)
Other expenses		-	(1,923,720)	-	-
<b>Loss from operations</b>		<b>(12,149,499)</b>	<b>(5,377,214)</b>	<b>(16,912,047)</b>	<b>(3,155,987)</b>
Finance costs	23	(24,881)	(113,907)	(12,570)	(17,528)
<b>Loss before tax</b>	24	<b>(12,174,380)</b>	<b>(5,491,121)</b>	<b>(16,924,617)</b>	<b>(3,173,515)</b>
Taxation	25	(152,759)	(187,790)	-	-
<b>Loss from continuing operations</b>		<b>(12,327,139)</b>	<b>(5,678,911)</b>	<b>(16,924,617)</b>	<b>(3,173,515)</b>
<b>Loss from discontinued operation, net of tax</b>	14	<b>-</b>	<b>(38,510)</b>	<b>-</b>	<b>-</b>

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Loss for the financial year, representing total comprehensive loss for the financial year</b>		(12,327,139)	(5,717,421)	(16,924,617)	(3,173,515)
<b>Loss for the financial year attributable to:</b>					
Owners of the parent		(12,327,139)	(5,697,480)	(16,924,617)	(3,173,515)
Non-controlling interests		-	(19,941)	-	-
		<u>(12,327,139)</u>	<u>(5,717,421)</u>	<u>(16,924,617)</u>	<u>(3,173,515)</u>
<b>Loss per share</b>					
Basic loss per share (sen)	26				
- From continuing operations		(1.09)	(0.57)		
- From discontinued operation		-	(0.00)		
		<u>(1.09)</u>	<u>(0.57)</u>		
Diluted loss per share (sen)	26				
- From continuing operations		*	*		
- From discontinued operation		*	*		
		<u>*</u>	<u>*</u>		

\* Anti-dilutive in nature

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Attributable to Owners of the Parent				Total Equity RM
	Share Capital RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	
<b>Group</b>					
At 1 July 2022	87,761,774	(24,999,062)	62,762,712	(891,686)	61,871,026
Loss for the financial year, representing total comprehensive loss for the financial year	-	(12,327,139)	(12,327,139)	-	(12,327,139)
Disposal of subsidiaries	-	-	-	891,686	891,686
At 30 June 2023	87,761,774	(37,326,201)	50,435,573	-	50,435,573

## STATEMENTS OF CHANGES IN EQUITY (cont'd)

	Attributable to Owners of the Parent				Total Equity RM
	Share Capital RM	Accumulated Losses RM	Total RM	Non- Controlling Interests RM	
<b>Group</b>					
At 1 July 2021	82,480,728	(19,301,582)	63,179,146	(871,745)	62,307,401
Loss for the financial year, representing total comprehensive loss for the financial year	-	(5,697,480)	(5,697,480)	(19,941)	(5,717,421)
<b>Transactions with owners</b>					
Private placement	5,281,046	-	5,281,046	-	5,281,046
At 30 June 2022	87,761,774	(24,999,062)	62,762,712	(891,686)	61,871,026

STATEMENTS OF CHANGES IN EQUITY  
(cont'd)

	Note	Share Capital RM	Accumulated Losses RM	Total Equity RM
<b>Company</b>				
At 1 July 2022		87,761,774	(29,919,258)	57,842,516
Loss for the financial year, representing total comprehensive loss for the financial year		-	(16,924,617)	(16,924,617)
At 30 June 2023		<u>87,761,774</u>	<u>(46,843,875)</u>	<u>40,917,899</u>
At 1 July 2021		82,480,728	(26,745,743)	55,734,985
Loss for the financial year, representing total comprehensive loss for the financial year		-	(3,173,515)	(3,173,515)
<b>Transactions with owners</b>				
Private placement	15	5,281,046	-	5,281,046
At 30 June 2022		<u>87,761,774</u>	<u>(29,919,258)</u>	<u>57,842,516</u>

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from operating activities</b>				
Loss before tax				
- Continuing operations	(12,174,380)	(5,491,121)	(16,924,617)	(3,173,515)
- Discontinued operation	-	(38,510)	-	-
	<u>(12,174,380)</u>	<u>(5,529,631)</u>	<u>(16,924,617)</u>	<u>(3,173,515)</u>
Adjustments for:				
Bad debts written off	8,007,777	101,420	7,810,370	2,959
Depreciation of property, plant and equipment	2,214,268	2,090,953	18,850	19,277
Depreciation of right-of-use assets	204,093	459,062	131,636	140,435
Loss/(Gain) on disposal of property, plant and equipment	3,797,989	(940)	-	-
Gain on termination of lease contracts	(21,752)	-	-	-
Gain on disposal of assets held for sale	(100,777)	-	-	-
Investment in subsidiary companies written off	-	-	-	100
Impairment losses recognised on:				
- investment in subsidiary companies	-	-	-	1,818,537
- amount due from subsidiary companies	-	-	9,255,684	636,231
- trade receivables	1,001,553	469,965	-	-
- goodwill	59,510	1,040,608	-	-
Unwinding of discounts:				
- trade receivables	(980,560)	42,551	-	-
- amount due from subsidiary companies	-	-	-	(60,830)
Interest expense	24,881	113,907	12,570	17,528

STATEMENTS OF CASH FLOWS  
(cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income	(422,917)	(616,302)	(403,173)	(585,628)
Property, plant and equipment written off	6,110	811,878	2,195	-
Income from derecognition of right-of-use assets and lease liabilities	-	(195)	-	-
Reversal of impairment losses recognised on				
- trade receivables	-	-	-	-
- other receivables	-	(100,000)	-	-
- amount due from subsidiary companies	-	-	(445,111)	-
Unrealised gain on foreign exchange	(124,909)	-	-	-
Gain on disposal of subsidiary company	(3,955,665)	-	(101,000)	-
Operating loss before working capital changes	<u>(2,464,779)</u>	<u>(1,116,724)</u>	<u>(642,596)</u>	<u>(1,184,906)</u>
<b>Changes in working capital:</b>				
Inventories	574,111	3,373,213	-	-
Receivables	2,085,594	(11,709,017)	(874)	(29)
Payables	(5,503,318)	(2,305,866)	130,115	(59,937)
Contract liabilities	289,357	550,671	-	-
	<u>(2,554,256)</u>	<u>(10,090,999)</u>	<u>129,241</u>	<u>(59,966)</u>
Cash used in operations	<u>(5,019,035)</u>	<u>(11,207,723)</u>	<u>(513,355)</u>	<u>(1,244,872)</u>
Interest paid	(24,881)	(113,907)	(12,570)	(17,528)
Interest received	422,917	616,302	403,173	585,628
Tax paid	(463,245)	(523,413)	-	-
Tax refunded	-	30,251	-	-
	<u>(65,209)</u>	<u>9,233</u>	<u>390,603</u>	<u>568,100</u>
Net cash used in operating activities	<u>(5,084,244)</u>	<u>(11,198,490)</u>	<u>(122,752)</u>	<u>(676,772)</u>

## STATEMENTS OF CASH FLOWS (cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from investing activities</b>					
Net advances to subsidiary companies		-	-	(2,004,109)	(13,545,438)
Purchase of property, plant and equipment	4	(852,747)	(9,417,152)	(14,934)	(42,921)
Proceeds from disposal of:					
- property, plant and equipment	4	1,873,200	37,380	-	-
- subsidiaries		-	-	101,000	-
- assets held for sale		356,244	-	-	-
Net cash outflows from disposal of subsidiary companies	6(b)	(1,060,743)	-	-	-
Net cash from/(used in) investing activities		<u>315,954</u>	<u>(9,379,772)</u>	<u>(1,918,043)</u>	<u>(13,588,359)</u>
<b>Cash flows from financing activities</b>					
Issuance of share capital	15	-	5,281,046	-	5,281,046
Repayment of lease liabilities		(206,805)	(434,951)	(137,670)	(132,712)
Net cash (used in)/from financing activities		<u>(206,805)</u>	<u>4,846,095</u>	<u>(137,670)</u>	<u>5,148,334</u>

STATEMENTS OF CASH FLOWS  
 (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Net decrease in cash and cash equivalents</b>	(4,975,095)	(15,732,167)	(2,178,465)	(9,116,797)
<b>Cash and cash equivalents at the beginning of the financial year</b>	30,859,490	46,591,657	23,452,833	32,569,630
Effect on foreign exchange	124,909	-	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>26,009,304</b>	<b>30,859,490</b>	<b>21,274,368</b>	<b>23,452,833</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Cash and bank balances	13,711,034	20,500,590	9,179,515	13,195,455
Fixed deposits with licensed banks	12,298,270	10,358,900	12,094,853	10,257,378
	<b>26,009,304</b>	<b>30,859,490</b>	<b>21,274,368</b>	<b>23,452,833</b>

## STATEMENTS OF CASH FLOWS (cont'd)

### Cash outflow for leases a lessee

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>Included in net cash from operating activities:</b>					
Payment relating to short-term leases	24	178,369	141,971	-	-
Interest paid in relation to leases liabilities	23	24,881	71,356	12,570	17,528
<b>Included in net cash from financing activities</b>					
Payment of lease liabilities	17	206,805	434,951	137,670	132,712
<b>Total cash outflows for leases</b>		<b>410,055</b>	<b>648,278</b>	<b>150,240</b>	<b>150,240</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 1. Corporate Information

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

The registered office of the Company was located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur. With effect from 15 September 2023, the Company's registered office has been relocated to 22-09, Menara 1MK, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur.

The principal place of business of the Company is located at 7<sup>th</sup> Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 6. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors passed on 25 October 2023.

## 2. Basis of Preparation

### (a) Statement of compliance

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Basis of Preparation (Cont'd)

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

##### Adoption of amended standards

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

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 Improvement to MFRSs Standards 2018 - 2020:	

- Amendments to MFRS 1
- Amendments to MFRS 9
- Amendments to MFRS 16
- Amendments to MFRS 141

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

##### Standards issued but not yet effective

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

		<u>Effective dates for financial periods beginning on or after</u>
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101 And MFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 108	Definition of Accounting Estimates	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

**Standards issued but not yet effective (Cont'd)**

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company: (Cont'd)

		Effective dates for financial period beginning on or after
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non - Current	1 January 2024
Amendments to MFRS 101	Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 101	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

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

The initial application of the above-mentioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Basis of Preparation (Cont'd)

#### (b) Functional and presentation currency

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

#### (c) Significant accounting judgments, estimates and assumptions

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

#### Judgements

The following are the judgements made by management in the process of applying the Group’s accounting policies that have the most significant effect on the amounts recognised in the financial statements:

##### Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company include the renewal period as part of the lease term for leases of premises with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**2. Basis of Preparation (Cont'd)**

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

**Judgements (Cont'd)**

Satisfaction of performance obligation in relation to contracts with customers

The Group required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (ii) the Group does not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to date; and
- (iii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

**Key sources of estimation uncertainty**

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

Useful lives/amortisation of property, plant and equipment (Note 4) and right-of-use ("ROU") assets (Note 5)

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



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Basis of Preparation (Cont'd)

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

##### **Key sources of estimation uncertainty (Cont'd)**

###### Impairment of investments in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiaries is disclosed in Note 6.

###### Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 7.

###### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

2. **Basis of Preparation (Cont'd)**

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

**Key sources of estimation uncertainty (Cont'd)**

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Note 8, 9 and 11 respectively to the financial statements.

Determination of transaction prices

The Group and the Company are required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group and the Company assess the impact of any variable consideration in the contract due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Basis of Preparation (Cont'd)

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

#### **Key sources of estimation uncertainty (Cont'd)**

##### Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

##### Income taxes

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

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 June 2023, the Group and the Company have tax recoverable of RM541,850 (2022: RM289,747) and RM143 (2022: RM143) respectively.

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

3. **Significant Accounting Policies**

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

(a) Basis of consolidation

(i) Subsidiary companies

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (Cont'd)

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

##### (i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**3. Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (Cont'd)

#### (b) Foreign currency transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**3. Significant Accounting Policies (Cont'd)**

(c) Property, plant and equipment

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

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (Cont'd)

#### (c) Property, plant and equipment (Cont'd)

##### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life.

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

Motor vehicles	20%
Office equipment	20%
Renovations	20%
Furniture and fittings	20%
Signboard	20%
Tools and equipment	20%
Plant and machinery	20%

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

#### (d) Leases

##### As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU 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 site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**3. Significant Accounting Policies (Cont'd)**

(d) Leases (Cont'd)

As lessee (Cont'd)

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

Office building	1 to 3 years
-----------------	--------------

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' 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 and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

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 rate, or if the Group or the Company 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 and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (Cont'd)

#### (d) Leases (Cont'd)

##### As lessor (Cont'd)

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (e) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiary companies, fixed deposits with licensed banks and cash and bank balances.

##### (i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**3. Significant Accounting Policies (Cont'd)**

(e) Financial assets (Cont'd)

(ii) Fair value through other comprehensive income

Debt instruments

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in OCI and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVOCI.

(iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (Cont'd)

#### (e) Financial assets (Cont'd)

##### (iii) Financial assets at fair value through profit or loss (Cont'd)

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

#### (f) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**3. Significant Accounting Policies (Cont'd)**

(g) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(h) Offsetting of financial instruments

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

(i) Inventories

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Where necessary, allowance is made for deteriorated, obsolete and slow-moving inventories.

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

(j) Cash and cash equivalents

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (Cont'd)

#### (k) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**3. Significant Accounting Policies (Cont'd)**

(k) Impairment of assets (Cont'd)

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

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

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (“a 12-month ECL”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (“a lifetime ECL”).

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (Cont'd)

#### (l) Share capital

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

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

#### (m) Provisions

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

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

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

#### (n) Employee benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**3. Significant Accounting Policies (Cont'd)**

(n) Employee benefits (Cont'd)

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund (“EPF”). Some of the Group’s foreign subsidiaries also make contributions to their respective countries’ statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Equity-settled share-based payment transactions

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (Cont'd)

#### (o) Contract asset and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

Contract costs comprise costs incurred for the event management services. The contract costs recognized in profit or loss when the related event management of the contract is completed.

#### (p) Revenue recognition

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

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

##### (i) Event management services

The revenue arising from event management services are recognised at a point in time unless one of the following overtime criteria is met:

- (a) The customer simultaneously received and consumes the benefits provided;
- (b) The Group's performance creates and enhances an asset that the customer control as the asset is created or enhances; or

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**3. Significant Accounting Policies (Cont'd)**

(p) Revenue recognition (Cont'd)

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

(i) Event management services (Cont'd)

(c) 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.

(ii) Sales of goods

Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(iii) Interest income

Revenue from interest income on loan financing is recognised on accrual basis unless recoverability is in doubt, in which case the recognition of interest is suspended. Subsequent to suspension interest is recognised on receipt basis.

The Group recognises interest income using EIR method.

(iv) Management fee

Management fee is recognised when services are rendered.

(v) Services fee

Consultant services fee is recognised when services are rendered.

(q) Income taxes

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (Cont'd)

#### (q) Income taxes (Cont'd)

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

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

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

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

#### (r) Segments reporting

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

#### (s) Contingencies

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

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

3. **Significant Accounting Policies (Cont'd)**

- (t) Non-current assets (or disposal groups) held for sale and discontinued operation

Assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment assets are not depreciated or amortised once classified as held for sale.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary company acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative period.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (Cont'd)

#### (u) Sales and service tax

Expenses and assets are recognised net of the amount of sales and service tax, except:

- When the sales and service tax incurred in a purchase of assets or services are not recoverable from the tax authority, in which case, the sales and service tax is recognised as part of the cost of acquisition of the asset or as part of the expenses item; as applicable
- When receivables and payables are stated with the amount of sales and services tax included

The net amount of sales and service tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

4. Property, Plant and Equipment

Group 2023 Cost	Office equipment RM	Renovations RM	Furniture and fittings RM	Signboard RM	Tools and equipment RM	Plant and machinery RM	Total RM
At 1 July 2022	369,724	373,379	106,877	1,488	15,862,570	24,900	16,738,938
Additions	344,544	-	3,000	5,705	499,498	-	852,747
Disposals	-	-	-	-	(9,683,983)	(24,900)	(9,708,883)
Disposals of subsidiary companies	(9,833)	-	-	-	-	-	(9,833)
Written off	(11,899)	-	-	-	-	-	(11,899)
At 30 June 2023	692,536	373,379	109,877	7,193	6,678,085	-	7,861,070
<b>Accumulated depreciation</b>							
At 1 July 2022	197,855	224,447	54,335	1,289	3,320,391	11,205	3,809,522
Charge for the financial year	79,924	55,918	16,465	578	2,059,308	2,075	2,214,268
Disposals	-	-	-	-	(4,024,414)	(13,280)	(4,037,694)
Disposals of subsidiary companies	(7,330)	-	-	-	-	-	(7,330)
Written off	(5,789)	-	-	-	-	-	(5,789)
At 30 June 2023	264,660	280,365	70,800	1,867	1,355,285	-	1,972,977
<b>Carrying amount</b>							
At 30 June 2023	427,876	93,014	39,077	5,326	5,322,800	-	5,888,093



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	Motor vehicles RM	Office equipment RM	Renovations RM	Furniture and fittings RM	Signboard RM	Tools and equipment RM	Plant and machinery RM	Total RM
<b>Group 2022 Cost</b>								
At 1 July 2021	60,500	467,597	286,743	304,201	1,488	7,664,430	24,900	8,809,859
Additions	-	117,799	86,636	18,747	-	9,193,970	-	9,417,152
Disposals	-	(39,328)	-	-	-	-	-	(39,328)
Written off	-	(176,336)	-	(216,065)	-	(995,828)	-	(1,388,229)
Transfer to disposal group held for sale and discontinued operation (Note 14)	(60,500)	(8)	-	(6)	-	(2)	-	(60,516)
At 30 June 2022	-	369,724	373,379	106,877	1,488	15,862,570	24,900	16,738,938

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

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

	Motor vehicles RM	Office equipment RM	Renovations RM	Furniture and fittings RM	Signboard RM	Tools and equipment RM	Plant and machinery RM	Total RM
<b>Accumulated depreciation</b>								
At 1 July 2021	27,225	259,697	170,973	168,517	992	1,703,504	6,225	2,337,133
Charge for the financial year	12,100	73,678	53,474	47,935	297	1,898,489	4,980	2,090,953
Disposals	-	(2,888)	-	-	-	-	-	(2,888)
Written off	-	(132,632)	-	(162,117)	-	(281,602)	-	(576,351)
Transfer to disposal group held for sale and discontinued operation (Note 14)	(39,325)	-	-	-	-	-	-	(39,325)
At 30 June 2022	-	197,855	224,447	54,335	1,289	3,320,391	11,205	3,809,522
<b>Carrying amount</b>								
At 30 June 2022	-	171,869	148,932	52,542	199	12,542,179	13,695	12,929,416

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

	Office equipment RM	Furniture and fittings RM	Renovation RM	Total RM
<b>Company</b>				
<b>2023</b>				
<b>Cost</b>				
At 1 July 2022	53,340	10,150	25,995	89,485
Additions	14,934	-	-	14,934
Written off	(3,799)	-	-	(3,799)
Transfer	(3,649)	-	-	(3,649)
At 30 June 2023	<u>60,826</u>	<u>10,150</u>	<u>25,995</u>	<u>96,971</u>
<b>Accumulated depreciation</b>				
At 1 July 2022	12,979	2,620	6,932	22,531
Charge for the financial year	11,621	2,030	5,199	18,850
Written off	(1,604)	-	-	(1,604)
Transfer	(547)	-	-	(547)
At 30 June 2023	<u>22,449</u>	<u>4,650</u>	<u>12,131</u>	<u>39,230</u>
<b>Carrying amount</b>				
At 30 June 2023	<u>38,377</u>	<u>5,500</u>	<u>13,864</u>	<u>57,741</u>
<b>2022</b>				
<b>Cost</b>				
At 1 July 2021	36,414	10,150	-	46,564
Additions	14,704	-	25,995	40,699
Transfer	2,222	-	-	2,222
At 30 June 2022	<u>53,340</u>	<u>10,150</u>	<u>25,995</u>	<u>89,485</u>
<b>Accumulated depreciation</b>				
At 1 July 2021	2,664	590	-	3,254
Charge for the financial year	10,315	2,030	6,932	19,277
At 30 June 2022	<u>12,979</u>	<u>2,620</u>	<u>6,932</u>	<u>22,531</u>
<b>Carrying amount</b>				
At 30 June 2022	<u>40,361</u>	<u>7,530</u>	<u>19,063</u>	<u>66,954</u>

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

5. **Right-of-Use Assets**

	<b>Premises RM</b>
<b>Group</b>	
<b>2023</b>	
<b>Cost</b>	
At 1 July 2022	1,315,238
Additions	121,552
Termination of lease contracts	(598,687)
Expiration of lease contracts	(20,981)
Disposal of subsidiary company	(300,662)
At 30 June 2023	<u>516,460</u>
<b>Accumulated depreciation</b>	
At 1 July 2022	668,801
Charge for the financial year	204,093
Termination of lease contracts	(299,345)
Expiration of lease contracts	(20,981)
Disposal of subsidiary company	(187,914)
At 30 June 2023	<u>364,654</u>
<b>Carrying amount</b>	
At 30 June 2023	<u>151,806</u>
<b>2022</b>	
<b>Cost</b>	
At 1 July 2021	1,310,148
Additions	20,981
Expiration of lease contracts	(15,891)
At 30 June 2022	<u>1,315,238</u>
<b>Accumulated depreciation</b>	
At 1 July 2021	220,333
Charge for the financial year	459,062
Expiration of lease contracts	(10,594)
At 30 June 2022	<u>668,801</u>
<b>Carrying amount</b>	
At 30 June 2022	<u>646,437</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 5. Right-of-Use Assets (Cont'd)

	<b>Premises RM</b>
<b>Company</b>	
<b>2023</b>	
<b>Cost</b>	
At 1 July 2022/30 June 2023	<u>394,908</u>
<b>Accumulated depreciation</b>	
At 1 July 2022	192,500
Charge for the financial year	<u>131,636</u>
At 30 June 2023	<u>324,136</u>
<b>Carrying amount</b>	
At 30 June 2023	<u>70,772</u>
<b>2022</b>	
<b>Cost</b>	
At 1 July 2021/30 June 2022	<u>394,908</u>
<b>Accumulated depreciation</b>	
At 1 July 2021	52,065
Charge for the financial year	<u>140,435</u>
At 30 June 2022	<u>192,500</u>
<b>Carrying amount</b>	
At 30 June 2022	<u>202,408</u>

#### Other assets

The Group and the Company have lease contracts for premises for its business operations that include extension option. The leases typically run for a period of 1 to 3 years. The Group also has certain leases of office space with lease term of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for the leases.

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

6. Investment in Subsidiary Companies

	Company	
	2023 RM	2022 RM
<b>In Malaysia</b>		
<b>At cost</b>		
Unquoted shares	15,150,054	21,698,397
Less: Accumulated impairment losses	(15,102,504)	(21,650,847)
	47,550	47,550

Movements in the allowance for impairment losses are as follows:

	Company	
	2023 RM	2022 RM
At 1 July	21,650,847	19,832,310
Impairment loss recognised	-	1,818,537
Disposal of subsidiary companies	(6,548,343)	-
At 30 June	15,102,504	21,650,847

The impairment loss recognised in the investment in subsidiary companies was due to the recoverable amounts determined based on the projected cash flows were lower than carrying amount of the investment.

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective Interest		Principal activities
		2023 %	2022 %	
<b>Direct holding:</b>				
Macpie Equipment Sdn. Bhd.	Malaysia	100	100	Renting of tools and equipment for stage design production
ICT Rewards and Services Sdn. Bhd.	Malaysia	100	100	Restaurant operator
Macpie Management Sdn. Bhd.	Malaysia	100	100	Trading of telephone and telecommunications equipment and cell phones



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective Interest		Principal activities
		2023 %	2022 %	
<b>Direct holding:</b>				
PC3 Technology Sdn. Bhd.	Malaysia	100	100	Money lending
Macpie Distribution Sdn. Bhd.	Malaysia	-	100	Trading and distribution of telecommunication products
Urusrasa Sdn. Bhd.	Malaysia	100	100	Dormant
Octagon Media Sdn. Bhd.	Malaysia	100	100	Advertising, media buying and maintainer of social media platforms
Trumpet International Sdn. Bhd.	Malaysia	100	100	Event and artist management
Excitix Ticketing Sdn. Bhd.	Malaysia	100	100	Ticketing solutions provider to the event industry
Level Up Plus Sdn. Bhd.	Malaysia	-	51	Builders specialised in stage and event contractions
<b>Subsidiary company of ICT Rewards and Services Sdn. Bhd.</b>				
Supernova International Sdn. Bhd.	Malaysia	100	100	Hotel management business and digital marketing

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

6. Investment in Subsidiary Companies (Cont'd)

(a) Non-controlling interest in subsidiary

The Group's subsidiary that has material non-controlling interests is as follows:

	<b>Level Up Plus Sdn. Bhd.</b>	
	<b>2023</b>	<b>2022</b>
<b>Group</b>		
<b>Percentage of ownership interest and voting interest (%)</b>	-	49
Carrying amount of non-controlling interests (RM)	-	(891,686)
Net loss allocated to non-controlling interests (RM)	-	(19,941)

The summary of financial information before intra-group elimination of the Group's subsidiary that has material non-controlling interests is as follows:

	<b>Level Up Plus Sdn. Bhd.</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Financial position as at reporting date</b>		
Non-current assets	-	21,191
Current assets	-	1,905,261
Current liabilities	-	(3,762,515)
Net liabilities	-	(1,836,063)
<b>Summary of financial performance for the financial year</b>		
Net loss/total comprehensive loss for the financial year	-	(40,696)
<b>Summary of cash flows for the financial year</b>		
Net cash outflows from operating activities	-	(14,678)
Net cash inflows from financing activities	-	13,778
Net cash outflows	-	(900)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 6. Investment in Subsidiary Companies (Cont'd)

#### (b) Disposal of subsidiaries

- (i) On 1 July 2022, the Company has disposed of 5,100 ordinary shares, representing the 51% equity interest in Level Up Plus Sdn. Bhd. for a total cash consideration of RM1,000.

The effect of the disposal of Macpie Distribution Sdn. Bhd. on the financial position of the Group on the date of disposal was as follow:

	<b>2023</b>
	<b>RM</b>
Assets included in disposal group held for sale and discontinued operation	1,926,452
Liabilities included in disposal group held for sale and discontinued operation	(128,250)
Amount due to immediate holding company	(3,489,832)
Amount due to related company	(144,795)
NCI	891,686
Total net assets disposed	<u>(944,739)</u>
Gain on disposal	945,739
Proceeds from disposal	<u>1,000</u>
Less: Cash and bank disposed	<u>(161)</u>
Net Cash inflow from disposal	<u><u>839</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

6. Investment in Subsidiary Companies (Cont'd)

(b) Disposal of subsidiaries (Cont'd)

- (ii) On 2 September 2022, the Company has disposed of 3,000,000 ordinary shares, representing the entire equity interest of its wholly-owned subsidiary company, Macpie Distribution Sdn. Bhd. for a total cash consideration of RM100,000.

The effect of the disposal of Macpie Distribution Sdn. Bhd. on the financial position of the Group on the date of disposal was as follow:

	<b>2023</b>
	<b>RM</b>
Plant, property and equipment	2,503
Right-of-use assets	112,748
Inventories	27,782
Trade receivable	264,286
Other receivables	171,742
Tax recoverable	75,025
Cash and bank balances	1,161,582
Trade payables	(53,402)
Other payables	(172,016)
Amount due to immediate holding company	(4,320,574)
Amount due to related company	(51,612)
Lease liabilities	(127,990)
Total net liabilities disposed	<u>(2,909,926)</u>
Gain on disposal	<u>3,009,926</u>
Proceeds from disposal	100,000
Less: Cash and bank disposed	<u>(1,161,582)</u>
Net Cash outflow from disposal	<u>(1,061,582)</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. Goodwill on Consolidation

	Group	
	2023 RM	2022 RM
<b>Cost</b>		
At 1 July/30 June	2,670,921	2,670,921
<b>Accumulated impairment losses</b>		
At 1 July	2,611,411	1,570,803
Impairment loss recognised	59,510	1,040,608
At 30 June	2,670,921	2,611,411
<b>Carrying amount</b>		
At 30 June	-	59,510

The impairment loss recognised in the goodwill was due to the recoverable amounts determined based on the projected cash flows were lower than carrying amount of the goodwill.

The goodwill on consolidation arose upon the acquisition of subsidiaries principally engaged in the following business segments:

	Group	
	2023 RM	2022 RM
Event management	-	59,510

(a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the reporting period was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the cash generating unit (“CGU”) and was based on the following assumptions:

- (i) Pre-tax cash flow projections based on the most recent financial budgets covering a five (5) years period.
- (ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is ranged from Nil% (2022: 2.5% to 10%).

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

7. **Goodwill on Consolidation (Cont'd)**

(a) Recoverable amount on value in use (Cont'd)

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the reporting period was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the cash generating unit (“CGU”) and was based on the following assumptions: (Cont'd)

- (iii) Pre-tax discount rate of Nil% (2022: 7.8% to 10%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group’s weighted average cost of capital.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

(b) Sensitivity to changes in assumptions

The management believes that a reasonably possible changes in the key assumptions on which management has based on its determination of the CGU’s recoverable amount would not cause the CGU’s carrying amount to exceed its recoverable amount.

8. **Trade Receivables**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Trade receivables		
- Third party	20,694,575	24,391,761
- Related party	584,929	1,728,383
	<u>21,279,504</u>	<u>26,120,144</u>
Less: Accumulated impairment losses	(1,350,118)	(4,125,619)
	<u>19,929,386</u>	<u>21,994,525</u>



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 8. Trade Receivables (Cont'd)

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Presented as:		
Non-Current	439,590	8,959,030
Current	19,489,796	13,035,495
	<u>19,929,386</u>	<u>21,994,525</u>
Secured	14,204,515	14,342,655
Unsecured	5,724,871	7,651,870
	<u>19,929,386</u>	<u>21,994,525</u>

Included in trade receivables of the Group is an amount of RM584,929 (2022: RM1,728,383) due from a subsidiary company of a corporate shareholders.

Trade receivables of RM1,785,034 (2022: RM2,881,870) are non-interest bearing and the normal credit terms are generally 30 days (2022:30) days.

Secured and unsecured loan receivables of RM13,718,515 and RM4,425,837 (2022: RM14,342,655 and RM4,770,000) are with interest bearing ranging from 6% to 12% (2022: 6% to 14%) per annum and repayable over 6 to 24 (2022: 6 to 24) monthly instalments.

All loan receivables are to pay only interest portion on monthly basis and the whole principal amount of loan is to be paid in final payment of the loan except RM3,068,880 (2022: RM4,920,000) which is to be paid on monthly basis for both interest and principal portion.

Movements in the allowance for impairment losses are as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
At 1 July	4,125,619	4,254,365
Impairment losses recognised	1,001,553	469,965
Amount written off	(159,605)	-
Transfer to disposal group held for sale and discontinued operation (Note 14)	-	(598,711)
Disposal of subsidiary companies	(3,617,449)	-
At 30 June	<u>1,350,118</u>	<u>4,125,619</u>

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

8. Trade Receivables (Cont'd)

The aged analysis of trade receivables as at the end of the reporting period:

	<b>Gross amount RM</b>	<b>Specific allowance RM</b>	<b>Expected credit losses RM</b>	<b>Net amount RM</b>
<b>Group 2023</b>				
Neither past due nor impaired	1,256,573	-	-	1,256,573
<i>Past due but not impaired:</i>				
91 to 120 days	1,596	-	-	1,596
More than 121 days	20,021,335	(486,000)	(864,118)	18,671,217
	20,022,931	(486,000)	(864,118)	18,672,813
	21,279,504	(486,000)	(864,118)	19,929,386
<b>Group 2022</b>				
Neither past due nor impaired	19,913,546	-	-	19,913,546
<i>Past due but not impaired:</i>				
Less than 30 days	1,317,005	(15,606)	(41)	1,301,358
31 to 60 days	360,286	-	(7,782)	352,504
61 to 90 days	155,933	-	(10,376)	145,557
91 to 120 days	771,531	(159,605)	(330,366)	281,560
More than 121 days	3,601,843	(3,589,024)	(12,819)	-
	6,206,598	(3,764,235)	(361,384)	2,080,979
	26,120,144	(3,764,235)	(361,384)	21,994,525

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

As at 30 June 2023, trade receivables of RM18,672,813 (2022: RM2,080,979) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM486,000 (2022: RM3,764,236), relate to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 9. Amount Due from/(to) Subsidiary Companies

#### (a) Amount due from subsidiary companies

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Non-trade related	72,611,377	78,414,536
Less: Accumulated impairment losses	(52,881,237)	(44,070,664)
	<u>19,730,140</u>	<u>34,343,872</u>
Presented as:		
Non-current	13,135,189	13,735,463
Current	6,594,951	20,608,409
	<u>19,730,140</u>	<u>34,343,872</u>

These represents non-trade in nature, unsecured, non-interest bearing advances and repayable on demand.

Movement in allowance for impairment losses are as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
At 1 July	44,070,664	43,434,433
Impairment losses recognised	9,255,684	636,231
Disposal of subsidiary companies	(445,111)	-
At 30 June	<u>52,881,237</u>	<u>44,070,664</u>

The impairment loss recognised in the amount due from subsidiaries was due to irrecoverable of outstanding amount.

#### (b) Amount due to subsidiary companies

These represents non-trade in nature, unsecured, non-interest bearing advances and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

10. Inventories

	Group	
	2023	2022
	RM	
<b>At cost:</b>		
Trading goods	-	601,893
	<u>-</u>	<u>601,893</u>
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	-	12,946,493
	<u>-</u>	<u>12,946,493</u>

11. Other Receivables

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other receivables	5,305,200	5,311,522	1,396,194	1,395,317
Less: Accumulated impairment losses	(5,295,291)	(5,295,291)	(1,395,291)	(1,395,291)
	<u>9,909</u>	<u>16,231</u>	<u>903</u>	<u>26</u>
Deposits	189,036	161,760	48,828	48,831
Prepayments	1,697,083	2,196,477	-	-
	<u>1,896,028</u>	<u>2,374,468</u>	<u>49,731</u>	<u>48,857</u>

Movements in the allowance for impairment losses are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 July	5,295,291	5,395,291	1,395,291	1,395,291
Impairment losses reversed	-	(100,000)	-	-
At 30 June	<u>5,295,291</u>	<u>5,295,291</u>	<u>1,395,291</u>	<u>1,395,291</u>

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 12. Fixed Deposits with Licensed Banks

The interest rates of fixed deposits of the Group and of the Company are ranging from 2.95% to 3.75% (2022: 1.06% to 2.09%) per annum and the maturity of deposits is 1 to 3 months (2022: 1 to 3 months).

### 13. Assets Held for Sale

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Freehold land and building	-	255,467

In the previous financial year, the Company has entered into Sale and Purchase Agreement with a third party for the disposal of the freehold land and building located at No. 46, Jalan Seri Damai 1, Taman Seri Damai, 43000 Kajang, Selangor at a consideration of RM360,000.

The disposal of freehold land and building has been completed during the financial year.

### 14. Disposal Group Held for Sale and Discontinued Operations

In the previous financial year, the Company made the decision to discontinue and dispose of its subsidiary company, Level Up Plus Sdn. Bhd. ("LUP"), a partially owned subsidiary due to internal restructuring purposes.

The disposal of the subsidiary company completed on 1 July 2022 and as at 30 June 2022, the terms of the transaction were finalising. As at 30 June 2022, the assets and liabilities of LUP have been presented on the statements of financial position as a disposal group held for sale and results from this subsidiary company is presented separately on the statements of profit or loss and other comprehensive income as discontinued operation. The carrying amount of the investment in this subsidiary company has also been presented as an asset held for sale on the Company's statement of financial position as at 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

14. **Disposal Group Held for Sale and Discontinued Operation (Cont'd)**

**Statements of Financial Position**

The major classes of assets and liabilities of LUP classified as held for sale as at 30 June 2022 are as follows:

	<b>Group 2022 RM</b>
<b>Assets</b>	
Property, plant and equipment	21,191
Other receivables	1,905,100
Cash and cash equivalents	161
Assets included in disposal group classified as held for sale	<u>1,926,452</u>
<b>Liabilities</b>	
Trade payables	83,000
Other payables	45,250
Liabilities included in disposal group classified as held for sale	<u>128,250</u>
Net assets directly associated with disposal group held for sale and discontinued operation	<u>1,798,202</u>

**Statements of Profit or Loss and Other Comprehensive Income**

The results of LUP and the result recognised on the remeasurement of disposal group are as follows:

	<b>Group 2022 RM</b>
Revenue	-
Cost of sales	-
Gross loss	<u>-</u>
Administrative expenses	(28,235)
Net gain on impairment of financial instruments	19,911
Other expenses	(30,186)
Loss from operation	<u>(38,510)</u>
Finance costs	-
Loss from discontinued operation	<u>(38,510)</u>

The loss from discontinued operation is attributable partially to the owners of the Company.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 14. Disposal Group Held for Sale and Discontinued Operation (Cont'd)

#### Statements of Cash Flow

Cash flows attributable to LUP are as follows:

	<b>Group 2022 RM</b>
Net cash used in operating activities	(14,678)
Net cash from financing activities	13,778
Effect on cash flows	<u>(900)</u>

### 15. Share Capital

	<b>Group and Company</b>			
	<b>Number of Shares</b>		<b>Amount</b>	
	<b>2023 Units</b>	<b>2022 Units</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>Ordinary shares with no par value:</b>				
<b>Issued and fully paid</b>				
At 1 July	1,135,709,139	946,424,339	87,761,774	82,480,728
Issuance of shares pursuant to:				
- Private placement	-	189,284,800	-	5,281,046
At 30 June	<u>1,135,709,139</u>	<u>1,135,709,139</u>	<u>87,761,774</u>	<u>87,761,774</u>

In the previous financial year, the Group and the Company increased its issued and paid up share capital from RM82,480,728 to RM87,761,774 by an issuance of 189,284,800 new ordinary shares for a total cash consideration of RM5,281,046 through private placement at an issue price of RM0.0279 per ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

16. Reserves

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Accumulated losses	<u>(37,326,201)</u>	<u>(24,999,062)</u>	<u>(46,843,875)</u>	<u>(29,919,258)</u>

(a) Warrant B

On 12 March 2021, the Company issued 459,467,057 free warrants on the basis of 1 warrant for every 2 units of ordinary shares.

The salient features of the Warrants B are as follows:

- (i) The issue date of Warrants B is 12 March 2021 and the expiry date is 11 March 2024. Any Warrants B not exercised at the expiry date will lapse and cease to be valid for any purpose;
- (ii) Each Warrant B entitles the registered holder during the exercise period to subscribe for one (1) new ordinary share in the share capital of the Company at the exercise price of RM0.16 per ordinary share;
- (iii) Subject to the provision in the respective Deed Polls, the exercise price and the number of Warrants B held by each warrant holder shall be adjusted by the Board of Directors of the Company in consultation with the adviser and certification of the external auditors, in the event of alteration to the share capital of the Company; and
- (iv) The theoretical fair value of the Warrants B was based on the 5-market day volume weighted average market price of the shares up to and including the last trading day prior to the price-fixing date of the Warrants B.

At the end of the reporting year, there was a total of 431,976,832 (2022: 431,976,832) unexercised Warrants B.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 17. Lease Liabilities

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 July	697,641	1,117,102	216,642	349,354
Additions	121,552	20,981	-	-
Termination of lease contracts	(321,094)	(5,491)	-	-
Rent concessions related to Covid-19	-	(26,261)	-	-
Accretion of interest	24,881	71,356	12,570	17,528
Payments	(231,686)	(480,046)	(150,240)	(150,240)
Disposal of subsidiary	(127,990)	-	-	-
At 30 June	<u>163,304</u>	<u>697,641</u>	<u>78,972</u>	<u>216,642</u>
Presented as:				
Non-Current	40,518	271,564	-	78,972
Current	122,786	426,077	78,972	137,670
	<u>163,304</u>	<u>697,641</u>	<u>78,972</u>	<u>216,642</u>

#### The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:

Within one year	126,374	463,011	80,774	150,240
Later than one year and not later than two years	45,600	252,650	-	80,774
Later than two years and not later than five years	-	28,646	-	-
	<u>171,974</u>	<u>744,307</u>	<u>80,774</u>	<u>231,014</u>
Less: Future finance charges	(8,670)	(46,666)	(1,802)	(14,372)
Present value of lease liabilities	<u>163,304</u>	<u>697,641</u>	<u>78,972</u>	<u>216,642</u>

The Group leases premises. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liabilities bear interest at 5.40% - 6.15% (2022: 5.40%) per annum.

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

18. Deferred Tax Liabilities

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 July	11,864	-	-	-
Recognised in profit or loss	19,261	27,745	-	-
Under provision in prior years	(2,619)	(15,881)	-	-
At 30 June	<u>28,506</u>	<u>11,864</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	(177,861)	(1,005,601)	(4,259)	(7,765)
Deferred tax liabilities	206,367	1,017,465	4,259	7,765
	<u>28,506</u>	<u>11,864</u>	<u>-</u>	<u>-</u>

The components and movements of deferred tax assets and liability are as follows:

	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM
<b>Group</b>			
<b>Deferred tax assets</b>			
At 1 July 2022	(15,553)	(990,048)	(1,005,601)
Recognised in profit or loss	-	456,860	456,860
Over provision in prior years	-	347,340	347,340
Disposal of subsidiary companies	15,553	7,987	23,540
At 30 June 2023	<u>-</u>	<u>(177,861)</u>	<u>(177,861)</u>
At 1 July 2021	-	(545,509)	(545,509)
Recognised in profit or loss	(15,553)	(379,534)	(395,087)
Transfer to disposal group held for sale and discontinued operation (Note 14)	-	4,956	4,956
Under provision in prior years	-	(69,961)	(69,961)
At 30 June 2022	<u>(15,553)</u>	<u>(990,048)</u>	<u>(1,005,601)</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 18. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax assets and liability are as follows:  
(Cont'd)

	<b>Accelerated capital allowances RM</b>
<b>Group</b>	
<b>Deferred tax liability</b>	
At 1 July 2022	1,017,465
Recognised in profit or loss	(437,599)
Underprovision in prior years	(349,959)
Disposal of subsidiary companies	(23,540)
At 30 June 2023	<u>206,367</u>
At 1 July 2021	545,509
Recognised in profit or loss	391,070
Transfer to disposal group held for sale and discontinued operation (Note 14)	(4,956)
Underprovision in prior years	85,842
At 30 June 2022	<u>1,017,465</u>
	<b>Unabsorbed capital allowances RM</b>
<b>Company</b>	
<b>Deferred tax asset</b>	
At 1 July 2022	(7,765)
Recognised in profit or loss	(1,101)
Over provision in prior years	4,607
At 30 June 2023	<u>(4,259)</u>
At 1 July 2021	(6,525)
Recognised in profit or loss	(1,240)
At 30 June 2022	<u>(7,765)</u>

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

18. **Deferred Tax Liabilities (Cont'd)**

The components and movements of deferred tax assets and liability are as follows:  
(Cont'd)

	<b>Accelerated capital allowances RM</b>
<b>Company</b>	
<b>Deferred tax liability</b>	
At 1 July 2022	7,765
Recognised in profit or loss	1,101
Over provision in prior years	(4,607)
At 30 June 2023	<u>4,259</u>
At 1 July 2021	6,525
Recognised in profit or loss	1,240
At 30 June 2022	<u>7,765</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unabsorbed capital allowances	10,913,243	8,974,339	57,475	49,839
Unutilised tax losses	18,771,093	13,303,130	5,388,498	4,980,525
Other deductible temporary differences	3,721	4,391	-	-
	<u>29,688,057</u>	<u>22,281,860</u>	<u>5,445,973</u>	<u>5,030,364</u>

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



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 19. Trade Payables

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Trade payables		
- third parties	1,330,334	2,330,545
- related parties	12,359	881,254
	<u>1,342,693</u>	<u>3,211,799</u>

Credit terms of trade payables of the Group ranged from 0 to 30 days (2022: 14 to 90 days) depending on the terms of the contracts. The trade payables are non-interest bearing and unsecured.

Included in trade payables of the Group is an amount of RM12,359 (2022: RM881,254) due from company in which Directors have interest.

### 20. Other Payables

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other payables	482,092	3,293,488	124,661	4,293
Accruals	899,537	412,527	108,913	99,166
Deposits received	150,975	1,701,039	-	-
Service tax payable	14,820	-	-	-
	<u>1,547,424</u>	<u>5,407,054</u>	<u>233,574</u>	<u>103,459</u>

### 21. Contract Liabilities

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<u>Contract liabilities</u>		
Deferred income	<u>898,967</u>	<u>609,610</u>

The Group issues invoices to the customers while the revenue recognised when the performance obligation is satisfied. The Group has contract liabilities which represent unsatisfied performance obligation the end of the reporting year is expected to be recognised within 1 year.

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

22. Revenue

	Group	
	2023 RM	2022 RM
<b>Continuing operations</b>		
Revenue form contracts with customers:		
- Sales of goods	17,267,122	20,635,071
- Services rendered	9,703,082	11,620,939
- Rental income	252,877	15,600
- Interest income	516,690	1,278,792
	<u>27,739,771</u>	<u>33,550,402</u>
<b>Timing of revenue recognition</b>		
At a point in time	22,466,960	30,865,298
Over time	5,272,811	2,685,104
	<u>27,739,771</u>	<u>33,550,402</u>

23. Finance Costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Continuing operations</b>				
Interest expenses on:				
- Lease liabilities	24,881	71,356	12,570	17,528
- Trade receivables	-	42,551	-	-
	<u>24,881</u>	<u>113,907</u>	<u>12,570</u>	<u>17,528</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 24. Loss before Tax

Loss before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Continuing operations and discontinued operation</b>				
Auditors' remuneration				
- statutory audit				
- current year	116,000	129,000	50,000	45,000
- Continuing operations	116,000	126,000	50,000	45,000
- Discontinued operation	-	3,000	-	-
- over provision in prior year	-	(500)	-	-
- non statutory audit				
- current year	7,000	7,000	7,000	7,000
Bad debts written off	8,007,777	101,420	7,810,370	2,959
Depreciation of property, plant and equipment	2,214,268	2,090,953	18,850	19,277
- Continuing operations	2,214,268	2,071,280	18,850	19,277
- Discontinued operation	-	19,673	-	-
Depreciation of right-of-use assets	204,093	459,062	131,636	140,435
Investment in subsidiary companies written off	-	-	-	100
Impairment loss on:				
- Investment in subsidiary companies	-	-	-	1,818,537
- Amount due from subsidiary companies	-	-	9,255,684	636,231
- Goodwill	59,510	1,040,608	-	-
- Trade receivables	1,001,553	469,965	-	-
Property, plant and equipment written off	6,110	811,878	2,195	-
- Continuing operations	6,110	781,692	2,195	-
- Discontinued operation	-	30,186	-	-
Discount received from lease liabilities	-	(26,261)	-	-

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

24. **Loss before Tax (Cont'd)**

Loss before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss/(Gain) on disposal of property, plant and equipment	3,797,989	(940)	-	-
Gain on termination of lease contracts	(21,752)	-	-	-
Gain on disposal of subsidiaries	(3,955,665)	-	(101,000)	-
Gain on disposal of assets held for sale	(100,777)	-	-	-
Loss/(Gain) on foreign exchange:				
- realised	80	569	-	-
- unrealised	(124,909)	-	-	-
Income from derecognition of right-of-use assets and lease liabilities	-	(195)	-	-
Interest income				
- cash and cash equivalents	(266,184)	(404,241)	(248,334)	(373,567)
- deposit with licensed bank	(156,733)	(212,061)	(154,838)	(212,061)
Rental income	-	(33,600)	(158,413)	(158,414)
Short-term leases:				
- Rental of machinery and equipment	36,000	14,171	-	-
- Rental of premises	142,369	127,800	-	-
Reversal of impairment losses recognised on				
- other receivables	-	(100,000)	-	-
- amount due from subsidiary company	-	-	(445,111)	-
Unwinding of discount				
- Trade receivables	(980,560)	42,551	-	-
- Amount due from subsidiary companies	-	-	-	(60,830)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 25. Taxation

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Tax expenses recognised in profit or loss:</b>				
Current tax provision	51,533	149,300	-	-
Under provision in prior years	84,584	26,626	-	-
	<u>136,117</u>	<u>175,926</u>	<u>-</u>	<u>-</u>
<b>Deferred tax:</b>				
Relating to reversal of temporary differences	19,261	(4,017)	-	-
(Over)/Under provision in prior years	(2,619)	15,881	-	-
	<u>16,642</u>	<u>11,864</u>	<u>-</u>	<u>-</u>
Tax expense for the financial year	<u>152,759</u>	<u>187,790</u>	<u>-</u>	<u>-</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

25. Taxation (Cont'd)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before tax				
- Continuing operations	(12,174,380)	(5,491,121)	(16,924,617)	(3,173,515)
- Discontinued operation	-	(38,510)	-	-
	<u>(12,174,380)</u>	<u>(5,529,631)</u>	<u>(16,924,617)</u>	<u>(3,173,515)</u>
At Malaysian statutory tax rate of 24% (2022: 24%)	(2,921,851)	(1,327,113)	(4,061,908)	(761,644)
Expenses not deductible for tax purposes	1,222,548	1,035,033	4,031,584	800,825
Income not subject to tax	(7,390)	(25,982)	-	(14,599)
Deferred tax assets not recognised	1,815,197	788,554	30,324	-
Utilisation of previously unrecognised tax assets	(37,710)	(325,209)	-	(24,582)
Under/(Over) provision in respect of prior years				
- Taxation	84,584	26,626	-	-
- Deferred tax	(2,619)	15,881	-	-
Tax expense for the financial year	<u>152,759</u>	<u>187,790</u>	<u>-</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 25. Taxation (Cont'd)

The Group and the Company have the following estimated unabsorbed capital allowances and unused tax losses available to carry forward to offset against future taxable profits. The said amount is subject to approval by the tax authorities.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unabsorbed capital allowances	11,654,328	11,619,011	75,220	62,999
Unutilised tax losses	18,771,095	13,303,130	5,099,241	4,980,525
	<u>30,425,423</u>	<u>24,922,141</u>	<u>5,174,461</u>	<u>5,043,524</u>

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

With effects from year assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of ten (10) years of assessment under the current tax legislation in Malaysia. The other temporary difference does not expire under tax legislation.

Pursuant to Section 44(5F) of the Income Tax Act 1967 in Malaysia, the unutilised tax losses can only be carried forward until the following years of assessment.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unutilised tax losses to be carried forward until:				
- Year of assessment 2028	10,689,764	10,699,359	3,768,900	3,768,900
- Year of assessment 2029	640,116	630,521	607,389	607,389
- Year of assessment 2030	257,123	257,123	40,433	40,433
- Year of assessment 2031	1,050,779	1,050,779	560,474	560,474
- Year of assessment 2032	482,347	665,348	3,329	3,329
- Year of assessment 2033	5,650,966	-	118,716	-
	<u>18,771,095</u>	<u>13,303,130</u>	<u>5,099,241</u>	<u>4,980,525</u>

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

26. **Loss Per Share**

(a) Basic loss per share

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Loss attributable to owners of the parent		
- From continuing operations	(12,327,139)	(5,678,911)
- From discontinued operation	-	(18,569)
	<u>(12,327,139)</u>	<u>(5,697,480)</u>
Loss attributable to owners of the parent for basic earnings	<u>(12,327,139)</u>	<u>(5,697,480)</u>
Weighted average number of ordinary shares in issue (in shares):		
Issued ordinary shares at 1 July	1,135,709,139	946,424,339
Effect of shares issued during the year	-	47,191,553
Weighted average number of ordinary shares at 30 June	<u>1,135,709,139</u>	<u>993,615,892</u>
Basic loss per ordinary share (in sen)		
- From continuing operations	(1.09)	(0.57)
- From discontinued operation	-	(0.00)
	<u>(1.09)</u>	<u>(0.57)</u>



NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**27. Employees Share Option Scheme (“ESOS”)**

At an extraordinary general meeting held on 29 November 2018, the Company’s shareholders approved the establishment of an ESOS for eligible Directors and employees of the Group.

The salient features of the ESOS are as follows:

- (a) any employee of the Group shall be eligible if as at the date of offer, the employee:
  - (i) is at least eighteen (18) years of age and is not undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (ii) he/she is employed full time by and on the payroll of any company in the Group and his/her employment has been confirmed by any company in the Group.
- (b) any Director of the Group (excluding dormant subsidiaries) shall be eligible if as at the date of offer, the employee:
  - (i) is at least eighteen (18) years of age and is not undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (ii) the Director is a director named in the register of directors of the Group which is not dormant;
  - (iii) specific allocation of new shares to the Director of the Company under the Scheme must have been approved by the shareholders of the Company in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the ESOS.
- (c) any employee or Director of the Group (excluding dormant subsidiaries) who fulfil the criteria listed under section (a) and (b) should fulfil the following:
  - (i) the employee or Director who is a Malaysia Citizen, he or she has been in employment with the Group (excluding dormant subsidiaries) for a period of at least 1 year prior to and up to the date of offer; or
  - (ii) the employee or Director who is a non-Malaysian Citizen, he or she has been in employment with the Group on a full time contract for a period of at least 1 year prior to and up to the date of offer;
- (d) The maximum number of new shares to be issued pursuant to the exercise of the shares which may be granted under the ESOS shall not exceed thirty percent (30%) of the total issued and paid-up share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the Employees Share Options;
- (e) The ESOS shall be in force for a period of five (5) years commencing from 5 December 2018;

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 27. Employees Share Option Scheme (“ESOS”) (Cont’d)

The salient features of the ESOS are as follows: (Cont’d)

- (f) The options granted may be exercised any time upon the satisfaction of vesting conditions of each offer except for non-executive Director who must not sell, transfer or assign any ESOS within 1 year from the date of offer;
- (g) The option price of a new ordinary share under the ESOS shall be at the weighted average price of the shares for the five Market Days immediately preceding the date of offer with a discount of not more than ten percent (10%) or such other percentage of discount as maybe permitted by Bursa Securities or any other relevant authorities from time to time;
- (h) Upon exercise of the options, the shares issued rank pari passu in all respects with the then existing ordinary shares of the Company; and
- (i) The employees and Directors to whom the options have been granted have no right to vote at any general meeting of the Company, not entitled to any dividends, rights or other entitlements on his unexercised options.

As at 30 June 2023, there was no option offered to take up unissued ordinary share of the Company.

### 28. Staff Costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' fee	500,000	350,421	324,000	327,421
Salaries, wages and other emoluments	1,847,423	3,300,056	696,184	648,759
Defined contribution plans	245,117	365,312	98,624	95,466
Social security contributions	19,470	29,323	5,271	5,136
Other benefits	117,590	103,106	7,693	24,685
	<u>2,729,600</u>	<u>4,148,218</u>	<u>1,131,772</u>	<u>1,101,467</u>

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**28. Staff Costs (Cont'd)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Executive Directors</b>				
- Fees	214,400	108,548	62,400	85,548
- Salaries and other emoluments	251,250	769,774	251,250	256,774
- Defined contribution plans	40,775	111,192	40,775	44,502
- Social security contributions	1,120	3,157	1,120	1,309
	<u>507,545</u>	<u>992,671</u>	<u>355,545</u>	<u>388,133</u>
<b>Non-executive Directors</b>				
- Fees	285,600	241,873	261,600	241,873
	<u>793,145</u>	<u>1,234,544</u>	<u>617,145</u>	<u>630,006</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 29. Reconciliation of Liabilities Arising from Financing Activities

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

	Note	At 1 July RM	Financing cash flows (i) RM	New lease (Note 5) RM	Other changes (ii) RM	At 30 June RM
<b>Group</b>						
<b>2023</b>						
Lease liabilities	17	697,641	(206,805)	121,552	(449,084)	163,304
<b>2022</b>						
Lease liabilities	17	1,117,102	(434,951)	20,981	(5,491)	697,641
<b>Company</b>						
<b>2023</b>						
Lease liabilities	17	216,642	(137,670)	-	-	78,972
<b>2022</b>						
Lease liabilities	17	349,354	(132,712)	-	-	216,642

- (a) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of lease liabilities in the statements of cash flows.
- (b) Being derecognition of lease liabilities during the financial year.



NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

30. **Related Party Disclosures**

(a) Identifying related parties

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

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

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Note 8, 9 and 19 to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 30. Related Party Disclosures (Cont'd)

#### (b) Significant related party transactions (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Transaction with subsidiary companies</b>				
Rental charged to Management and consultation fee charged to	-	-	(158,412)	(158,414)
Transfer of assets	-	-	3,102	2,222
<b>Transaction with related parties</b>				
Sales to related parties	10,202,496	10,247,839	-	-
Transportation expenses charged by	-	2,296,009	-	-
Rental charged by	-	126,000	-	-

#### (c) Compensation of key management personnel

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	500,000	350,421	324,000	327,421
Salaries and other emoluments	565,838	1,046,624	565,838	533,624
Defined contribution plans	81,675	145,781	81,675	79,091
Social security contributions	3,262	5,004	3,262	3,156
	<u>1,150,775</u>	<u>1,547,830</u>	<u>974,775</u>	<u>943,292</u>

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

31. **Segment Information**

For management purposes, the Group is organised into business units based on the nature of products and services and has three reportable segments as follows:

- (a) Information, communication and technology (“ICT”)
  - Trading of telecommunication products; and
  - Distribution and marketing of information and communication technology products.
- (b) Event management
  - Event and artist management;
  - Digital and media management
  - Selling of tickets and
  - Stage and event contractions.
- (c) Financial solutions
  - Provision of money lending service.

Other reporting segments that do not constitute reportable segments comprise operations related to investment holdings, provision of car jockey services, restaurant operator and provision of business management consultant services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 31. Segment Information (Cont'd)

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

	ICT RM	Event management RM	Financial Solutions RM	Other operating segments RM	Total segments RM	Adjustment and eliminations RM	Consolidated RM
<b>2023</b>							
<b>Revenue</b>							
External customers	603,482	26,641,788	516,690	(22,189)	27,739,771	-	27,739,771
Inter-segment	-	13,991,566	-	-	13,991,566	(13,991,566)	-
Total revenue	603,482	40,633,354	516,690	(22,189)	41,731,337	(13,991,566)	27,739,771
<b>Results</b>							
Interest income	-	9,889	7,961	405,067	422,917	-	422,917
Finance costs	-	(12,232)	(79)	(12,570)	(24,881)	-	(24,881)
Depreciation of property, plant and equipment	(228)	(2,169,172)	(23,789)	(21,079)	(2,214,268)	-	(2,214,268)
Depreciation of right-of use assets	-	(65,463)	(6,994)	(131,636)	(204,093)	-	(204,093)
Income tax expenses	-	(87,673)	(65,086)	-	(152,759)	-	(152,759)
Loss after tax	(96,285)	(7,864,931)	(4,671)	(16,966,980)	(24,932,867)	12,605,728	(12,327,139)
<b>Segment Assets</b>							
Additions to non-current assets	-	959,365	-	14,934	974,299	-	974,299
Segment assets	1,827,608	14,079,062	18,531,008	44,988,809	79,426,487	(25,010,020)	54,416,467
<b>Segment Liabilities</b>							
Segment liabilities	25,580,858	31,105,026	13,428,278	17,967,662	88,081,824	(84,100,930)	3,980,894

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

31. Segment Information (Cont'd)

	ICT RM	Event management RM	Financial Solutions RM	Other operating segments RM	Total segments RM	Adjustment and eliminations RM	Consolidated RM
<b>Other non-cash items</b>							
Bad debts written off	1,050	114,731	81,626	7,810,370	8,007,777	-	8,007,777
Loss/(Gain) on disposal of:							
- Property, plant and equipment	-	3,797,989	-	-	3,797,989	-	3,797,989
- Assets held for sale	-	-	(100,777)	-	(100,777)	-	(100,777)
- Subsidiary companies	-	-	-	-	-	(3,955,665)	(3,955,665)
Impairment loss on:							
- Trade receivables	-	-	1,001,553	-	1,001,553	-	1,001,553
- Amount due from subsidiary companies	-	-	-	9,255,684	9,255,684	(9,255,684)	-
Unrealised loss on foreign exchange	-	(124,909)	-	-	(124,909)	-	(124,909)
Unwinding of discount:							
- Trade receivables	-	-	(980,560)	-	(980,560)	-	(980,560)
Property, plant and equipment written off	-	6,110	-	-	6,110	-	6,110

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 31. Segment Information (Cont'd)

	Continuing operations				Discontinued operation		Adjustment and eliminations	Consolidated
	ICT	Event management	Financial Solutions	Other operating segments	Event management	Total segments		
	RM	RM	RM	RM	RM	RM	RM	RM
<b>2022</b>								
<b>Revenue</b>								
External customers	20,635,071	11,099,935	1,278,792	536,604	-	33,550,402	-	33,550,402
Inter-segment	-	-	2,186	-	-	2,186	(2,186)	-
Total revenue	20,635,071	11,099,935	1,280,978	536,604	-	33,552,588	(2,186)	33,550,402
<b>Results</b>								
Interest income	30,674	-	-	585,628	-	616,302	-	616,302
Finance costs	(23,580)	(29,454)	(104,175)	(17,528)	(2,186)	(176,923)	63,016	(113,907)
Depreciation of property, plant and equipment	(36,719)	(1,993,914)	(17,253)	(23,394)	(19,673)	(2,090,953)	-	(2,090,953)
Depreciation of right-of-use assets	(150,331)	(149,674)	(18,622)	(140,435)	-	(459,062)	-	(459,062)
Income tax expenses	(17,522)	(8,370)	(152,715)	(9,183)	-	(187,790)	-	(187,790)
(Loss)/Profit after tax	(1,378,890)	(2,201,625)	169,518	(3,679,988)	(40,696)	(7,131,681)	1,414,260	(5,717,421)
<b>Segment Assets</b>								
Additions to non-current assets	4,094	9,218,974	116,069	98,996	-	9,438,133	-	9,438,133
Segment assets	3,372,287	22,493,256	19,989,881	60,412,016	1,926,452	108,193,892	(36,256,648)	71,937,244
<b>Segment Liabilities</b>								
Segment liabilities	27,029,252	31,654,289	14,882,480	14,587,826	3,762,515	91,916,362	(81,850,144)	10,066,218

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

31. Segment Information (Cont'd)

	Continuing operations			Discontinued operation		Adjustment and eliminations RM	Total segments RM	Consolidated RM
	ICT RM	Event management RM	Financial Solutions RM	Other operating segments RM	Event management RM			
<b>Other non-cash items</b>								
Bad debts written off	101,420	-	-	-	-	-	101,420	101,420
Gain on disposal of property, plant and equipment	-	-	-	(940)	-	-	(940)	(940)
Impairment loss on:								
- Trade receivables	121,400	-	348,565	-	-	-	469,965	469,965
- Investment in subsidiary companies	-	-	-	1,818,537	-	(1,818,537)	-	-
- Amount due from subsidiary companies	-	-	-	636,231	-	(636,231)	-	-
- Goodwill	-	-	-	-	-	1,040,608	1,040,608	1,040,608
Reversal of impairment of other receivables	-	(100,000)	-	-	-	-	(100,000)	(100,000)
Unrealised gain on foreign exchange	569	-	-	-	-	-	569	569
Unwinding of discount:								
- Trade receivables	-	-	42,551	-	-	-	42,551	42,551
- Amount due from subsidiary companies	-	-	(60,830)	60,830	-	-	-	-
Property, plant and equipment written off	72,211	709,481	-	-	30,186	-	811,878	811,878



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 31. Segment Information (Cont'd)

#### Geographical information

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

#### Major customers

Revenue from 6 (2022: 4) major customers in the ICT and event management segments represent approximately amount to RM13,959,524 (2022: RM16,022,340) or 50% (2022: 48%) of the Group's revenue.

### 32. Financial instruments

#### (a) Classification of financial instruments

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

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

	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>2023</b>			
<b>Financial Assets</b>			
Trade receivables	19,929,386	-	19,929,386
Other receivables	198,945	-	198,945
Fixed deposits with licensed banks	12,298,270	-	12,298,270
Cash and bank balances	13,711,034	-	13,711,034
	<u>46,137,635</u>	<u>-</u>	<u>46,137,635</u>

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

32. Financial Instruments (Cont'd)

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

	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>2023</b>			
<b>Financial Liabilities</b>			
Trade payables	-	1,342,693	1,342,693
Other payables	-	1,547,424	1,547,424
Lease liabilities	-	163,304	163,304
	<u>-</u>	<u>3,053,421</u>	<u>3,053,421</u>
<b>2022</b>			
<b>Financial Assets</b>			
Trade receivables	21,994,525	-	21,994,525
Other receivables	177,991	-	177,991
Fixed deposits with licensed banks	10,358,900	-	10,358,900
Cash and bank balances	20,500,429	-	20,500,429
	<u>53,031,845</u>	<u>-</u>	<u>53,031,845</u>
<b>Financial Liabilities</b>			
Trade payables	-	3,211,799	3,211,799
Other payables	-	5,407,054	5,407,054
Lease liabilities	-	697,641	697,641
	<u>-</u>	<u>9,316,494</u>	<u>9,316,494</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 32. Financial Instruments (Cont'd)

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

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Company</b>			
<b>2023</b>			
<b>Financial Assets</b>			
Other receivables	49,731	-	49,731
Amount due from subsidiary companies	19,730,140	-	19,730,140
Fixed deposits with licensed banks	12,094,853	-	12,094,853
Cash and bank balances	9,179,515	-	9,179,515
	<u>41,054,239</u>	<u>-</u>	<u>41,054,239</u>
<b>Financial Liabilities</b>			
Other payables	-	233,574	233,574
Lease liabilities	-	78,972	78,972
	<u>-</u>	<u>312,546</u>	<u>312,546</u>
<b>2022</b>			
<b>Financial Assets</b>			
Other receivables	48,857	-	48,857
Amount due from subsidiary companies	34,343,872	-	34,343,872
Fixed deposits with licensed banks	10,257,378	-	10,257,378
Cash and bank balances	13,195,455	-	13,195,455
	<u>57,845,562</u>	<u>-</u>	<u>57,845,562</u>
<b>Financial Liabilities</b>			
Other payables	-	103,459	103,459
Lease liabilities	-	216,642	216,642
	<u>-</u>	<u>320,101</u>	<u>320,101</u>

NOTES TO THE FINANCIAL STATEMENTS  
 (cont'd)

**32. Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies. There are no significant changes as compared to prior periods.

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

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

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when 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. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 32. Financial Instruments (Cont'd)

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

##### (i) Credit risk (Cont'd)

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk. There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period. There are no significant changes as compared to previous financial year.

At the end of the reporting period, approximately 89% (2022: 85%) of the Group's trade receivables were due from 3 (2022: 3) major customers who are financial borrowers located in Malaysia.

##### (ii) Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

32. **Financial Instruments (Cont'd)**

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

(ii) Liquidity risk (Cont'd)

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

	On demand or within		2 - 5 years	Total contractual cash flows	Total carrying amount
	1 year	1 - 2 years			
	RM	RM	RM	RM	RM
<b>Group</b>					
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	1,342,693	-	-	1,342,693	1,342,693
Other payables	1,547,424	-	-	1,547,424	1,547,424
Lease liabilities	126,374	45,600	-	171,974	163,304
	<b>3,016,491</b>	<b>45,600</b>	<b>-</b>	<b>3,062,091</b>	<b>3,053,421</b>
<b>2022</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	3,211,799	-	-	3,211,799	3,211,799
Other payables	5,407,054	-	-	5,407,054	5,407,054
Lease liabilities	463,011	252,650	28,646	744,307	697,641
	<b>9,081,864</b>	<b>252,650</b>	<b>28,646</b>	<b>9,363,160</b>	<b>9,316,494</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 32. Financial Instruments (Cont'd)

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

##### (ii) Liquidity risk (Cont'd)

	<b>On demand or within 1 year RM</b>	<b>1 - 2 years RM</b>	<b>Total contractual cash flows RM</b>	<b>Total carrying amount RM</b>
<b>Company</b>				
<b>2023</b>				
<b>Non-derivative financial liabilities</b>				
Other payables	233,574	-	233,574	233,574
Lease liabilities	80,774	-	80,774	78,972
	<u>314,348</u>	<u>-</u>	<u>314,348</u>	<u>312,546</u>
<b>2022</b>				
<b>Non-derivative financial liabilities</b>				
Other payables	103,459	-	103,459	103,459
Lease liabilities	150,240	80,774	231,014	216,642
	<u>253,699</u>	<u>80,774</u>	<u>334,473</u>	<u>320,101</u>



NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

32. **Financial Instruments (Cont'd)**

(c) Interest rate risk

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

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

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
<b>Fixed rate instruments</b>		
Financial assets	30,442,622	29,471,555
Financial liability	(163,304)	(697,641)
	<u>30,279,318</u>	<u>28,773,914</u>
<b>Company</b>		
<b>Fixed rate instruments</b>		
Financial assets	12,094,853	10,257,378
Financial liability	(78,972)	(216,642)
	<u>12,015,881</u>	<u>10,040,736</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 32. Financial Instruments (Cont'd)

#### (c) Interest rate risk (Cont'd)

##### Fair value sensitivity analysis for fixed rate instruments

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

#### (d) Fair value of financial instruments

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

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

#### (e) Fair value hierarchy

No fair value hierarchy has been disclosed as the Group and the Company do not have financial instruments measured at fair value.

### 33. Capital Management

Total capital managed at the Group level is the shareholders' funds as shown in the statements of the financial position.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit and financially prudent capital ratios in order to support its current business as well as future expansion so as to maximise the shareholder value.

The Group manages its capital structure and make adjustment to it, in light of changes in economic condition including the interest rate movements. To maintain and adjust capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

34. **Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 October 2023.

# ANALYSIS OF SHAREHOLDINGS

AS AT 6 OCTOBER 2023

## ISSUED SHARES OF THE COMPANY

Total Number of Issued Shares	:	1,135,709,139 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDERS (BASED ON THE RECORD OF DEPOSITORS)

Size of Holdings	No. of Shareholders	No. of Shares Held	%
Less than 100	128	5,423	*
100 – 1,000	621	298,631	0.03
1,001 – 10,000	1,790	11,103,400	0.98
10,001 – 100,000	2,476	102,206,485	9.00
100,001 to less than 5% of issued shares	699	621,309,800	54.70
5% and above of issued shares	3	400,785,400	35.29
<b>Total</b>	<b>5,717</b>	<b>1,135,709,139</b>	<b>100.00</b>

\* Less than 0.01%

## LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (BASED ON THE RECORD OF DEPOSITORS) (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Name of Shareholders	No. of Shares Held	%
1. Affin Hwang Nominees (Asing) Sdn. Bhd. Exempt An for Sanston Financial Group Limited (Account Client)	218,851,200	19.27
2. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for the Hongkong and Shanghai Banking Corporation Limited (GCHK-LAZARUS)	101,934,200	8.98
3. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Pak Hong (7001583)	80,000,000	7.04
4. MIDF Amanah Investment Nominees (Asing) Sdn. Bhd. for Lazarus Securities Pty Ltd for Lazarus Capital Partners Global Equities Fund	46,000,000	4.05
5. Cartaban Nominees (Asing) Sdn. Bhd. Exempt AN for Standard Chartered Bank Singapore (EFGBHK-ASING)	42,649,600	3.76
6. Ting Khin Soon	32,000,000	2.82
7. Attractive Venture Sdn. Bhd.	31,660,800	2.79
8. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Exempt AN for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	29,653,300	2.61
9. G Rubber Sdn. Bhd.	25,587,100	2.25
10. Parlo Tours Sdn. Bhd.	15,000,000	1.32

ANALYSIS OF SHAREHOLDINGS  
 (cont'd)

**LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)**

(BASED ON THE RECORD OF DEPOSITORS)

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Name of Shareholders	No. of Shares Held	%
11. Woon Jing Wei	12,000,000	1.06
12. Kong Kok Keong	11,000,000	0.97
13. AE Multi Industries Sdn. Bhd.	10,000,000	0.88
14. Chai Koon Khaw	9,199,700	0.81
15. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Siong Keat (CHE2692C)	7,100,000	0.63
16. Chung Kin Chuan	7,000,000	0.62
17. Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Pang Poh Chen (STA 1)	6,317,500	0.56
18. Tan Yoke Cheong	6,098,900	0.54
19. Lai Tze Jin	5,550,000	0.49
20. Wong Ngie Tien	5,430,200	0.48
21. Ho Chin Din	5,317,000	0.47
22. Lam Boon Wai	5,216,800	0.46
23. Ling Kee Ong	5,088,900	0.45
24. HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for BNP Paribas (LONPBCLR-3PTY)	4,604,300	0.41
25. Quek Yong Wah	3,900,000	0.34
26. UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	3,740,000	0.33
27. Quek Jia Yi	3,700,000	0.33
28. Choi Fook Chye	3,500,000	0.31
29. Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Chong Siau Yian	3,500,000	0.31
30. Mok Ching Yam	3,400,000	0.30
<b>TOTAL</b>	<b>744,999,500</b>	<b>65.64</b>

**LIST OF SUBSTANTIAL SHAREHOLDERS**

(BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name of Substantial Shareholders	Direct	No. of Shares Held		%
		%	Indirect	
1. XOX (Hong Kong) Limited	171,000,000	15.06	–	–
2. XOX Bhd	–	–	171,000,000 <sup>^</sup>	15.06
3. Key Alliance Group Berhad	140,451,200	12.37	–	–
4. ACE Solution Investments Limited	140,000,000	12.33	–	–
5. Lim Pak Hong	80,000,000	7.04	–	–

<sup>^</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 through its shareholding in XOX (Hong Kong) Limited

## ANALYSIS OF SHAREHOLDINGS (cont'd)

### LIST OF DIRECTORS' SHAREHOLDINGS (BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

Name of Directors	Direct	No. of Shares Held		%
		%	Indirect	
1. YM Tengku Ezuan Ismara bin Tengku Nun Ahmad	-	-	-	-
2. Koo Kien Keat	-	-	-	-
3. Andy Liew Hock Sim	-	-	-	-
4. Lionel Vernon Yong Nguon Kee	-	-	-	-
5. Lee Kien Fatt	-	-	-	-
6. Woon Sing Jiunn	-	-	-	-

# ANALYSIS OF WARRANT B HOLDINGS

AS AT 6 OCTOBER 2023

No. of Outstanding Warrants : 431,976,832  
 Exercise Price of Warrants : RM0.16  
 Exercise Period of Warrants : 9 March 2021 to 8 March 2024

## DISTRIBUTION OF WARRANT HOLDINGS (BASED ON THE RECORD OF DEPOSITORS)

Size of Warrant Holdings	No. of Warrant holders	No. of Warrants Held	%
Less than 100	336	14,127	*
100 – 1,000	439	217,002	0.05
1,001 – 10,000	1,374	7,985,552	1.85
10,001 – 100,000	2,344	98,135,676	22.72
100,001 to less than 5% of issued warrants	715	325,624,475	75.38
5% and above of issued warrants	–	–	0.00
<b>Total</b>	<b>5,208</b>	<b>431,976,832</b>	<b>100.00</b>

\* Less than 0.01%

## LIST OF 30 LARGEST WARRANTS ACCOUNT HOLDERS

(BASED ON THE RECORD OF DEPOSITORS)

(WITHOUT AGGREGATING WARRANTS FROM DIFFERENT WARRANTS ACCOUNT BELONGING TO THE SAME REGISTERED WARRANT HOLDER)

Name of Warrant Holders	No. of Warrants Held	%
1. Hen Yet Keow	7,000,000	1.62
2. Maybank Nominees (Tempatan) Sdn. Bhd. Tay Sian Tuan	6,900,000	1.60
3. Maybank Nominees (Tempatan) Sdn. Bhd. Radin Zulkar Nain bin Radin Abdul Rahman	6,800,000	1.57
4. I De Builder Sdn. Bhd.	6,350,000	1.47
5. Michael Thien Vui Kiong	5,934,050	1.37
6. Ang Jiun Pey	4,930,000	1.14
7. Public Nominees (Tempatan) Sdn. Bhd Pledged Securities Account for Teh Kok Keong (E-TAI)	4,900,000	1.13
8. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Zawawi bin Zakaria	4,595,500	1.06
9. Lok Wei Seong	4,452,200	1.03
10. Foo Fook Min	4,445,300	1.03
11. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Exempt AN for CGS-CIMB Securities (Singapore) Pte Ltd (Foreign Client)	4,000,000	0.93
12. Muhammad Zulhelmi bin Zamri	3,930,000	0.91
13. Yeap Shiaw Fae	3,318,800	0.73
14. Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chen Teck Long (STA 2)	3,049,400	0.71
15. Kim Moy Moy	2,999,800	0.69



## ANALYSIS OF WARRANT B HOLDINGS (cont'd)

### LIST OF 30 LARGEST WARRANTS ACCOUNT HOLDERS (CONT'D)

(BASED ON THE RECORD OF DEPOSITORS)

(WITHOUT AGGREGATING WARRANTS FROM DIFFERENT WARRANTS ACCOUNT BELONGING TO THE SAME REGISTERED WARRANT HOLDER)

Name of Warrant Holders	No. of Warrants Held	%
16. Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Muhammad 'Izzat Afiq bin Zainuddin	2,687,700	0.62
17. Jacinta Wong Ngouk Hua	2,500,000	0.58
18. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Soo Siew Seng (CEB)	2,500,000	0.58
19. Lim Hock Lai	2,383,000	0.55
20. Ng Guat Kien	2,166,300	0.50
21. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lok Wei Seong (E-BPJ)	2,100,000	0.49
22. Chew Chee Peng	2,000,000	0.46
23. Daren Yoon Thai On	1,905,000	0.44
24. CGS-CIMB Nominees (Asing) Sdn. Bhd. Exempt AN for CGS-CIMB Securities (Hong Kong) Limited (Foreign Client)	1,816,100	0.42
25. Joon bin Ibrahim	1,800,000	0.42
26. Chew Chee Peng	1,700,000	0.39
27. Lau Fui Seng	1,662,000	0.38
28. Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Choong Yoke Peng	1,650,000	0.38
29. Elecsoft Solution Sdn. Bhd.	1,600,000	0.37
30. Chong Yun Cheun	1,555,000	0.36
<b>TOTAL</b>	<b>103,450,150</b>	<b>23.93</b>

### DIRECTORS' WARRANT HOLDINGS

(BASED ON THE REGISTER OF DIRECTORS' WARRANT HOLDINGS)

Name of Directors	Direct	No. of Warrant Held		%
		%	Indirect	
1. YM Tengku Ezuan Ismara bin Tengku Nun Ahmad	—	—	—	—
2. Koo Kien Keat	—	—	—	—
3. Andy Liew Hock Sim	—	—	—	—
4. Lionel Vernon Yong Nguon Kee	—	—	—	—
5. Lee Kien Fatt	—	—	—	—
6. Woon Sing Jiunn	—	—	—	—

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eighteenth Annual General Meeting (“18<sup>th</sup> AGM” or “Meeting”) of XOX Networks Berhad (“XOX Networks” or the “Company”) will be held and conducted on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Lot 4.1, 4<sup>th</sup> Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia via online meeting platform at <https://rebrand.ly/XOXNetworksAGM> on Monday, 27 November 2023 at 10:30 a.m. or at any adjournment thereof to transact the following business:

## AGENDA

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.                                  | <b>Please refer to Explanatory Note 1</b> |
| 2. | To approve the payment of Directors’ fees of up to RM550,000 for the financial year ending 30 June 2024.  | <b>(Ordinary Resolution 1)</b>            |
| 3. | To re-elect the following Directors who retire by rotation in accordance with Clause 107 of the Company’s Constitution and who being eligible, have offered themselves for re-election: |   |
|    | (i) Mr. Andy Liew Hock Sim; and   | <b>(Ordinary Resolution 2)</b>            |
|    | (ii) Mr. Lionel Vernon Yong Nguon Kee   | <b>(Ordinary Resolution 3)</b>            |
| 4. | To re-appoint Messrs UHY as External Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.          | <b>(Ordinary Resolution 4)</b>            |

## AS SPECIAL BUSINESS

**To consider and, if thought fit, pass with or without any modifications, the following resolutions:**

- |    |  |                                |
|----|--|--------------------------------|
| 5. | <b>Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016</b>  | <b>(Ordinary Resolution 5)</b> |
|    | <p>“<b>THAT</b> pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever 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 ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad (“<b>Bursa Securities</b>”) for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting (“<b>Mandate</b>”);</p> |                                |

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

**THAT** approval be and is hereby given for the Company to waive the statutory pre-emptive rights of the existing shareholders of the Company to be offered new shares in proportion to their shareholdings ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act 2016 and Clause 59 of the Constitution of the Company arising from any issuance of new shares pursuant to the Mandate;

**AND THAT** the Board of Directors ("**Board**") of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company arising from any issuance of new shares pursuant to the Mandate."

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

"**THAT**, subject to the provisions of the ACE Market Listing Requirements of Bursa Securities and/or any other applicable laws, regulations and guidelines, approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.4 of the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate dated 30 October 2023 provided that such transactions are in the ordinary course of business which are necessary for the day-to-day operations, made on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

**THAT** such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company following the general meeting at which this ordinary resolution for the Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless the authority is renewed by an ordinary resolution passed at the next annual general meeting;
- (b) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting of the Company,

whichever is the earlier;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things and take all such steps and to execute all such transactions, deeds, agreements, arrangements and/or undertakings as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Renewal of Shareholders' Mandate and such transactions as authorised by this ordinary resolution with full powers to assent to any modifications, variations and/or amendments thereto."

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and/or the Constitution of the Company.

### 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  
30 October 2023

### **Notes:**

1. A member of the Company entitled to attend and vote is entitled to appoint a maximum of two (2) proxies to attend, participate (including pose questions to the Board of the Company) and vote in his/her/its stead. Where a member appoints two (2) proxies to attend, participate and vote at the 18<sup>th</sup> AGM, he/she/it shall specify the proportions of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

Please read and follow the procedures as set out in the Administrative Guide of the 18<sup>th</sup> AGM which can be downloaded from Company's announcement on Bursa Malaysia Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) in order to register, participate and vote remotely.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman to be present at the main venue of the 18<sup>th</sup> AGM. No members/proxies/corporate representatives/attorneys from the public shall be physically present at the Broadcast Venue on the day of the 18<sup>th</sup> AGM.
3. For the purpose of determining a member who shall be entitled to attend the 18<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 20 November 2023. Only a depositor whose name appears on the Record of Depositors as at 20 November 2023 shall be entitled to attend, participate and vote at the 18<sup>th</sup> AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.
4. A proxy may but need not be a member of the Company.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the share registrar office of the Company, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the 18<sup>th</sup> AGM or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid. The instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted.
6. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### Notes: (Cont'd)

7. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
8. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
9. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out in this Notice will be put to vote by way of poll.

### EXPLANATORY NOTES

#### 1. Audited Financial Statements for the Financial Year Ended 30 June 2023

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 formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

#### 2. Ordinary Resolution 1: Proposed Payment of Directors' Fees

Section 230(1) of the Companies Act 2016 provides that the Directors' fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees for the financial year ending 30 June 2024.

#### 3. Ordinary Resolutions 2 and 3: Re-election of Directors

Mr. Andy Liew Hock Sim and Mr. Lionel Vernon Yong Nguon Kee (collectively as "**Retiring Directors**"), who retire by rotation in accordance with Clause 107 of the Company's Constitution, are eligible and have offered themselves for re-election as Directors at the 18<sup>th</sup> AGM of the Company.

For the purpose of determining the eligibility of the Retiring Directors to stand for re-election at the 18<sup>th</sup> AGM, the Board through its Nomination and Remuneration Committee ("**NRC**") had assessed the Retiring Directors, and considered the following:

- (i) The Directors' performance and contribution;
- (ii) The Directors' skills, experience and strength in qualities; and
- (iii) The Directors' ability to act in the best interest of the Company in decision-making.

Upon deliberation, the Board (except for the Retiring Directors who had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and NRC meetings) 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 the Retiring Directors comply with the independence criteria as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and remained independent in exercising their judgment and in carrying out their duties as Independent Non-Executive Directors.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### **EXPLANATORY NOTES (CONT'D)**

#### **4. Ordinary Resolution 4: Re-appointment of External Auditors**

The Audit and Risk Management Committee (“**ARMC**”) has assessed the objectivity, suitability and independence of the External Auditors and recommended the re-appointment of Messrs. UHY as External Auditors of the Company for the financial year ending 30 June 2024. The Board has in turn reviewed the recommendation of the ARMC and recommended the same for the shareholders’ approval at the 18<sup>th</sup> AGM of the Company.

#### **5. Ordinary Resolution 5: Authority to Allot and Issue and Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

Ordinary Resolution 5 is proposed pursuant to Sections 75 and 76 of the Companies Act 2016 for the purpose of obtaining a renewed general mandate (“**Renewed General Mandate**”), which if passed, will empower the Directors of the Company to allot and issue new ordinary shares in the Company at any time provided that the aggregate number of shares issued pursuant to the Renewed General Mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares, if any) of the Company for the time being for such purposes as the Directors deem fit and in the best interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This Renewed General Mandate will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is the earlier. This Renewed General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

Pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 59 of the Company’s Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company:

**Section 85(1) of the Companies Act 2016 states:**

*Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.*

**Clause 59 of the Company’s Constitution provides as follows:**

*Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Board may dispose of those shares or securities in such manner as it think most beneficial to the Company. The Board may likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Board, be conveniently offered under this Constitution and the Rules.*

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### **EXPLANATORY NOTES (CONT'D)**

**5. Ordinary Resolution 5: Authority to Allot and Issue and Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 (Cont'd)**

In order for the Board to issue any new shares free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 5, if passed, will exclude your pre-emptive rights over all new shares in the Company to be issued under the Renewed General Mandate.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the general mandate granted to the Directors at the Seventeenth Annual General Meeting of the Company held on 25 November 2022 and it will lapse at the conclusion of the 18<sup>th</sup> AGM of the Company.

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

Ordinary Resolution 6, if passed, will authorise the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature. This authority, unless revoked or varied by the Company in general meeting, will expire at the next annual general meeting of the Company. Please refer to the Circular to Shareholders dated 30 October 2023 for further information.



## **STATEMENT ACCOMPANYING NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (“18TH AGM”)**

(PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. No individual is seeking election as a Director of the Company (excluding the Directors who are standing for re-election under Ordinary Resolutions 2 and 3) at the 18<sup>th</sup> AGM.
2. Details of the general mandate to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in proposed Ordinary Resolution 5 and Explanatory Note No. 5 of the Notice of 18<sup>th</sup> AGM.

# ADMINISTRATIVE GUIDE FOR THE EIGHTEENTH ANNUAL GENERAL MEETING

Date	Time	Broadcast Venue
Monday, 27 November 2023	10:30 a.m.	Lot 4.1, 4 <sup>th</sup> Floor, Menara Lien Hoe No. 8, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan

## MODE OF MEETING

- The Eighteenth Annual General Meeting (“18<sup>th</sup> AGM” or “Meeting”) of XOX Networks Berhad (“XOX Networks” or the “Company”) will be held and conducted on a virtual basis through live streaming and online remote participation and voting (“RPV”) from the Broadcast Venue.
- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman to be present at the main venue of the 18<sup>th</sup> AGM.
- All Shareholders of the Company (“Shareholders” or “Members”) or his/her/its Proxies/Corporate Representatives/Attorneys who wish to attend, participate and vote remotely at the 18<sup>th</sup> AGM have to register themselves via the RPV platform, the details of which are set out below.
- No Shareholders/Proxies/Corporate Representatives/Attorneys will be allowed to be physically present at the Broadcast Venue on the day of the 18<sup>th</sup> AGM.
- Only Members whose names appear on the General Meeting Record of Depositors as at 20 November 2023 shall be eligible to attend, participate and vote at the 18<sup>th</sup> AGM or appoint Proxy(ies)/Corporate Representative(s)/Attorney(s) to attend, participate and vote on his/her/its behalf.

## RPV

- With the RPV facilities, Members may exercise their rights to attend, participate (including to pose questions to the Board of Directors (“Board”) of the Company) and vote at the 18<sup>th</sup> AGM.
- The procedures for the RPV in respect of the live streaming and remote voting at the 18<sup>th</sup> AGM are as follows:

Procedures	Action
<b>Before the 18<sup>th</sup> AGM</b>	
1. Register as participant in Virtual 18 <sup>th</sup> AGM	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://rebrand.ly/XOXNetworksAGM">https://rebrand.ly/XOXNetworksAGM</a></li> <li>If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. Click Register and enter your email followed by <b>Next</b> to fill in your details to register for the 18<sup>th</sup> 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). Please refer to the tutorial guide posted on the same page for assistance.</li> </ul>



## ADMINISTRATIVE GUIDE FOR THE EIGHTEENTH ANNUAL GENERAL MEETING (cont'd)

### **RPV (CONT'D)**

2. The procedures for the RPV in respect of the live streaming and remote voting at the 18<sup>th</sup> AGM are as follows:  
 (Cont'd)

Procedures	Action
<b>Before the 18<sup>th</sup> AGM (Cont'd)</b>	
2. Submit your online registration	<ul style="list-style-type: none"> <li>• Shareholders who wish to participate and vote remotely at the 18<sup>th</sup> AGM via RPV facilities are required to register prior to the meeting. The registration will open from <b>10:30 a.m. on 30 October 2023</b> and close at <b>10.30 a.m. on 25 November 2023</b>.</li> <li>• Clicking on the link mentioned in item 1 will redirect you to the 18<sup>th</sup> AGM event page. Click on the <b>Register</b> link 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(s) 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> </ul> <p><u>Email Notification to Shareholders</u></p> <ul style="list-style-type: none"> <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 <b>20 November 2023</b>, the system will send you an email to notify you if your registration is approved or rejected after <b>21 November 2023</b>.</li> <li>• If your registration is rejected, you can contact the Company's Poll Administrator for clarifications or to appeal.</li> </ul>
<b>On the day of 18<sup>th</sup> 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 18<sup>th</sup> AGM, while the second will be sent 1 hour before the 18<sup>th</sup> AGM 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 received throughout the session which are not answered during the 18<sup>th</sup> AGM will be replied later to your registered email.</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>

# ADMINISTRATIVE GUIDE FOR THE EIGHTEENTH ANNUAL GENERAL MEETING (cont'd)

## RPV (CONT'D)

2. The procedures for the RPV in respect of the live streaming and remote voting at the 18<sup>th</sup> AGM are as follows: (Cont'd)

Procedures	Action
<b>On the day of 18<sup>th</sup> AGM (Cont'd)</b>	
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 18<sup>th</sup> AGM.</li> <li>A link to vote for the resolution(s) will be posted at the right-hand side of your computer screen under “<b>chat</b>”. You are required to access the link and 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 RPV Facility	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the 18<sup>th</sup> AGM, the live session will end.</li> </ul>

## APPOINTMENT OF PROXY /CORPORATE REPRESENTATIVE /ATTORNEY

- i. **Member (Individual Member, Corporate Shareholder, Authorised Nominee or Exempt Authorised Nominee) who is appointing Proxy(ies)** to attend, participate and vote at the 18<sup>th</sup> AGM must ensure the original duly signed and executed Form of Proxy is delivered to the Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia **not later than 25 November 2023 at 10:30 a.m.** The instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted.
- ii. The instrument appointing a Proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or, if the Member is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
- iii. If a Member is unable to attend the 18<sup>th</sup> AGM, he/she/it is encouraged to appoint the Chairman of the 18<sup>th</sup> AGM as his/her/its Proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.
- iv. **Corporate Shareholder who is appointing Corporate Representative(s)** instead of Proxy(ies) must send the hardcopy of the following documents to the Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia **not later than 25 November 2023 at 10:30 a.m.**
  - Certificate of Appointment of Corporate Representative (“**Certificate**”) under the seal of the corporation or in accordance with the provision of its constitution or by two (2) authorised officers (one of whom shall be a director, or of its attorney duly authorised in writing) duly authorised on behalf of the corporation. If the Certificate is not executed under the seal of the corporation or it is only signed by 1 authorised officer, please attach a copy of that corporation’s constitution for verification;
  - Copy of the Corporate Representative’s MYKAD (for Malaysian)/Passport (for non-Malaysian); and
  - Corporate Representative’s email address and mobile phone number.

## ADMINISTRATIVE GUIDE FOR THE EIGHTEENTH ANNUAL GENERAL MEETING (cont'd)

### **APPOINTMENT OF PROXY/CORPORATE REPRESENTATIVE/ATTORNEY (CONT'D)**

- v. **Member who is appointing Attorney(s)** instead of Proxy(ies) must send the hardcopy of the following documents to the Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia **not later than 25 November 2023 at 10:30 a.m.**
- Power of Attorney which is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
  - Copy of the Attorney's MYKAD (for Malaysian) / Passport (for non-Malaysian); and
  - Attorney's email address and mobile phone number.

### **REVOCAION OF PROXY**

Please note that if a Member has submitted his/her/its Form of Proxy prior to the 18<sup>th</sup> AGM and subsequently decides to personally attend and participate in the 18<sup>th</sup> AGM via RPV platform, the Member must contact ShareWorks Sdn Bhd via the contact details set out below to revoke the appointment of his/her/its proxy not later than **25 November 2023 at 10:30 a.m.**

### **POLL VOTING**

The voting at the 18<sup>th</sup> AGM will be conducted by poll in accordance with Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks Sdn Bhd as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn Bhd as Independent Scrutineer to verify the poll results.

The Independent Scrutineer will verify the poll results and the Chairman will declare whether the resolutions are duly passed or otherwise.

### **PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD**

Members may before the 18<sup>th</sup> AGM submit questions to the Board to [ask@xoxnetworks.com.my](mailto:ask@xoxnetworks.com.my) not later than **25 November 2023 at 10:30 a.m.** The Board will endeavour to address the questions received at the 18<sup>th</sup> AGM.

### **NO RECORDING OR PHOTOGRAPHY**

Strictly **NO recording or photography** of the proceedings of the 18<sup>th</sup> AGM is allowed.

### **NO BREAKFAST/LUNCH PACKS, DOOR GIFTS OR FOOD VOUCHERS**

There will be **NO** distribution of breakfast/lunch packs, door gifts or food vouchers to the Members or Proxy(ies)/Corporate Representative(s)/Attorney(s) who participate in the 18<sup>th</sup> AGM.

## ADMINISTRATIVE GUIDE FOR THE EIGHTEENTH ANNUAL GENERAL MEETING (cont'd)

### **ENQUIRY**

If you have any enquiry prior to the 18<sup>th</sup> AGM, please contact the following officers during office hours from 9.00 a.m. to 5.30 p.m. (Monday to Friday) (except public holidays) at:

**For Registration, logging in and system related:  
MLABS Research Sdn Bhd**

Name : Ms. Eris Yong/Mr. Calvin  
Telephone No. : +603-7688 1013  
Email : [vgm@mlabs.com](mailto:vgm@mlabs.com)

**For Proxy and other matters:  
ShareWorks Sdn Bhd**

Name : Mr. Kou Si Qiang/En. Taufiq  
Telephone No. : +603-6201 1120  
Email : [ir@shareworks.com.my](mailto:ir@shareworks.com.my)



**XOX NETWORKS BERHAD**  
Registration No. 200501002315 (679361-D)  
(Incorporated in Malaysia)

### FORM OF PROXY

I/We, \_\_\_\_\_ NRIC/Passport/Company Registration No. \_\_\_\_\_  
(Full name in block)

of \_\_\_\_\_  
(Address)

contact no. \_\_\_\_\_ email address \_\_\_\_\_ being a member/members of **XOX Networks Berhad**, hereby appoint:

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 attend and to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting ("18<sup>th</sup> AGM") of the Company to be held and conducted on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Lot 4.1, 4<sup>th</sup> Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia via online meeting platform at <https://rebrand.ly/XOXNetworksAGM> on Monday, 27 November 2023 at 10:30 a.m. or at any adjournment thereof, and to vote as indicated below:

No.	Agenda	Resolution	For	Against
1.	To approve the payment of Directors' fees for the financial year ending 30 June 2024.	<b>Ordinary Resolution 1</b>		
2.	To re-elect Mr. Andy Liew Hock Sim as Director.	<b>Ordinary Resolution 2</b>		
3.	To re-elect Mr. Lionel Vernon Yong Nguon Kee as Director.	<b>Ordinary Resolution 3</b>		
4.	To re-appoint Messrs UHY as External Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	<b>Ordinary Resolution 4</b>		
5.	To approve the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	<b>Ordinary Resolution 5</b>		
6.	To approve the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	<b>Ordinary Resolution 6</b>		

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

Dated this \_\_\_\_\_

\_\_\_\_\_  
Signature\*  
Member

(\* if shareholder is a corporation, this form should be executed under seal)

#### Notes:-

- A member of the Company entitled to attend and vote is entitled to appoint a maximum of two (2) proxies to attend, participate (including pose questions to the Board of the Company) and vote in his/her/its stead. Where a member appoints two (2) proxies to attend, participate and vote at the 18<sup>th</sup> AGM, he/she/it shall specify the proportions of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid. Please read and follow the procedures as set out in the Administrative Guide of the 18<sup>th</sup> AGM which can be downloaded from Company's announcement on Bursa Malaysia Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) in order to register, participate and vote remotely.
- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman to be present at the main venue of the 18<sup>th</sup> AGM. No members/proxies/corporate representatives/attorneys from the public shall be physically present at the Broadcast Venue on the day of the 18<sup>th</sup> AGM.





**Notes:- (Cont'd)**

3. For the purpose of determining a member who shall be entitled to attend the 18<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 20 November 2023. Only a depositor whose name appears on the Record of Depositors as at 20 November 2023 shall be entitled to attend, participate and vote at the 18<sup>th</sup> AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.
4. A proxy may but need not be a member of the Company.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the share registrar office of the Company, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the 18<sup>th</sup> AGM or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid. The instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted.
6. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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.
7. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
8. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
9. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out in this Notice will be put to vote by way of poll.

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AFFIX  
STAMP

**SHARE REGISTRAR OF  
XOX NETWORKS BERHAD**

Registration No. 200501002315 (679361-D)

**ShareWorks Sdn Bhd**

Registration No. 199101019611 (229948-U)

No. 2-1, Jalan Sri Hartamas 8

Sri Hartamas

50480 Kuala Lumpur

Wilayah Persekutuan Kuala Lumpur

Malaysia

2nd Fold Here

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Fold This Flap For Sealing

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**XOX NETWORKS BERHAD**  
200501002315 (679361-D)

[www.xoxnetworks.com.my](http://www.xoxnetworks.com.my)