

**THIS ABRIDGED PROSPECTUS (“AP”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.** If you have sold or transferred all your shares in XOX BHD (“XOX” or the “Company”), you should immediately hand this AP together with the Notice of Provisional Allotment (“NPA”) and the Rights Subscription Form (“RSF”) (collectively referred to as “Documents”) to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of Shares with Warrants (as defined herein) to our share registrar, ShareWorks Sdn Bhd (“Share Registrar”) at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The Documents are only despatched to our shareholders (“Entitled Shareholders”) whose name appear in our Record of Depositors at 5.00 p.m. on 18 January 2016 (“Entitlement Date”) at their registered addresses in Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of Shares with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue of Shares with Warrants would result in the contravention to any laws of such countries or jurisdictions. Such Entitled Shareholders and/or the renounees (if applicable) should note the additional terms and restrictions as set out in Section 3.11 of this AP. Neither our Company nor TA Securities Holdings Berhad (“TA Securities”) shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renounees (if applicable) is or shall be illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholders and/or his renounce (if applicable) is a resident.

A copy of this AP has been registered with the Securities Commission Malaysia (“SC”). The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of Shares with Warrants or assumes responsibility for the correctness or any statement made or opinion or report expressed in this AP. The SC has not in any way considered the merits of the securities being offered for investment. A copy of this AP, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of this AP.

Our Shareholders have approved the Rights Issue of Shares with Warrants at the Extraordinary General Meeting held on 30 March 2015. Bursa Malaysia Securities Berhad (“Bursa Securities”) had vide its letter dated 18 February 2015 approved the admission of Warrants to the Official List of Bursa Securities and the listing of an quotation for the Rights Shares (as defined herein), Warrants (as defined herein) and the new XOX Shares (as defined herein) to be issued upon the exercise of the Warrants on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of Shares with Warrants. The admission of the Warrants to the Official List, listing of and quotation for the Rights Shares, Warrants and new XOX Shares to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Shares with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinion expressed in the Documents. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of the Entitled Shareholders and/or their renounees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renounees (if applicable).

Our Board of Directors (“Board”) have seen and approved all the documentation relating to this Rights Issue of Shares with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of Shares with Warrants.

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO “RISK FACTORS” SECTION HEREIN.**



MOBILE

**XOX BHD**

(Company No. 900384-X)

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 356,000,000 NEW ORDINARY SHARES OF RM0.10 EACH IN XOX (“XOX SHARE”) (“RIGHTS SHARE”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING XOX SHARE HELD AS AT 5.00 P.M. ON 18 JANUARY 2016 AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE, TOGETHER WITH UP TO 356,000,000 FREE DETACHABLE NEW WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED BY THE ENTITLED SHAREHOLDERS (“RIGHTS ISSUE OF SHARES WITH WARRANTS”)**

*Adviser*



**TA SECURITIES**

A MEMBER OF THE TA GROUP

**TA SECURITIES HOLDINGS BERHAD (14948-M)**

(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIME**

Entitlement date	:	18 January 2016 at 5.00 p.m.
<b>Last date and time for:</b>		
Sale of provisional allotment of rights	:	26 January 2016 at 5.00 p.m.
Transfer of provisional allotment of rights	:	29 January 2016 at 4.00 p.m.
Acceptance and payment	:	4 February 2016 at 5.00 p.m.
Excess application and payment	:	4 February 2016 at 5.00 p.m.

\* or such later date and time as our Board may decide in its absolute discretion and announce not less than two (2) market days before the stipulated date and time

**This Abridged Prospectus is dated 18 January 2016**

*All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this AP, unless stated otherwise.*

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS ON THE OFFICIAL LIST OF THE ACE MARKET OF BURSA SECURITIES AND LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS, THE NEW XOX SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS ON THE ACE MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP.

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**DEFINITIONS**

Except where the context otherwise requires, the following definitions shall apply throughout this AP and the accompanying appendices:

“5D-VWAP”	:	Five (5)-day volume weighted average market price
“Act”	:	Companies Act, 1965 and includes any amendment made thereto from time to time
“Amendment”	:	Amendment to the Memorandum of Association of XOX to facilitate the implementation of the Capital Reduction and IASC
“Announcement”	:	Announcement of the Corporate Exercises dated 9 October 2014
“ARPU”	:	Average revenue per unit
“AP”	:	This Abridged Prospectus issued by our Company dated 18 January 2016
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of XOX
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CAGR”	:	Compounded annual growth rate
“Capital Reduction”	:	Share Premium Reduction, Par Value Reduction and Share Consolidation, collectively
“CDS”	:	Central Depository System
“Celcom”	:	Celcom Axiata Berhad
“CMSA”	:	Capital Markets and Services Act 2007
“Code”	:	Malaysian Code on Take-Overs and Mergers, 2010, as amended, modified or re-enacted from time to time
“Corporate Exercises”	:	Capital Reduction, Restricted Issue, Rights Issue of Shares with Warrants, SIS, IASC and Amendment, collectively
“Deed Poll”	:	The document constituting the Warrants dated 4 January 2016
“Director”	:	A natural person who holds directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 4 of the Act and Section 2(1) of the CMSA

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**DEFINITIONS (CONT'D)**


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“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“EGM”	:	Extraordinary general meeting of our Company held on 30 March 2015
“Entitled Shareholders”	:	Our shareholders whose name appear in our Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	:	18 January 2016, 5.00 p.m., being the date and time on which our shareholders must be registered on the Record of Depositors in order to be entitled to the Rights Issue of Shares with Warrants
“EPS” / “LPS”	:	Earnings per Share/ Loss per Share
“FPE”	:	Financial period ended
“FYE”	:	Financial year ended/ ending, as the case may be
“GDP”	:	Gross domestic product
“GST”	:	Goods and Services Tax
“IASC”	:	Increase in the authorised share capital of XOX from RM100,000,000 comprising 1,000,000,000 XOX Shares to RM300,000,000 comprising 3,000,000,000 XOX Shares
“Issue Price”	:	The issue price pursuant to the Rights Issue of Shares with Warrants of RM0.20 per Rights Share
“LAT”/ “LBT”	:	Loss after taxation/ Loss before taxation, as the case may be
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities, including any amendments, modifications and additions hereto
“LPD”	:	31 December 2015, being the latest practicable date prior to the registration of this AP
“Management”	:	The management team of our Group
“Market Day”	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
“Maximum Scenario”	:	Assuming all Entitled Shareholders fully subscribed for their respective entitlement pursuant to the Rights Issue of Shares with Warrants
“MCMC”	:	Malaysian Communications and Multimedia Commission
“MFRS”	:	Malaysian Financial Reporting Standards
“Minimum Scenario”	:	Only Datuk Chai Woon Chet fully subscribes for the Rights Issue of Shares with Warrants and assuming that Datuk Chai Woon Chet does not exercise his Warrants entitlement
“Minimum Subscription Level”	:	Minimum level of subscription of 35,600,000 Rights Shares together with 35,600,000 Warrants pursuant to the Undertaking
“MMS”	:	Multimedia Messaging Service

**DEFINITIONS (CONT'D)**

“MPP”	:	Mobile Prepaid Platform
“MVNO”	:	Mobile virtual network operator
“NA”	:	Net assets attributable to ordinary equity holders of the Company
“NPA”	:	Notice of Provisional Allotment in relation to the Rights Issue of Shares with Warrants
“NTA”	:	Net tangible assets attributable to ordinary equity holders
“Official List”	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
“Offer”	:	Written offer by the SIS Committee to an Eligible Employee to participate in the SIS Scheme as indicated in the By-Laws
“Par Value Reduction”	:	Reduction of the par value of each XOX Share from RM0.10 each to RM0.05 each by way of cancellation of RM0.05 of the par value of each existing ordinary share of XOX pursuant to Section 64(1) of the Act
“PAT” / “PBT”	:	Profit after taxation/ Profit before taxation
“Price Fixing Date”	:	4 January 2016, being the date on which the Issue Price of the Rights Shares were determined and announced
“R&D”	:	Research and development
“Record of Depositors”	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
“Restricted Issue”	:	Restricted issue of 190,000,000 new XOX Shares at an issue price of RM0.10 each per Restricted Issue Share to parties identified by XOX
“Restricted Issue Shares”	:	Issuance of 190,000,000 new XOX Shares based on the Restricted Issue
“Rights Issue of Shares with Warrants”	:	Renounceable rights issue of up to 356,000,000 new XOX Shares on the basis of one (1) Rights Share for every one (1) existing XOX Share, together with up to 356,000,000 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed at the Entitlement Date
“Rights Shares”	:	Up to 356,000,000 new XOX Shares to be issued pursuant to the Rights Issue of Shares with Warrants
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“RSF”	:	Rights Subscription Form in relation to the Rights Issue of Shares with Warrants
“Rules of Bursa Depository”	:	Rules of Bursa Depository including the rules in relation to a central depository as described in Section 2 of SICDA
“SC”	:	Securities Commission Malaysia

**DEFINITIONS (CONT'D)**

“Share Consolidation”	:	Consolidation of every two (2) XOX Shares of RM0.05 each in XOX after the Par Value Reduction into one (1) new XOX Share of RM0.10 par value each
“Share Premium Reduction”	:	Reduction of up to RM32,730,251 from the share premium account of XOX pursuant to Sections 60(2) and 64(1) of the Act
“Share Registrar”	:	ShareWorks Sdn Bhd
“SICDA”	:	Securities Industry (Central Depositories) Act 1991, as amended, modified or re-enacted from time to time
“SIS”	:	Establishment of a share issuance scheme of up to thirty percent (30%) of the issued and paid-up share capital of XOX (excluding treasury shares, if any) at any one time during the duration of the scheme for the eligible directors and employees of XOX Group (excluding dormant subsidiaries)
“SIS Options”	:	The right of a grantee to subscribe for new XOX Shares under the SIS at the SIS offer price pursuant to the contract constituted by the acceptance of the offer by an eligible employee in the manner indicated in the By-Laws
“SMS”	:	Short Messaging Service
“TA Securities”	:	TA Securities Holdings Berhad
“TEAP”	:	Theoretical ex-all price
“TERP”	:	Theoretical ex-rights price
“Undertaking”	:	Irrevocable written undertaking from Datuk Chai Woon Chet that he will not dispose any of his XOX Shares following the Price Fixing Date up to the completion of the Rights Issue of Shares with Warrants and that he will subscribe in full for his entitlement for the Rights Shares with Warrants. Further, he also undertakes that he will subscribe 34,350,000 excess Rights Shares with Warrants which are not subscribed for by the other shareholders of XOX pursuant to the Minimum Subscription Level
“Warrants”	:	Up to 356,000,000 new Warrants to be issued pursuant to the Rights Issue of Shares with Warrants
“XOX” or “Company”	:	XOX BHD
“XOX Group” or “Group”	:	XOX and its subsidiaries, collectively
“XOX Shares” or “Shares”	:	Ordinary shares of RM0.10 each in the Company

All references to “**our Company**” and/or “**XOX**” in this AP are to XOX BHD. References to “**our Group**” and/or “**XOX Group**” are to XOX and its subsidiaries and references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to XOX and where the context does require, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be reference to Malaysian time, unless otherwise specified.

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Age</b>	<b>Nationality</b>	<b>Profession</b>
Dato' Seri Abdul Azim Bin Mohd Zabidi <i>(Non-Independent Non-Executive Chairman)</i>	Tanah Abang No. 1 Jalan Setiabudi Bukit Damansara 50490 Kuala Lumpur	57	Malaysian	Company Director
Datuk Chai Woon Chet <i>(Managing Director)</i>	Lot 116, Jalan Timah 3 Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	38	Malaysian	Company Director
Soo Pow Min <i>(Independent Non-Executive Director)</i>	42 Jalan TR 2/1 Tropicana Golf & Country Resort, 47400 Petaling Jaya Selangor Darul Ehsan	51	Malaysian	Company Director
Faidzan bin Hassan <i>(Independent Non-Executive Director)</i>	Villa 30, Setiahill Jalan Puncak Bukit Indah 1 Taman Bukit Indah, Ampang 68000 Selangor Darul Ehsan	56	Malaysian	Company Director
Hew Tze Kok <i>(Independent Non-Executive Director)</i>	A-03A-02 Casa Puteri Condominium Laman Puteri 1, Bandar Puteri 47100 Puchong Selangor Darul Ehsan	39	Malaysian	Company Director
Edwin Chin Vin Foong <i>(Independent Non-Executive Director)</i>	No. 38, Jalan BU 11/13 Bandar Utama, Damansara 47800 Petaling Jaya Selangor	54	Malaysian	Company Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Faidzan bin Hassan	Chairman	Independent Non-Executive Director
Soo Pow Min	Member	Independent Non-Executive Director
Hew Tze Kok	Member	Independent Non-Executive Director

**COMPANY SECRETARIES**

: Tan Tong Lang (MAICSA 7045482)  
Chong Voon Wah (MAICSA 7055003)  
Suite 10.03 Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2279 3080

**REGISTERED OFFICE**

: Suite 10.03, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2279 3080

**CORPORATE DIRECTORY (CONT'D)**

- HEAD/ MANAGEMENT OFFICE/  
PRINCIPAL PLACE OF BUSINESS** : Lot 8.1, 8<sup>th</sup> Floor, Menara Lien Hoe  
No. 8, Persiaran Tropicana  
Tropicana Golf & Country Resort  
47410 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7884 2388  
Website : www.xox.com.my
- SHARE REGISTRAR** : ShareWorks Sdn Bhd (229948-U)  
No 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Tel: 03-6201 1120
- AUDITORS AND REPORTING  
ACCOUNTANTS** : Messrs UHY (AF 1411)  
Chartered Accountants  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2279 3088
- SOLICITORS FOR THE RIGHTS  
ISSUE OF SHARES WITH  
WARRANTS** : Messrs David Lai & Tan  
Level 8-3 & 8-4  
Wisma Miramas  
No.1 Jalan 2/109E  
Taman Desa, Jalan Klang Lama  
58100 Kuala Lumpur  
Tel: 03-7972 7968
- PRINCIPAL BANKERS** : AmBank (M)Berhad  
No.30, 32 & 34, Jalan SS2/61  
47300 Petaling Jaya  
Selangor  
Tel: 03-7874 0042
- Hong Leong Bank Berhad  
No. 28 & 30, Jalan SS2/67  
47300 Petaling Jaya  
Selangor  
Tel: 03-7877 6800
- ADVISER FOR THE RIGHTS  
ISSUE OF SHARES WITH  
WARRANTS** : TA Securities Holdings Berhad  
29<sup>nd</sup> Floor, Menara TA One  
22, Jalan P. Ramlee  
50250 Kuala Lumpur  
Tel: 03-2072 1277
- STOCK EXCHANGE LISTING** : ACE Market of Bursa Securities

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**XOX BHD**

(Company No. 900384-X)

(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

Suite 10.03, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

18 January 2016

**Our Board of Directors:**

Dato' Seri Abdul Azim Bin Mohd Zabidi (*Non-Independent Non-Executive Chairman*)  
Datuk Chai Woon Chet (*Managing Director*)  
Mr Soo Pow Min (*Independent Non-Executive Director*)  
En Faizdan bin Hassan (*Independent Non-Executive Director*)  
Mr Hew Tze Kok (*Independent Non-Executive Director*)  
Mr Edwin Chin Vin Foong (*Independent Non-Executive Director*)

**To: Our Entitled Shareholders**

Dear Sir/Madam,

**RIGHTS ISSUE OF SHARES WITH WARRANTS**

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**1. INTRODUCTION**

On 9 October 2014, TA Securities had announced on behalf of our Board, amongst others, that we proposed to undertake the Rights Issue of Shares with Warrants.

Subsequently, on 23 February 2015, TA Securities had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 18 February 2015 given its approval on the following:

- (i) admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for up to 356,000,000 Warrants to be issued pursuant to the Rights Issue of Shares with Warrants;
- (ii) listing of and quotation for the restricted issue shares pursuant to the Restricted Issue;
- (iii) listing and quotation of the Rights Shares to be issued pursuant to the Rights Issue of Shares with Warrants;
- (iv) listing of and quotation for up to 356,000,000 new XOX Shares to be issued pursuant to the exercise of the Warrants arising from the Rights Issue of Shares with Warrants; and
- (v) listing of such number of new XOX Shares representing up to 30% of the issued and paid-up ordinary share capital of XOX (excluding treasury shares, if any) to be issued pursuant to the exercise of the SIS Options under the SIS,

on the ACE Market of Bursa Securities.

The approval of Bursa Securities for the Restricted Issue, Rights Issue of Shares with Warrants and SIS is subject to, amongst others, the following conditions:

	<b>Conditions imposed</b>	<b>Status of compliance</b>
(i)	XOX and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Restricted Issue and Rights Issue of Shares with Warrants;	Complied in respect of the Restricted Issue.  To be complied in respect of the Rights Issue of Shares with Warrants
(ii)	XOX and TA Securities to inform Bursa Securities upon the completion of the Restricted Issue and Rights Issue of Shares with Warrants;	Complied in respect of the Restricted Issue.  To be complied in respect of the Rights Issue of Shares with Warrants
(iii)	XOX to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Restricted Issue and Rights Issue of Shares with Warrants is completed; and	Complied in respect of the Restricted Issue.  To be complied in respect of the Rights Issue of Shares with Warrants
(iv)	XOX to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed (pursuant to the exercise of Warrants) as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied
(v)	TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the SIS pursuant to Rule 6.44 of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders approving the SIS in general meeting.	To be complied
(vi)	XOX is required to furnish Bursa Securities on a quarterly basis a summary of the total number of SIS shares listed as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

Our shareholders had at our EGM approved, amongst others, the Rights Issue of Shares with Warrants. A certified true extract of the resolution in relation to the Rights Issue of Shares with Warrants passed at the EGM is set out in **Appendix I** of this AP.

On 4 January 2016, TA Securities had on our behalf announced that our Board has fixed the issue price of the Rights Shares at RM0.20 per Rights Share and the exercise price of the Warrants of RM0.20 per Warrant. Further, on the same date, TA Securities had on our behalf announced that the Entitlement Date has been fixed on 18 January 2016 at 5.00 p.m. and the other relevant dates pertaining to the Rights Issue of Shares with Warrants.

No person is authorised to give any information or to make any representation not contained in this AP in connection with the Rights Issue of Shares with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or by TA Securities in connection with the Rights Issue of Shares with Warrants.

**If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

## **2. DETAILS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS**

### **2.1 Details of the Rights Issue of Shares with Warrants**

The Rights Issue of Shares with Warrants entails a renounceable rights issue of one (1) Rights Share for every one (1) existing XOX Share held, together with one (1) Warrant for every one (1) Rights Share subscribed by the Entitled Shareholders at the Issue Price.

The entitlements for the Rights Issue of Shares with Warrants is renounceable in full or in part. However, the Rights Shares and the Warrants cannot be renounced separately. Should the Entitled Shareholders renounce all of their Rights Shares entitlements under the Rights Issue of Shares with Warrants, they will not be entitled to the Warrants. However, if the Entitled Shareholders accept only part of their Rights Shares entitlements under the Rights Issue of Shares with Warrants, they shall be entitled to the Warrants in proportion of their acceptances of the Rights Shares entitlements.

The Warrants will be immediately detached from the Rights Shares upon issuance and separately traded on the ACE Market of Bursa Securities. The Warrants will be issued in registered form and constituted by a Deed Poll. The salient terms of the Warrants are set out in Section 2.4 of this AP.

The Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s) (if applicable) under the Excess Rights Shares with Warrants application. It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner on a basis specified under Section 3.8 of this AP.

In determining the shareholders' entitlements to the Rights Shares with Warrants under the Rights Issue of Shares with Warrants, fractional entitlements, if any, shall be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for the excess Rights Shares with Warrants if you choose to.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the Rights Shares with Warrants and new Shares to be issued arising from the exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants and exercising Warrant holders (as the case may be). No physical share certificates and warrant certificates will be issued to the Entitled Shareholders and/or their renounee, if applicable. A notice of allotment will be despatched to the successful applicants within eight (8) Market Days from the last date of acceptance and payment for the Rights Issue of Shares with Warrants and a notice of allotment will be despatched to the exercising Warrant holders within eight (8) Market Days after the date of receipt of the subscription form together with the requisite payment (for exercise of Warrants) from the date of exercise of the Warrants.

**2.2 Basis of determining the Issue Price for the Rights Shares and the exercise price of the Warrants**

**(i) Rights Shares**

Our Board had on 4 January 2016 fixed the issue price for the Rights Shares at RM0.20 per Rights Share after taking into consideration the following:

- (a) the TERP of XOX Shares of RM0.2046 per Share, based on the 5D-VWAP of XOX Shares up to and including 31 December 2015 (being the last trading date immediately preceding the Price Fixing Date) of RM0.2092 per Share;
- (b) a discount to the TERP of XOX Shares (based on the 5D-VWAP of XOX Shares immediately preceding the Price Fixing Date) of RM0.0046 or 2.25%;
- (c) the par value of XOX Shares of RM0.10 each; and
- (d) the funding requirements of our Group, details which are set out in Section 4 of this AP.

**(ii) Warrants**

The Warrants are attached to the Rights Shares without any cost and will be issued only to the shareholders of XOX who successfully subscribed for the Rights Shares, and are exercisable into new XOX Shares. Each Warrant will entitle its holder to subscribe for one (1) XOX Share at the exercise price of RM0.20 per Warrant.

The exercise price of Warrants is determined and fixed by our Board on 4 January 2016 after taking into consideration the following:

- (a) the TERP of XOX Shares of RM0.2046 per Share, based on the 5D-VWAP of XOX Shares up to and including 31 December 2015 (being the last trading date immediately preceding the Price Fixing Date) of RM0.2092 per Share;
- (b) a discount to the TERP XOX Shares of RM0.0046 or 2.25%; and
- (c) the par value of XOX Shares of RM0.10 each.

**2.3 Ranking of the Rights Shares as well as the new XOX Shares arising from the exercise of the Warrants**

The holders of Warrants will not be entitled to any voting rights or participation in any form of distribution and/or offer of further securities to the Company until and unless such holders of the Warrants exercise their Warrants into new XOX Shares.

The Rights Shares and the new XOX Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing XOX Shares except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new XOX Shares to be issued pursuant to the exercise of the Warrants.

## 2.4 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

<b>Terms</b>	<b>Details</b>
Issue size	: Up to 356,000,000 Warrants.
Number of new XOX Shares to be issued upon exercise of the Warrants	: Up to 356,000,000 new XOX Shares to be issued pursuant to the exercise of up to 356,000,000 Warrants on the basis of one (1) new XOX Share for every one (1) Warrant.
Form and denomination	: The Warrants will be issued in registered form and will be constituted by the Deed Poll.
Status of new XOX Shares arising from the exercise of the Warrants	: The new XOX Shares to be allotted and issued upon exercise of the Warrants will rank pari passu in all respects with the existing XOX Shares except that such new XOX Shares will not be entitled to any dividends, rights, allotment and/or distributions which may be declared, made or paid prior to the date of allotment of such new XOX Shares.
Board lot	: For the purpose of trading on Bursa Securities, a board lot for the Warrants shall be one hundred (100) Warrants carrying the right to subscribe for one hundred (100) new XOX Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities.
Commencement date	: The day of issuance of the Warrants.
Expiry date	: The day falling immediately before the third (3 <sup>rd</sup> ) anniversary of the date of issuance of the Warrants.
Exercise rights	: Each Warrant entitles the registered holder to subscribe for one (1) new XOX Share at any time during the exercise period at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
Exercise period	: The Warrants may be exercised at any time within three (3) years commencing on and including the date of issuance of the Warrants. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	: The exercise price of Warrants has been fixed by our Board at RM0.20 each, subject to adjustments in accordance with the provisions of the Deed Poll.

<b>Terms</b>	<b>Details</b>
Mode of exercise	: The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with the Company's registrar, duly completed and signed together with payment of the exercise price for the new XOX Shares subscribed for by banker's draft/cashier's order/money order/postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.
Provisions for changes in the terms of the Warrants	Any modification to this Deed Poll may be affected only by deed poll, executed by the Company and expressed to be supplemental hereto, adhering to the procedure and requirement for any modification to the rights of the Warrant holders contained in Condition 7 of the Deed Poll. Any of such modification shall however be subject to the approval of Bursa Securities (if so required) and other relevant party and/or authorities.
Rights of the Warrants	: The registered holder of the Warrants are not entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the Entitlement Date precedes the date of allotment and issuance of the new XOX Shares upon the exercise of the Warrants. The Warrants holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrants holders exercise their Warrants into new XOX Shares.
Adjustments to the exercise price and/or number of the Warrants	: The exercise price and/or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital, capital distribution or issue of XOX Shares in accordance with the provisions of the Deed Poll.
Transferability	: Transferable in accordance with the terms of the Deed Poll and the Rules of Bursa Depository

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**Terms**

**Details**

Rights of the holders of the Warrants in the event of winding-up, compromise and/or arrangement

: If whilst any Warrants remain capable of being exercised, a resolution has been passed for a member's voluntary winding up of the Company or where there is a compromise or scheme of arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:

- (i) for the purpose of such winding-up, compromise or scheme of arrangement to which the Warrants holders (or some person designated by them for such purposes by special resolution) shall be a party, the terms of such winding-up, compromise or scheme of arrangement shall be binding on all the Warrants holders; and
- (ii) in any other case, every Warrants holder shall be entitled upon and subject to the conditions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within six (6) weeks after the granting of the court order approving the compromise or scheme of arrangement, by irrevocable surrender of his Warrants to the Company by submitting the duly completed exercise form authorising the debiting of his Warrants, together with payment of the relevant exercise monies, to elect to be treated as if he had immediately prior to the commencement of the winding up, compromise or scheme of arrangement exercised the exercise rights represented by such new Warrants to the extent specified in the exercise form and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new XOX Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.

Listing status

: The Warrants will be listed and traded on the ACE Market of Bursa Securities. An application will be made for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities as well as for the listing of and quotation for the New Warrants and the new XOX Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.

Governing law

: The laws of Malaysia.

## 2.5 Minimum Subscription Level and Undertaking

The Minimum Subscription Level will raise minimum gross proceeds of RM7.12 million based on the Issue Price of RM0.20 per Rights Share.

The minimum gross proceeds to be raised were determined by the Board after taking into consideration, inter alia, the funding requirements of XOX Group, as set out in Section 4 of this AP and the ability of the Company to raise financing.

To meet the Minimum Subscription Level, XOX has procured Undertaking from Datuk Chai Woon Chet that he will not dispose any of his XOX Shares from the Price Fixing Date up to the completion of the Rights Issue of Shares with Warrants and that he will subscribe in full for his respective entitlements for the Rights Shares with Warrants in respect of his direct shareholdings in XOX. Further, Datuk Chai Woon Chet also undertakes that he will subscribe 34,350,000 excess Rights Shares with Warrants which are not subscribed for by the other shareholders of XOX pursuant to the Minimum Subscription Level.

A summary of the Undertaking based on the Minimum Subscription Level are as follows:

Name	As at LPD		Entitlements of Rights Shares with Warrants		Excess Rights Shares with Warrants	
	No. of XOX Shares	%	No. of Rights Shares	% of Rights Shares*	No. of Rights Shares	% of Rights Shares*
Datuk Chai Woon Chet	1,250,000	0.35	1,250,000	3.51	34,350,000	96.49

*Note:*

\* Based on Minimum Subscription Level.

Datuk Chai Woon Chet has confirmed that he has sufficient financial resources for the Undertaking. In addition, TA Securities has verified that Datuk Chai Woon Chet has the financial resources to fulfil his commitment pursuant to the Undertaking.

As the Rights Issue of Shares with Warrants will be implemented based on the Minimum Subscription Level, no underwriting will be made for the Rights Shares with Warrants under the Rights Issue of Shares with Warrants.

Our Company confirms that the Undertaking will not give rise to any consequences of mandatory general offer obligations pursuant to the Code immediately after the Rights Issue of Shares with Warrants. However, should Datuk Chai Woon Chet exercise his Warrants, resulting in his shareholding in our Company increasing above thirty-three percent (33%) or increasing by more than two-percent (2%) in any six months period in the event his shareholdings in our Company is above thirty-three (33%) but not more than fifty-percent (50%), he will be obliged under Part III of the Code to undertake a mandatory general offer to acquire all the remaining XOX Shares not already held by him after the exercise of the Warrants.

Datuk Chai Woon Chet has given confirmation to XOX that he does not intend to undertake a mandatory general offer to acquire all the remaining XOX Shares not already held by him after the exercise of the Warrants and to observe and comply at all times with the provisions of the Code.

## 2.6 Details of other corporate exercises

As at the LPD, save for the Rights Issue of Shares with Warrants and SIS (which would only be implemented after the completion of the Rights Issue of Shares with Warrants), there is no other outstanding corporate exercise which has been announced but pending completion.

**3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS**

**3.1 General**

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

**3.2 NPA**

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional Rights Shares with Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

**3.3 Last date and time for acceptance and payment**

The last date and time for acceptance and payment for the provisional Rights Shares with Warrants is at **5.00 p.m. on 4 February 2016**, or such extended date and time as our Board may decide at its absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

**3.4 Procedures for full acceptance and payment by Entitled Shareholders**

If you wish to accept your entitlement to the provisional Rights Shares with Warrants, the acceptance of and payment for the provisional Rights Shares with Warrants must be made on the respective RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

As an Entitled Shareholder of our Company, your CDS Account will be duly credited with the number of provisional Rights Shares with Warrants which you are entitled to subscribe for, in full or in part, under the terms and conditions of the Rights Issues of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such number of provisional Rights Shares with Warrants into your CDS Account, and the RSF to enable you to subscribe for such Rights Shares with Warrants that you have been provisionally allotted, as well as apply for the Excess Rights Shares with Warrants if you choose to do so.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEES WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.**

**YOU AND/OR YOUR RENOUNCEES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.**

If you wish to accept your entitlement, please complete Parts I and III of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST, COURIER or DELIVERED BY HAND** at the following address:

ShareWorks Sdn Bhd  
No 2-1, Jalan Sri Hartamas 8,  
Sri Hartamas  
50480 Kuala Lumpur  
Tel: (603) 6201 1120  
Fax: (603) 6201 3121

so as to arrive **not later than 5.00 p.m. on 4 February 2016**, being the last time and date for acceptance of and payment, or such extended time and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSF must be used for separate CDS Account. If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account as stated in the completed RSF.

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the Rights Shares with Warrants, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renounee (if applicable) should take note that a trading board lot for the Rights Shares and Warrants comprises one hundred (100) Rights Shares and one hundred (100) Warrants, respectively. Successful applicants of the Rights Shares will be given the free attached Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. The minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share for every one (1) existing XOX Share held.

Fractions of a Rights Share and Warrant arising from the Rights Issue of Shares with Warrants will be disregarded and shall be dealt with by our Board as it may deem fit, expedient and in the best interest of our Company.

If acceptance of and payment for the provisional Rights Shares with Warrants is not received by our Share Registrar by **5.00 p.m. on 4 February 2016**, being the last time and date for acceptance of and payment for the provisional Rights Shares with Warrants, or any other extended date and time as may be determined and announced by our Board, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at <http://www.bursamalaysia.com>, our Share Registrar at the address stated above or our Registered Office.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY APPROPRIATE REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES WITH WARRANTS ACCEPTED IN THE FORM OF BANKER'S DRAFT/ CASHIER'S ORDER/ MONEY ORDER OR POSTAL ORDER DRAWN ON A BANK OR POST OFFICE IN MALAYSIA AND MUST BE MADE PAYABLE TO "XOX RIGHTS ISSUE ACCOUNT", CROSSED "ACCOUNT PAYEE ONLY" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND ADDRESS IN BLOCK LETTERS, YOUR CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS.**

**APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

### **3.5 Procedures for part acceptance by Entitled Shareholders**

You are entitled to accept part of your provisional Rights Shares with Warrants. Successful applicants of the Rights Shares will be given the free attached Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. The minimum number of security that can be subscribed for or accepted is one (1) Rights Share for every one (1) existing XOX Share held.

Fractions of a Rights Share and Warrant arising from the Rights Issue of Shares with Warrants will be disregarded and shall be dealt with by our Board as it may deem fit, expedient and in the best interest of our Company.

You must complete both Part I of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part III of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this AP.

**YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS AP AND THE RSF.**

The portion of the provisional Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the provisional Rights Shares with Warrants.

### **3.6 Procedures for sale/transfer of provisional Rights Shares with Warrants**

As the provisional Rights Shares with Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional Rights Shares with Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional Rights Shares with Warrants, you may still accept the balance of the provisional Rights Shares with Warrants by completing Parts I and III of the RSF. Please refer to Section 3.4 of this AP for the procedure for acceptance and payment.

In disposing/transferring all or part of your provisionally Rights Shares with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient provisional Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the provisional Rights Shares with Warrants may obtain a copy of this AP and the RSF from their stockbrokers or from our Share Registrar or at our Registered Office. This AP and the RSF are also available on Bursa Securities' website at <http://www.bursamalaysia.com>.

### **3.7 Procedures for acceptances by renounees**

Renounees who wish to accept the provisional Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our Registered Office or from the Bursa Securities' website at <http://www.bursamalaysia.com> and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this AP also applies to renounees who wish to accept the provisional Rights Shares with Warrants.

**RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS AP AND THE RSF.**

### 3.8 Procedures for application for excess Rights Shares with Warrants

You and/or your renounees (if applicable) who accepted the provisional Rights Shares with Warrants may apply for excess Rights Shares with Warrants by completing Part II of the RSF (in addition to Parts I and III) and forward it (together with a separate remittance for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 4 February 2016**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

**PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 3.4 OF THIS AP, WHERE THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY" AND MADE PAYABLE TO "XOX EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on the pro-rata basis and in board lot, to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants, taking into consideration their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lot, to our Entitled Shareholders who have applied for excess Rights Shares with Warrants, taking into consideration the quantum their respective excess application;
- (iv) fourthly, on a pro-rata basis and in board lot, to our transferees and/or renounees who have applied for excess Rights Shares with Warrants, taking into consideration the quantum of their respective excess application; and
- (v) lastly, in the event there are still unsubscribed Rights Shares with Warrants after allocating all the excess Rights Shares with Warrants, the remaining unsubscribed Rights Shares with Warrants will be subscribed by the Director and shareholder of XOX, namely, Datuk Chai Woon Chet, pursuant to his Undertaking.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part II of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in Section 3.8 (i) to (v) above are achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND A NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, WILL BE REFUNDED WITHOUT INTEREST WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.**

### **3.9 Notice of allotment**

Upon allotment of the Rights Shares with Warrants in respect of your acceptance and/or your renounee's acceptance (if applicable) and excess Rights Shares with Warrants application (if any), the Rights Shares with Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the Rights Shares with Warrants. However, a notice of allotment will be despatched to you and/or your renounees (if applicable), by ordinary post within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares with Warrants and excess Rights Shares with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares with Warrants is not accepted due to non-compliance with the terms of the Rights Issue of Shares with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within fifteen (15) Market Days from the last date and time for acceptance and payment of the Rights Shares with Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue of Shares with Warrants cannot be withdrawn subsequently.

### **3.10 Form of issuance**

Bursa Securities has prescribed that XOX Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants and the new Shares to be issued arising from the exercise of Warrants are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the Rights Shares with Warrants shall mean your consent to receiving such Rights Shares with Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue of Shares with Warrants.



Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 3.9 of this AP.

Any person who has purchased the provisional Rights Shares with Warrants or to whom provisional Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/her CDS Account number in the space provided in the RSF. The Rights Shares with Warrants will be credited directly as prescribed securities into his/her CDS Account upon listing.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 3.8 of this AP.

### **3.11 Laws of foreign jurisdictions**

This AP and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of Shares with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renounees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renounees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue of Shares with Warrants.

Foreign Entitled Shareholders and/or their renounees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of Shares with Warrants only to the extent that it would be lawful to do so.

TA Securities, our Company and our Board and officers would not, in connection with the Rights Issue of Shares with Warrants, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounees (if applicable) are or may be subject to. He shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company and our Board and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renounees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or TA Securities and/or other professional advisers in respect of their rights and entitlements under the Rights Issue of Shares with Warrants. Such foreign Entitled Shareholders and/or their renounees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of Shares with Warrants.

By signing any of the forms accompanying this AP, the NPA and the RSF, the foreign Entitled Shareholders and/or their renounees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Company and our Board and officers that:

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Shares with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounees (if applicable) is or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional Rights Shares with Warrants;
- (iii) the foreign Entitled Shareholders and/or their renounees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounees (if applicable) are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounees (if applicable) have received a copy of this AP and have been provided the opportunity to pose such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renounees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renounees (if applicable) decision to subscribe for or purchase the Rights Shares with Warrants. However, any information relevant to an investment shall be contained in this AP; and
- (vi) the foreign Entitled Shareholders and/or their renounees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this AP, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/or their renounees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

#### 4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.20 per Rights Share, the gross proceeds will be utilised in the following manner based on the scenarios as illustrated below:

		<b>Minimum Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>	<b>Expected time frame for utilisation of proceeds (from the date of listing of the Rights Shares)</b>
Phone bundling expenses	(1)	2,980	24,000	Within 24 months
Working capital	(2)	3,340	34,400	Within 24 months
Capital expenditure	(3)	-	12,000	Within 24 months
Defray estimated expenses in relation to the Corporate Exercise	(4)	800	800	Within 1 month
<b>Total estimated proceeds</b>		<b>7,120</b>	<b>71,200</b>	

Notes:

- (1) Our Group's mobile network service subscribers consist of a mix between prepaid and post paid subscribers. As at FYE 30 June 2015, our Group has a wider base of prepaid subscribers (comprising approximately 656,690 subscribers or approximately 99.89%) as compared to postpaid subscribers (comprising approximately 690 subscribers or approximately 0.11%), and the revenue contribution from our Group's prepaid subscribers was not regular due to pre-paid subscribers' behaviour of having lower retention period. As such, this resulted in a lack of recurring revenue from our mobile network service subscriptions. Therefore, in line with our Group's strategy to expand our postpaid subscriber base, our Group has launched the "Postpaid" plan on 16 November 2015 to attract higher ARPU subscribers. The Group is also making great strides in gaining more postpaid subscribers through our product offerings (for example, the Postpaid plan gives the opportunities to subscribers to earn additional income) and improvements in our services to better respond to subscribers' needs (such as bundled packages involve different combination of services – voice call, SMS, data). As at 31 December 2015, we have a total of approximately 850,000 subscribers (comprising of postpaid and prepaid subscribers, collectively).

Our Group intends to utilize part of the proceeds from the Rights Issue of Shares with Warrants to provide phone bundling services to our mobile network subscribers in order to enhance our postpaid subscriber base. Phone bundling refers to service subscription package whereby a mobile phone will be packaged together with the XOX mobile network subscription for a fixed period of between 6 to 24 months. The phone bundling services will be able to provide better avenues to our Group to market our mobile network services, as the subscribers would be able to subscribe the mobile network together with a readily available mobile phone for free or at a reduced price compared to solely purchasing the mobile phones from retail shops. Our Group is able to recoup the cost of the mobile phones from the postpaid subscribers from other services such as voice calls, SMS, MMS and data from the subscribers. In addition, with the introduction of the phone bundling services, it is envisaged that it shall increase the attractiveness and marketability of our Group's mobile subscription services and at the same time provide our Group with additional avenues to compete with other mobile network providers who has provided similar services.

Our Group expects to launch the phone bundling services within three (3) months from the date of receipt of the proceeds from the Rights Issue of Shares with Warrants in order to secure more recurring income. As an initial introduction of our phone bundling services to our mobile network subscribers, we intend to purchase up to approximately 1,200 units that cost approximately RM2.98 million from phone manufacturers or local suppliers (under the Minimum Scenario). Subsequent to the initial introduction of the phone bundling services and with additional available funds, our Group intends to carry through the momentum of the phone bundling services by purchasing up to 8,800 units of mobile phones from local suppliers or

mobile phone manufacturers that cost approximately RM24.0 million (under the Maximum Scenario). These mobile phones shall be rolled out over the period of 21 months after the first three (3) months and to be introduced in phases to further boost the postpaid subscriber base.

- (2) Our Group intends to earmark part of the proceeds from the Rights Issue of Shares with Warrants for working capital comprising mainly of expenses for branding, marketing and promotional activities such as public relation activities and advertisements on various media platform such as radio, newspaper, public transport, billboard, cinema, online and roadshows for existing mobile subscription services over the next twenty four (24) months.

In addition, part of the proceeds will also be used to increase the marketing campaigns for our Group's existing product and services, among others, the following:

- (a) Penang #1758, which is a subscription service only available in Penang that offers a lower rate of 9 sen per minute for calls and 10 sen per SMS in Malaysia to all networks;
- (b) Voopee, which is a SIM-free mobile services available nationwide, that uses local number for voice calls and messaging at affordable rates; and
- (c) Season Pass, which is a prepaid voice and data package available nationwide, whereby subscriber has the flexibility to share their remaining talk time and data with another Season Pass holder,

via advertisements in newspapers, public transport, billboards and etc over the next twenty four (24) months. The breakdown of the branding, marketing and promotional activities are as follows:

<b>Activities</b>	<b>Minimum Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>	<b>%</b>
Branding	1,169	12,040	35.0
General marketing and promotional activities	1,503	15,480	45.0
Marketing campaigns	668	6,880	20.0
	<b>3,340</b>	<b>34,400</b>	<b>100.0</b>

Our Group views that marketing activities is essential to grow sales and enhance the brand image of our Group's products and services. As we are still relatively a new player in the mobile telecommunication services industry, we do not have a strong and recognizable brand. Therefore, our Board is of the opinion that in order to create and maintain a strong branding which distinguishes us from the established mobile network providers in the market, our Group needs to undertake more advertising and also marketing efforts. Refer to Section 7.3 of this AP for further details of our Group's marketing plans and prospects.

- (3) Subscribers are turning towards their smart phones and mobile internet to meet their daily communications needs driven by new application such as social networking, video streaming and online chat. Hence, the local established telecommunication companies have invested heavily in network infrastructures for the past two years to keep pace with competition.

Due to the increased in our number of subscribers from approximately 320,000 as at 31 December 2014 to approximately 850,000 as at 31 December 2015 and the increase in the amount of mobile traffic, there is a need for our Group to invest in our systems to cater for the increased subscribers' data base and data capacity to meet the rising demand.

In view that most of our Group's business are from prepaid customers as stated in note (1) above, hence, as part of the risk and mitigation plan, investment in MPP which comprises of Intelligent Network, Billing System and SMS centre stability and scalability are necessary as MPP is an integral part to XOX business which enables subscribers to utilize the mobile services offered (voice, SMS and data) effectively. Thus, it is critical that the systems to be upgraded to handle more load and capacity effectively.

In view of the above, our Group intends to utilize up to approximately RM12.0 million (under the Maximum Scenario) within 24 months, for investment in the capital expenditure to enhance our systems and cater for more loads resulting from expected increase the Group's subscriber base. Further with enhancements of our systems, this will place our Group in a competitive position and able to meet customers' demands.

- (4) The expenses relating to the Corporate Exercises comprise, amongst others, the estimated professional fees, fees payable to the relevant authorities, expenses to convene the EGM, printing, despatch and advertisement expenses and other ancillary expenses. If the actual expenses incurred are higher than the budgeted, the deficit will be funded from the portion allocated for our Group's working capital. Conversely, any surplus of funds following payment of expenses will be utilised as working capital for our Group.

The actual proceeds to be raised from the Rights Issue of Shares with Warrants is dependent on the subscription level of the Rights Issue of Shares with Warrants. Any variation in the actual proceeds raised will be adjusted to/from the working capital of our Group.

Pending utilisation of the proceeds from the Rights Issue of Shares with Warrants for the abovementioned purposes, the proceeds will be placed with financial institution or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with financial institution or any gain arising from short-term money market instruments will be used as the additional working capital of our Group.

The exact quantum of gross proceeds to be raised from the exercise of the Warrants is dependent on the total number of Warrants exercised during the tenure of Warrants as well as the exercise price which will be determined at a later date. The proceeds to be raised from the exercise of Warrants shall be utilised for working capital of the XOX Group of which the exact timeframe and the breakdown for utilization are not determinable at this juncture.

## 5. RATIONALE FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

Taking cognizance of the current financial position of our Group, the details of which is set out in Section 6 of **Appendix II** of this AP, as well as after due consideration of the various methods to raise funds for purposes as stated in Section 4 of this AP, our Board is of the opinion that the Rights Issue of Shares with Warrants is currently an appropriate avenue to raise funds, after taking into consideration the following:

- (i) it will enable our Company to raise immediate funds without incurring interest costs as compared to other means of financing, such as bank borrowings or the issuance of debt instruments. This will allow our Company to preserve cash flow for re-investment and/or operational purpose;
- (ii) it reduces the gearing position due a larger capital base and enhances the cash flow of our Group. With an improved gearing ratio, our Group would have the flexibility to further expand its operations by raising financing and/or acquisition of companies or businesses as and when attractive opportunities arise. A healthier cash flow will enable our Group to continue to fund its existing business;
- (iii) it involves the issuance of new XOX Shares without diluting the existing shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements;
- (iv) it provides an opportunity for the existing shareholders to increase their equity participation in our Company from the subscription of the Rights Shares and the exercise of the Warrants. The Undertaking allows Datuk Chai Woon Chet to extend his support for the Rights Issue of Shares with Warrants to facilitate our Company to raise the minimum funds required;
- (v) Warrants are intended to provide an incentive to the shareholders of XOX to subscribe for their entitlements; and

- (vi) Warrants will enable our Company to raise further proceeds from the equity market for working capital purposes as and when the Warrants are exercised.

The Rights Issue of Shares with Warrants is undertaken on the Minimum Subscription Level basis as the funds to be raised will be sufficient for our Group's funding requirements based on the present cash flow position and level of operations of our Group. In the event the actual level of subscription for the Rights Issue of Shares with Warrants is higher than the Minimum Subscription Level, our Group will be able to undertake such plans per the utilisations as stated in Section 4 of this AP so as to enable the Group to generate returns in the longer run.

## 6. RISK FACTORS

### 6.1 Risks relating to the our business and industry

#### (i) Dependence on Celcom's core network infrastructure

As a MVNO, we do not own or operate our own physical network. Our Group provides mobile telecommunications services over network infrastructure that relies entirely on Celcom's core network infrastructure. Our Group does not have control over the service provision and is completely dependent on coverage, quality, reliability, service upgrades and network capacity supplied by our host network provider. Therefore, the provision of our services may be adversely affected by:

- (a) damage or interruptions to Celcom's digital network;
- (b) system and network management, modification or maintenance by Celcom;  
or
- (c) failure or obsolescence of Celcom's network infrastructure and/or related systems

Notwithstanding the above, our host network provider will provide prior notice to our Group of any service interruption. To date, our Group has not experienced any material disruptions. There is also a service level agreement within the MVNO services agreement which provides assurance that service quality to our Group's subscribers will be the same as that provided by Celcom to its own subscribers.

Celcom, in entering into the MVNO services agreement, intended for our Group to assist in capturing its loss markets and we are bound by the MVNO services agreement not to directly compete with Celcom for its existing subscribers. However, subscribers' preference is beyond our control and some existing Celcom subscribers may inadvertently prefer our services over Celcom's. Hence it is not only important that we adhere to the terms and conditions of the MVNO services agreement to avoid legal, operational and/or financial repercussions but imperative for us to work closely with Celcom to forge and maintain a sound relationship in light of a strategic long term partnership.

#### (ii) Dependence on our network of traditional dealers and distributors for sales of our products and services

Our mobile services are principally sold through a network of traditional dealers and distributors. Any dispute with them may disrupt sales and have an adverse effect on our Group's operational and financial results. As at the LPD, our Group has 19 area sales distributors. However our Group is not dependent on these area sales distributors as our products are in demand owing to our recognizable "XOX" brand name and the appointment of area sales distributors are the sole prerogative of XOX. As at the LPD, our Group does not have any dispute with our traditional dealers and distributors.

**(iii) Dependence on Directors and key personnel**

The technology industry is a growing and fast changing sector and the management and operation of the business requires the employment of highly skilled knowledge workers, whether in technology or non-technology related fields. The Directors of our Group recognise and believe that the Group's continuing success depends to a significant extent on the abilities and continuing efforts of its existing Managing and Executive Directors and key personnel and the ability of the Group to attract new personnel and retain its existing skilled personnel. The labour market for skilled personnel in this field is highly competitive.

The Group seeks to mitigate this risk by offering its employees competitive salary / remuneration, benefit packages and also to offer internships to undergraduates pursuing tertiary education in the telecommunications field for possible future employment with our Group.

If one or more of these personnel are unable or unwilling to continue in their present positions, or if they join a competitor or form a competing company, our Group may not be able to replace them easily. Our Group's business may be significantly disrupted and its financial condition and results of operations may be materially and adversely affected.

**(iv) Unable to adequately protect our intellectual property or may face intellectual property claims that may be costly to resolve or may limit our ability to use our intellectual property in the future**

The popularity of our Group's products and services is dependent on the goodwill associated with the XOX's brand names and logos. In the case of trademarks applied and/or registered with the Intellectual Property Corporation of Malaysia, our Group has a perpetual, royalty-free licence to use such trademarks in Malaysia.

Our Group relies on a combination of trademarks and domain name registrations, common law copyright protection and contractual restrictions to establish and protect our intellectual property. Any third party may challenge our Group's intellectual property. Our Group may incur substantial costs in defending any claims relating to its intellectual property rights. As at LPD, our Group is not aware of any claims on our Group's intellectual property.

**(v) Breach of customer data protection could materially affect our Group's reputation and business and subject our Group to liability**

Our Group has a large database on our subscribers' information stored in various business systems and used in many business processes. Our Group is required under our licences to take all reasonable steps to ensure that parties who have access to our subscribers' information in the ordinary course of business do not disclose such information without the prior consent of the subscriber. Under the Personal Data Protection Act, any service provider that collects consumer information has a responsibility to adopt and implement a policy that protects the privacy of identifiable information, and should take steps that foster the adoption and implementation of an effective policy on the protection of consumer information by the service providers which they interact, for example, by sharing best practices with business partners. A breach in the General Consumer Code of Practice for the Communication and Multimedia Industry Malaysia could expose our Group and our officers to violations under the Personal Data Protection Act 2012 (which carries a fine not exceeding RM100,000, imprisonment not exceeding one (1) year or both), possible liability suits from subscribers, damage to reputation and business loss. As at LPD, our Group is not aware of any violations under the Personal Data Protection Act 2012 by our Group.

**(vi) Competition risk**

The telecommunication industry environment is competitive. As many of our Group's competitors are larger players in the telecommunication industry, they may have greater resources to keep abreast of technological changes, financial and marketing resources as well as wider access to capital. In view of the competitive market environment and conditions, the ability to maintain or increase our competitiveness in the future is not guaranteed.

There is no assurance that our Group will be able to maintain or increase our competitiveness in the future amongst competition from existing players and/or potential new entrants to the industry.

**(vii) Mobile telecommunications industry is subject to rapid technological changes**

The mobile telecommunications industry is subject to rapid, ongoing technological changes and has experienced significant changes in recent years which we expect to continue.

Emerging and future technological changes may adversely affect the viability or competitiveness of our Group. Our Group continuously evaluates and analyses new and/or suitable technologies to be adopted or assimilated into our business as we strive to keep abreast with the ever changing market trends and demand, increase competitiveness and avoid technological obsolescence.

However, as an MVNO, we rely on our host network provider's telecommunications network infrastructure, i.e. Celcom Digital Network. This relieves us from investing in heavy capital expenditures, maintenance and upgrading of network infrastructure due to technological changes.

**(viii) Our Group's business is subject to extensive regulation**

The provision of telecommunications services in Malaysia are subject to extensive regulation and supervision by the MCMC under the ambit of the Ministry of Communications and Multimedia Malaysia. We are further governed by the Malaysian Communications and Multimedia Act, 1998 ("CMA") pursuant to which our Group's NSP-I was granted. While we believe that our NSP-I licence and approvals are in good standing and expect to be able to continue to fulfill our Group's licence and approval terms to the satisfaction of the MCMC, there is no assurance that renewals will be on the same terms as the existing licences.

Any inability to obtain new licences, or delay in the renewal of existing licences, could impede our Group's provision of services and could therefore have a material adverse effect on our Group's business and results of operations.

Changes in laws, regulations or MCMC policy affecting our Group's business activities and those of its competitors could adversely affect our Group's financial condition or results of operations. In particular, decisions by the MCMC in the areas of the grant, amendment or renewal of licences to our Group or third parties, if unfavourable to our Group, could adversely affect our Group's financial condition and results of operations. There can be no assurance that the Minister will not issue new or additional telecommunications licences to new or existing mobile operators whose services will compete with those offered by our Group.



**(ix) Our Group may be liable for our distributors' actions**

As our Group's distributors are third parties, we have no control over their operations but we may be held accountable for their actions as they are deemed to be agents or representatives of our Group.

Currently, liability for agent actions is limited to prepaid registration which is governed by MCMC's Guidelines on Registration of End-Users of Prepaid Public Cellular Services (No.1 and No.2) and the Guidelines on Prepaid Registration (collectively known as, "**Prepaid Guidelines**"). There is no guarantee that liabilities for agent actions will not be extended to other areas since the Minister has the power to impose additional conditions. As at LPD, our Group is not aware of any actions committed by our Group's distributors which our Group may be held accountable.

**(x) Economic, political and regulatory risks**

Our financial and business prospects may be adversely affected by unfavourable political, economic and regulatory developments. These factors include, but are not limited to, global economic slowdown, changes in level of inflation, interest rates, fluctuation of foreign exchange rates, unfavourable changes in government policy such as changes in government's fiscal, monetary and regulatory policies, taxation as well as changes in political leadership.

Whilst our Group strive to continue to take effective measures such as prudent financial management and efficient operating procedures and continue seeking new markets, there is no assurance that any change to these factors will not materially and adversely affect our Group's financial position or business in the future.

**6.2 Risks relating to the Rights Issue of Shares with Warrants**

**(i) Investment risk**

The market price of the Rights Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of XOX Shares, the outlook for the telecommunication industry, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In view of this, there can be no assurance that the Rights Shares will trade above the Issue Price for the Rights Shares or TERP upon or subsequent to the listing of and quotation for the Rights Shares on the ACE Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of XOX Shares, and the remaining exercise period of the Warrants and the volatility of XOX Shares. There can be no assurance that the Warrants will be "in-the-money" during their exercise period. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

**(ii) Delay in or abortion of the Rights Issue of Shares with Warrants**

The Rights Issue of Shares with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of force majeure events or circumstances which are beyond the control of our Company arising prior to the implementation of the Rights Issue of Shares with Warrants. Such events or circumstances include inter-alia, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn and changes in political leadership.

In this respect, all proceeds arising from the Rights Issue of Shares with Warrants will be refunded without interest to the Entitled Shareholders and/or their renounees (if applicable) in the event the Rights Issue of Shares with Warrants is aborted and if such monies are not repaid within fourteen (14) days after it becomes liable, we will repay such monies with interest at the rate of ten percent (10%) per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA. Notwithstanding the above, our Company will exercise its best endeavor to ensure the successful implementation of the Rights Issue of Shares with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of Shares with Warrants.

In the event that the Rights Issue of Shares with Warrants have been allotted to the successful Entitled Shareholders and / or their renounee(s) (if applicable) and the Rights Shares is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the Court. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

**(iii) Capital market risks**

The performance of the local stock market is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. These factors invariably contribute to the volatility and the liquidity of Bursa Securities, thus adding risk to the market price of the Rights Shares and Warrants.

**(iv) Forward-looking statements**

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements contained in this AP are based on forecasts and assumptions made by our Company, unless stated otherwise.

Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, among others, the risk factors as set out in this section. In view of the above, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

## 7. INDUSTRY OUTLOOK AND PROSPECTS OF OUR GROUP

### 7.1 Prospects and outlook of the Malaysian economy

The Malaysian economy expanded by 4.7% during the third quarter of 2015 (Q1 2015: 4.9%). Growth was supported by both domestic and export-oriented activities, despite a challenging external environment.

On the supply side, all sectors posted positive growth. The services sector remained the key driver of growth, expanding by 4.4% (Q2 2015: 5%) supported mainly by wholesale and retail trade, information and communication as well as business services activities.

The Malaysian economy is expected to remain on its growth trajectory in the fourth quarter of 2015, underpinned by strong macroeconomic fundamentals, pro-growth fiscal and accommodative monetary policies. This is reflected in the Leading Index, which grew by an average of 0.95% from January to August 2015. Amid the uncertainties in the external environment, domestic demand will continue to be the main engine of growth supported by private sector activity. The economy continues to operate under conditions of full employment and inflation is expected to remain manageable.

*(Source: Quarterly Update on the Malaysian Economy – 3<sup>rd</sup> Quarter 2015, Ministry of Finance Malaysia)*

Private sector expenditure continued to be the key driver of growth (4.4%; Q2 2015: 5.7%), and contributed towards the expansion in domestic demand.

While downside risks to growth remain, the Malaysian economy is expected to expand within the region of 4.5 – 5.5% in 2015 and 4 – 5% in 2016. As a result of structural adjustments that have been steadily undertaken over the years, the economy is now supported by diversified sources of growth. With the external sector performance expected to be modest, domestic demand will continue to be the main driver of growth, supported mainly by the private sector activity.

*(Source: Economic and Financial Development in Malaysia in the Third Quarter of 2015, BNM)*

Based on the above, we are of the view that the outlook of the Malaysian economy is expected to be positive for the next twelve (12) months, albeit the fact that growth may be moderated due to external factors.

### 7.2 Overview and outlook of the telecommunication industry in Malaysia

In the information and communication sub-sector, growth remained robust (9.5%; Q2 2015: 9.3%), underpinned by continued strong demand for data communication services.

*(Source: Economic and Financial Development in Malaysia in the Third Quarter of 2015, BNM)*

During the first half of 2015, growth in the information and communication subsector remained robust at 9.5% (January – June 2014: 9.8%) led by strong demand for mobile internet, especially data and computer services. Growth was also supported by higher demand for GST software and sustained demand for communication services. As at end-June 2015, cellular phone subscriptions grew marginally by 0.7% to 44.2 million to reach a penetration rate of 144.8% (end-June 2014: 3%; 43.9 million; 145.8%), with the prepaid segment dominating 81% of total subscriptions. The marginal growth was due to a marked shift in consumer preference to Over-the-Top (OTT) communication channels and social media. As a result, there was a sharp decline in voice and SMS usage.

The information and communication subsector is expected to increase by 9.6% (2015: 9.7%) on sustained demand for cellular and broadband services, on account of more affordable rates and promotions by industry players.

Growth of the broadband segment is expected to remain buoyant supported by the Government's various measures to strengthen and upgrade the quality of broadband services across the country. These include the National Broadband Initiative (NBI) that addresses the provision of infrastructure and facilities through the implementation of High-Speed Broadband (HSBB) and Broadband to General Population (BBGP). The Government through the public-private partnership (PPP) initiative with Telekom Malaysia (TM) has implemented HSBB projects in the inner Klang Valley, Iskandar Malaysia and selected industrial areas.

*(Source: Economic Report 2015/2016, Ministry of Finance Malaysia)*

As at the end 2014, the prepaid market comprises 81.7% or 36.8 million subscriptions, while postpaid was at 18.2% or 8.2 million subscriptions. Intense competition and expiration of prepaid plans were among reasons for lower growth in the prepaid segment. For the postpaid segment, service providers have been offering affordable and appealing packages, which includes subsidised smartphones and other devices together with a variety of contract plans.

The number of MVNOs are growing steadily in Malaysia especially with mobile technological advances, higher bandwidth and more applications that spur the demand for wireless usage. MVNOs remain most prevalent in mature markets where penetration has surpassed 100%. The MVNO development in Malaysia appears to follow this trend.

The development of 3G since 2006 also supported the growth of MVNO to date. The 3G service caters for MVNOs by enabling them to offer low-cost pricing for voice and SMS. In the current scenario of high data demand, some MVNOs are now offering data packages. It is expected that more MVNOs will provide data packages, particularly in light of 4G LTE deployment.

With total number of 13 million mobile subscriptions or 28.9% of the market share, Celcom took the lead. This is followed by Maxis with 12.5 million subscriptions or 27.8% and DiGi posted 11.4 million subscriptions (25.5%). Meanwhile, U Mobile posted 4.4 million subscriptions (9.7%). The MVNO captured the balance 8.2% market share, with 3.7 million subscriptions.

*(Source: Industry Performance Report 2014, MCMC)*

Out of all the initiatives under Universal Service Provision (USP), the well-known namely are 1Malaysia Internet Centre (PIIM), 1Malaysia Wireless Village (KTWIM) and Telecommunications Tower (Time 3), have been included as a Key Performance Indicator (KPI) under the Communications, Content and Infrastructure (CCI) sector under the country's Economic Transformation Programme (ETP).

Time 3 project is an initiative to expand the geographical cellular coverage across the country. It involves the construction of new telecommunication towers since 2010. A total of 1,000 telecommunication towers have been planned in rural and remote areas with a population density of 80 persons per square kilometer. Until end of 2014, a total of 949 towers have been built and are fully operational, providing 2G mobile services across the country. Of the total, 250 new towers were completed in 2014. Constructions of the towers are on-going and when completed, Time 3 is expected to improve the national cellular population coverage to 97%.

*(Source: Annual Report 2014, Universal Service Provision, MCMC)*

Based on the above, we are of the view that the outlook and prospects of the telecommunication industry in Malaysia appear to be favourable underpinned by the growth in mobile phones and data subscriptions and the various initiatives under the ETP as mentioned above which aims to strengthen the prospects of the telecommunication industry.

### 7.3 Prospects and future plans of our Group

We are a MVNO (which is essentially a mobile telecommunication services provider) that provides mobile phone services without our own mobile and digital network infrastructure. Presently, Celcom is the major supplier of our Group for the usage of Celcom's mobile and digital network infrastructure. Our Group's focus on niche markets (i.e. subscribers targeted based on specific set of criteria such as location, race, cultural, age, geographical and demographic) as compared to Tier 1 Operators (i.e. mobile telecommunication services providers with mobile and digital network with infrastructure) which targets at mass market. Tier 1 Operators build mobile and digital network infrastructures nationwide, thus it is critical for Tier 1 Operators to target mass market consumers in order to guarantee their return on their investments.

XOX on the other hand utilises the existing mobile and digital network infrastructure of Celcom and thus does not incur high investment cost. This has enabled XOX to focus and target niche markets for market penetration and returns. As a MVNO, XOX will be able to generate returns with managed spending (mainly on marketing), albeit at a lower margin earned as compared to Tier 1 Operators.

The telecommunication industry is undergoing a major revolution driven by changes of user requirements together with revenue drivers and new technologies. With this, the Group expects to face challenges from stiffer competition among industry players, product offerings, pricing and regulatory changes. All these will have a direct impact on our business. It is on this cautious note that the Group will strive harder to achieve better performance through our marketing activities, subscriber retention, quality subscriber acquisition and introducing innovative products and services (further details as stated below), to be in line with current consumer trends in order to stay ahead of the competition.

Our Group remains committed in maintaining its focus on introducing innovative products (e.g. Season pass and Voopee) and services (e.g. phone bundling and SIM-free mobile service) to expand our Group's subscriber base in accordance with the fast changing trends in the mobile telecommunications industry. In view of the changing consumer preferences in using more data services, we have realigned and planned our Group's focus to ensure that it is in line with current consumer trends. Our Group's plans include additional promotion and enhancements on data plans, subscribers' growth from our Group's SIM-free mobile application brand namely Voopee, online promotion and activities to promote focused advertising (radio and cinemas advertisements) and branding messages through main stream medias to target customers. Our Group's financial performance is dependent on the growth of its subscriber base and the ARPU from the sales of recharge vouchers per subscriber as well as the outlook of the communication industry. Given the favourable outlook of the communication industry in Malaysia underpinned by the growth in mobile phones and data subscriptions, our Group expects to continue to gain more subscribers through various products and initiatives launched and plans to be launched.

Our Group's mobile network service subscribers consist of a mix between prepaid and postpaid subscribers. As at FYE 30 June 2015, our Group has a wider base of prepaid subscribers (approximately 99.89%) as compared to postpaid subscribers (approximately 0.11%), and the revenue contribution from our Group's prepaid subscribers was not regular. As such, this resulted in lack of recurring revenue unlike the revenue from postpaid subscribers which is more secured with a minimum monthly commitment.

As the current market becomes more mature, moving forward our Group intends to switch our strategic focus to attract higher ARPU subscribers i.e., postpaid subscribers via provisions of phone bundling services with contractual commitment and revenue recurrence, and more attractive and affordable postpaid bundled packages involve different combinations of services (voice call, SMS, mobile internet) as stated in Section 4 of this AP. Please refer to Section 6 of **Appendix II** of this AP for further information of our Group's historical financial performance.

Driven by the more affordable smartphones and mobile internet packages that are available in the market, along with better network coverage and connection speed, and the growing prevalence of mobile applications, subscribers are become more internet and social media-savvy, besides spending on mass media advertising, our Group will intensify our marketing activities by leveraging on social media sites, such as Facebook, Twitter and YouTube for promoting, raising awareness of products offered as well as managing our brand name.

In addition to the above, our Group has also identified various revenue streams as well as developed sales and marketing plans for 2016 which are intended to enhance its products and services brand image and marketability. The main revenue streams and the strategies involved are as follows:

Target revenue stream	Strategies
Traditional sales channel (distributors and dealers i.e. phone shops)	<ul style="list-style-type: none"> <li>• Performance based rewards. To optimise incentive schemes to encourage acquisition of new subscribers and subscriber retention;</li> <li>• Build/enhance supportive network of dealers and potential dealers;</li> <li>• Continuous programs such as roadshows, and organizing contests to maintain or increase public interest;</li> <li>• Special campaigns in Penang for its existing product which is exclusive for Penang state only, with brand presence at strategic location; and</li> <li>• Shop front advertising such as setting up signage and banners in front of their outlets.</li> </ul>
Member-get-member acquisition	<ul style="list-style-type: none"> <li>• Nationwide opportunity presentations to entice subscriptions;</li> <li>• Develop online registration capabilities;</li> <li>• Develop success stories to inspire dealers to acquire other members; and</li> <li>• Incentive targets and structure to reward performance.</li> </ul>
Direct activation teams	<ul style="list-style-type: none"> <li>• Roadshows and activities at strategic locations in Klang Valley, Perak, Penang, Kuching and other locations deemed suitable;</li> <li>• Trucks with XOX's logo and slogan to visit the said locations; and</li> <li>• Establishing or setting up booths with lively events at the said locations.</li> </ul>
Online portal and campaign	<ul style="list-style-type: none"> <li>• Create online promotions via social media such as Facebook, Twitter, Youtube, and any mobile application based advertisements;</li> <li>• Establish loyalty programs;</li> <li>• Subscriber self-care support online whereby subscribers able to check their subscription details, transactions and made payments;</li> </ul>

Target revenue stream	Strategies
	<ul style="list-style-type: none"> <li>• Special discounts, promotions and packages which are only available online; and</li> <li>• Continuous programs such as contests, special bonuses etc., to generate and increase interest.</li> </ul>
Special projects with partners	<ul style="list-style-type: none"> <li>• Work closely with partners to promote XOX to groups such as government departments or government linked corporations;</li> <li>• Commission scheme to dealers in the aforementioned group; and</li> <li>• Perform roadshows at selected locations to best serve the aforementioned groups.</li> </ul>
Machine-to-machine	<ul style="list-style-type: none"> <li>• Target logistic or transportation companies for GPS tracking of their vehicles; and</li> <li>• Security systems for premises</li> </ul>

With the increased competitive pressure, industry players will compete in terms of pricing, marketing and advertising and the proceeds from the Right Issue of Shares with Warrants will place the Group in better position due to:

- (1) Enhanced negotiating power with smartphone manufacturers to offer attractive phone bundling packages;
- (2) Intensify marketing activities by promoting and raising awareness of our innovative products as well as managing the brand name; and
- (3) Upscaling the system and data infrastructure to improve quality and capacity.

In addition to the above, in order to cater for the future increased subscribers' data base and data capacity, our Group plans to invest in our mobile network systems. The stability and scalability of systems are related aspects whereby as business grows, systems load become higher thus systems must be able to scale in order to achieve higher load tolerance level. Stability of a system will be affected when the system load is compromised.

Multiple site set up is part of a good system architecture deployment as it mitigates the risk of system breakdown and enable the technical team to plan the systems capacity effectively. Due to the expected increased numbers of subscribers, it is necessary for setting up second mobile platform for load sharing and redundancy of service availability. Second mobile platform is the replication of the current MPP and business support system setup, developed and deployed on a different geographic location. The second site is designed to be an active site to take part of the load from the primary site as well as to cater for the increasing data usage.

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## 8. EFFECTS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

### 8.1 Issued and paid-up share capital

Until such time when the SIS Options are exercised in to XOX Shares, the SIS will not have an immediate effect on the issued and paid-up share capital of our Company. The issued and paid-up share capital of our Company will increase progressively depending on the quantum of SIS Options granted and exercised and the number of new XOX Shares issued pursuant thereto.

The pro forma effects of the Rights Issue of Shares with Warrants on the issued and paid-up share capital of our Group are as follows:

#### Minimum Scenario

	Par value (RM)	No. of XOX Shares (‘000)	RM (‘000)
Issued and paid-up share capital as at the LPD	0.10	356,000	35,600
To be issued pursuant to the Rights Issue of Shares with Warrants	0.10	35,600	3,560
		391,600	39,160
Shares to be issued pursuant to the exercise of the Warrants	0.10	-	-
	0.10	391,600	39,160
Shares to be issued pursuant to full exercise of SIS Options	0.10	117,480	11,748
Enlarged issued and paid-up share capital	0.10	509,080	50,908

#### Maximum Scenario

	Par value (RM)	No. of XOX Shares (‘000)	RM (‘000)
Issued and paid-up share capital as at the LPD	0.10	356,000	35,600
To be issued pursuant to the Rights Issue of Shares with Warrants	0.10	356,000	35,600
		712,000	71,200
Shares to be issued pursuant to the exercise of the Warrants	0.10	356,000	35,600
	0.10	1,068,000	106,800
Shares to be issued pursuant to full exercise of SIS Options	0.10	320,400	32,040
Enlarged issued and paid-up share capital	0.10	1,388,400	138,840

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## 8.2 NA and gearing

The pro forma effects of the Rights Issue of Shares with Warrants and SIS on the NA and gearing of our Group based on the audited consolidated financial statements of our Company as at 30 June 2015 are as follows:

### Minimum Scenario

	(Audited)	Subsequent events up to LPD <sup>^</sup>	(I)	(II)
Group	As at 30 June 2015 (RM'000)	(RM'000)	After Rights Issue of Shares with Warrants* (RM'000)	After (I) and the full exercise of the SIS Options pursuant to the SIS (RM'000)
Share capital	33,200	35,600	39,160	50,908
Share premium	32,730	-	3,560	6,497 <sup>(3)</sup>
Capital reserve	2,200	2,200	2,200	2,200
Other reserve	-	-	(1,043) <sup>(1)</sup>	(1,043) <sup>(1)</sup>
Warrant reserve	-	-	1,043 <sup>(1)</sup>	1,043 <sup>(1)</sup>
Accumulated losses	(49,308)	22	(778) <sup>(2)</sup>	(3,715) <sup>(2)</sup>
Non-controlling interests	18,822	37,822	44,142	55,890
NA	148	148	148	148
	18,970	37,970	44,290	56,038
No. of Shares in issue ('000)	332,000	356,000	391,600	509,080
NA per Share (RM)	0.06	0.11	0.11	0.11
NTA per Share (RM)	612	612	612	612
Total borrowings (RM'000)	0.03	0.02	0.01	0.01
Gearing (time)				

Notes:

- \* Under the Minimum Scenario, only Datuk Chai Woon Chet fully subscribe for the Rights Issue of Shares with Warrants pursuant to his Undertaking and assuming he does not exercise his Warrants entitlement.
- <sup>^</sup> Pursuant to the Capital Reduction which was completed on 18 November 2015 and the Restricted Issue which was completed on 23 November 2015.
- (1) Arises from the issuance of the Warrants pursuant to the Rights Issue of Shares with Warrants. For illustration purposes, the Warrants are assumed to have a fair value of RM0.0293 each based on the Trinomial Option Pricing Model. The warrants reserve will be transferred to the other reserves account upon the exercise of the Warrants.
- (2) After deducting estimated expenses of RM800,000 for the Corporate Exercises.
- (3) For illustration purposes, assuming the issue price of the SIS Options is RM0.10 each.

**Maximum Scenario**

	(Audited) As at 30 June 2015 (RM'000)	Subsequent events up to LPD <sup>^</sup> (RM'000)	(I) After Rights Issue of Shares with Warrants (RM'000)	(II) After (I) and the full exercise of Warrants (RM'000)	(III) After (II) and the full exercise of the SIS Options pursuant to the SIS (RM'000)
<b>Group</b>					
Share capital	33,200	35,600	71,200	106,800 <sup>(3)</sup>	138,840 <sup>(4)</sup>
Share premium	32,730	-	35,600	71,200 <sup>(3)</sup>	79,210 <sup>(3)</sup>
Capital reserve	2,200	2,200	2,200	2,200	2,200
Other reserve	-	-	(10,431) <sup>(1)</sup>	- <sup>(1)</sup>	- <sup>(1)</sup>
Warrant reserve	-	-	10,431 <sup>(1)</sup>	- <sup>(1)</sup>	- <sup>(1)</sup>
Accumulated losses	(49,308)	22	(778) <sup>(2)</sup>	(778) <sup>(2)</sup>	(8,788) <sup>(2)</sup>
	18,822	37,822	108,222	179,422	211,462
Non-controlling interests	148	148	148	148	148
NA	18,970	37,970	108,370	179,570	211,610
No. of Shares in issue ('000)	332,000	356,000	712,000	1,068,000	1,388,400
NA per Share (RM)	0.06	0.11	0.15	0.17	0.15
Total borrowings (RM'000)	612	612	612	612	612
Gearing (time)	0.03	0.02	0.01	*	*

Notes:

\* Negligible.

<sup>^</sup> Pursuant to the Capital Reduction which was completed on 18 November 2015 and the Restricted Issue which was completed on 23 November 2015.

- (1) Arises from the issuance of the Warrants pursuant to the Rights Issue of Shares with Warrants. For illustration purposes, the Warrants are assumed to have a fair value of RM0.0293 each based on the Trinomial Option Pricing Model. The warrants reserve will be transferred to the other reserves account upon the exercise of the Warrants.
- (2) After deducting estimated expenses of RM800,000 for the Corporate Exercises.
- (3) Based on the exercise price of the Warrants of RM0.20 each.
- (4) For illustration purposes, assuming the issue price of the SIS Options is RM0.10 each.

### **8.3 Earnings and EPS**

This is not expected to have any material and immediate effect on the earnings of the XOX Group for the financial year ending 30 June 2016, save for the possible impact of the MFRS-2. Any potential effect on the future EPS of the XOX Group would depend on the impact of MFRS-2, the number of new XOX Shares to be issued pursuant to the exercise of the SIS Options as well as the exercise price of the SIS Options.

Under MFRS-2, the potential cost arising from the issuance of the SIS Options, which is measured by the fair value of the SIS Options after taking into account, inter-alia, the number of SIS Options granted and vested and the option price payable upon the exercise of the SIS Options, will need to be measured at the grant date and to be recognised as an expense over the vesting period, and therefore may affect the future earnings of our Group, the quantum of which can be determined only at the grant date.

However, the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment. XOX has taken note of the potential impact of MFRS-2 on our Group's future earnings and shall take into consideration such impact in the allocation and granting of the SIS Options to the Eligible Employee.

However, the EPS of our Group shall be correspondingly diluted as a result of the increase in the number of XOX Shares in issue pursuant to the issuance of the Rights Shares and the new XOX Shares arising from the exercise of the Warrants and SIS Options in the future. The effect of any exercise of the Warrants on the Company's consolidated EPS would be dependent on the returns generated by the Company from the utilisation of proceeds arising from the exercise of the Warrants.

The Rights Issue of Shares with Warrants is not expected to have an immediate material effect on the consolidated earnings and EPS of XOX for the financial year ending 30 June 2016. However, it is expected to contribute positively to the future earnings of our Group when the benefits of the utilisation of proceeds are realised.

The gross proceeds raised pursuant to the Rights Issue of Shares with Warrants will be utilised for our Group to undertake marketing activities and phone bundling packages. The Board is of the view that these developments will contribute positively to our Group's future earnings and improve its financial performance.

## **9. ADDITIONAL INFORMATION**

### **9.1 Adequacy of the Rights Issue of Shares with Warrants in addressing our Group's financial concern**

The financial concerns of our Group are inter-alia, the payment of the amount owing to our major creditor, ability of our Group to secure debt financing, the additional funds required to meet its working capital requirements and funds to undertake marketing, promotional and operational activities in improving sales as elaborated in Section 4 of this AP.

Premised on the above, our Board is of the opinion that the Rights Issue of Shares with Warrants is adequate to address our Group's funding requirements and improve the financial performance and position of our Group.

## **9.2 Steps taken to improve our Group's financial position**

Our Group's financial performance is dependent on the growth of the subscriber base and the ARPU from the sales of recharge vouchers per subscriber. Our Group has identified various revenue streams to enhance its products and services brand image and marketability as stated in Sections 4 and 7.3 of this AP.

However, our Group is taking steps to undertake the Rights Issue of Shares with Warrants as an integral and important step to complement the ongoing strategies as mentioned in Section 7.3 of this AP.

## **9.3 Impact of the Rights Issue of Shares with Warrants to our Group and value creation to our Group's shareholders**

As stated in Section 4 of this AP, our Group is a MVNO, which is essentially a mobile telecommunication services provider that provides mobile telecommunications services over network infrastructure that relies entirely on Celcom's core network infrastructure as our Group does not own or operate our own physical network.

Our Group is operating in a fast changing trends mobile telecommunication industry, in view of the changing consumer behaviour in using more data services, the provision of phone bundling services to our mobile network subscribers is in line with current consumer trends. The phone bundling services would provide better avenues to our Group to market our mobile network services, as the subscribers would be able to subscribe the mobile network together with a readily available mobile phone bundled at reduced price compared to purchasing the mobile phones from retail shops. Our Group is able to recoup the cost of the mobile phones from the postpaid subscribers and to capitalize from other services such as voice calls, SMS, MMS and data from the subscribers. Furthermore, under our Group's phone bundling strategy, a postpaid subscriber is envisaged to sign up for our Group's service for a fixed period of between 6 to 24 months which may be able to provide recurring revenue to the Group.

Our Group is still relatively a new player in the mobile telecommunication services industry as it has only commenced operations in 2009, marketing effort is thus essential to grow sales and enhance the brand image of our Group's products and services. In order to create and maintain a strong brand image that distinguishes our Group from the incumbent mobile network providers in the market. Part of the proceeds from the Rights Issue of Shares with Warrants is expected to address the working capital requirement on branding, marketing and promotional activities to increase its brand awareness, which in return will contribute positively to the revenue growth.

As such, the Rights Issue of Shares with Warrants is vital in providing our Group with interest free funding to compete in the fast changing and challenging mobile telecommunication industry. In order to cater for the future increased in subscribers's data base and data capacity, the utilization of proceeds from the Rights Issue of Shares with Warrants enables our Group to undertake plans to improve our systems. The abovementioned utilization of proceeds not only will strengthen our Group's position by creating stronger brand image, improve the credibility with the business partners, meeting subscribers' demand and expectation, to support the continued growth of XOX Group; it will further improve the financial performance and condition of our Group, which is expected to translate into better value to our Group and shareholders.

## 10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 10.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue of Shares with Warrants, cash in hand, funds generated from our operation and banking facilities available, our Group will have adequate working capital to meet our current core business requirements for the next twelve (12) months from the date of this AP.

### 10.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM646,607 all of which are hire purchase facilities with interest-bearing and from local financial institutions, details of which are as follows:

	<b>Interest-bearing borrowing RM'000</b>
<b>Short term borrowing:</b>	
Hire purchase	127
<b>Long term borrowing:</b>	
Hire purchase	520
<b>TOTAL</b>	<b>647</b>

All outstanding borrowings are denominated in RM. As at the LPD, our Group does not have any non-interest bearing and/or foreign currency borrowings. There was no default on payment of either interest or principal sums in respect of any borrowing, throughout the past one (1) FYE 30 June 2015 and the subsequent financial period thereof up to the LPD.

### 10.3 Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by our Company or our Group, which may have material impact on the financial position of our Group.

### 10.4 Material commitments

As at LPD, there are no material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have material impact on our Group's financial position.

## 11. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants pursuant to the Rights Issue of Shares with Warrants is governed by the terms and conditions as set out in this AP, the Deed Poll, the NPA and the RSF enclosed herewith.

**12. FURTHER INFORMATION**

You are requested to refer to the attached appendices for further information.

Yours faithfully  
For and behalf of the Board of  
**XOX BHD**



**DATUK CHAI WOON CHET**  
Managing Director

**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 30 MARCH 2015**

**XOX BHD**

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

**EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 30 MARCH 2015**

**ORDINARY RESOLUTION 3**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 356,000,000 NEW XOX SHARES ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING XOX SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("RIGHTS ENTITLEMENT DATE"), TOGETHER WITH UP TO 356,000,000 FREE DETACHABLE NEW WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED BY THE ENTITLED SHAREHOLDERS ("PROPOSED RIGHTS ISSUE OF SHARES WITH WARRANTS")**

The following resolution having been duly proposed by Low Poh Seong and seconded by Sim Chin Yee, was put to the meeting for voting by show of hands :-

"THAT subject to the passing of Ordinary Resolutions 1 and 2, and Special Resolutions 1, 2, 3 and 4, the approvals being obtained from the relevant authorities, approval be and is hereby given to the Company to:

- i) provisionally issue and allot by way of a renounceable rights issue of up to 356,000,000 Rights Shares at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every one (1) existing XOX Share, together with up to 356,000,000 free detachable new warrants ("Warrants") on the basis of one (1) Warrants for every one (1) Rights Shares subscribed by the shareholders of XOX whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board;
- ii) determine the final issue price of the Rights Shares after taking into consideration the following:
  - (a) the theoretical ex-rights price ("TERP") of XOX Shares, based on the five (5)-day volume weighted average market price ("5D-VWAP") of XOX Shares with a discount to the TERP if deemed appropriate by the Board prior to the price fixing date to be determined later by the Board;
  - (b) the prevailing market sentiments at the point of price fixing;
  - (c) the par value of XOX Shares of RM0.10 each (after the completion of the Proposed Par Value Reduction, Proposed Share Consolidation and Proposed Share Premium Reduction); and
  - (d) the funding requirements of XOX and its subsidiaries, details of which are set out in Section 3 of the circular to shareholders of XOX dated 6 March 2015 ("Circular");
- iii) determine the exercise price of the Warrants after taking into consideration the following:
  - (a) the 5D-VWAP of XOX Shares preceding the price fixing date;
  - (b) the TERP of XOX Shares; and
  - (c) the par value of XOX Shares of RM0.10 each (after the completion of the Proposed Par Value Reduction, Proposed Share Consolidation and Proposed Share Premium Reduction);

**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 30 MARCH 2015 (CONT'D)**

*XOX Bhd*

*Extract of the Minutes of the Extraordinary General Meeting Held on 30 March 2015*

*(Page 2)*

- iv) constitute the Warrants upon the terms and conditions of a deed poll to be executed by XOX ("Deed Poll"), the salient terms of which are as set out in Appendix II of the Circular;
- v) issue and allot such number of new XOX Shares arising from the exercise of the Warrants during the tenure of the Warrants;
- vi) utilise the proceeds to be derived from the Proposed Rights Issue of Shares with Warrants in the manner as set out in Section 3 of the Circular and the Board be and is hereby authorised to revise the utilisation of the proceeds as they may deem fit and in the best interest of the Company; and
- vii) enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll.

THAT the Board be and is hereby authorised to deal with any fractional entitlements of the Rights Shares and Warrants that may arise from the Proposed Rights Issue of Shares with Warrants, in such manner at their absolute discretion as they may deem fit or expedient or in the best interest of the Company.

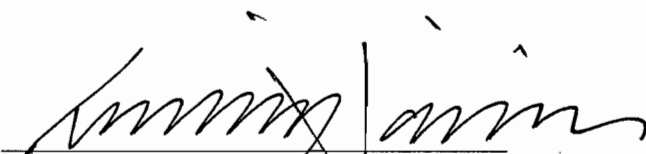
THAT the Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the entitled shareholders and/or their renounee(s) (if applicable) and such excess Rights Shares shall be allocated in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.


THAT the Rights Shares and the new XOX Shares to be issued arising from the exercise of the Warrants will, upon issuance and allotment, rank pari passu in all respects with the then existing XOX Shares, save and except that the Rights Shares and the new XOX Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution, the entitlement date of which is prior to the date of issuance and allotment of the Rights Shares and the new XOX Shares arising from the exercise of the Warrants.

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Rights Issue of Shares with Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of Shares with Warrants."

With majority of the shareholders/proxies voted in favour of the resolution, the ordinary resolution 3 was declared carried by the Chairman.

**Certified as a True Extract of the original**

  
 DATO' SERI ABDUL AZIM  
 BIN MOHD ZABINI  
 COMPANY DIRECTOR

  
 CHONG VOON WAH  
 ( MAICSA 7055003 )  
 COMPANY SECRETARY

Date :

30 DEC 2015

Date :

30 DEC 2015



**INFORMATION ON OUR COMPANY AND GROUP****1. HISTORY AND BUSINESS**

Our Company was incorporated in Malaysia under the Act on 10 May 2010 as a public company limited by shares under the name of XOX Bhd. It was listed on the ACE Market of Bursa Securities on 10 June 2011.

The principal activity of our Company is that of investment holding. The principal activities of our subsidiaries and associated companies are set out in Section 5 of **Appendix II** of this AP.

**2. SHARE CAPITAL**

Our authorised and issued and paid-up share capitals as at the LPD are as follows:

Type	No. of Shares	Par value RM	Total RM
Authorised share capital	3,000,000,000	0.10	300,000,000
Issued and fully paid-up share capital	356,000,000	0.10	35,600,000

The change in our authorised share capital for the past three (3) years preceding the LPD is set out below:

Date of change	No. of Shares authorised	Par value RM	Description	Cumulative authorised share capital RM
30 March 2015	3,000,000,000	0.10	Increase in authorised share capital	300,000,000

The change in our issued and paid-up share capital for the past three (3) years preceding the LPD is set out below:

Date of allotment	No. of Shares allotted	Par value RM	Consideration / Type of issue	Cumulative issued and paid-up share capital RM
19 February 2014	30,000,000	0.10	Cash / private placement	33,200,000
18 November 2015	-	-	Capital Reduction	16,600,000
19 November 2015	190,000,000	0.10	Cash / restricted issues	35,600,000

**3. BOARD OF DIRECTORS**

Please refer to Corporate Directory of this AP for details of the age, profession, nationality, designation and address of our Board.

**INFORMATION ON OUR COMPANY AND GROUP (CONT'D)****4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDER'S SHAREHOLDINGS**

Until such time when the SIS Options are exercised into new XOX Shares, the SIS is not expected to have any immediate effect on the shareholdings of Directors and substantial shareholders of our Company. Dilution of the shareholdings of the Directors and substantial shareholders of our Company arising from the SIS will depend on the number of SIS Options granted and exercised by eligible Directors whom are also substantial shareholders of our Company at any point in time throughout the duration of the SIS.

The pro forma effects of the Rights Issue of Shares with Warrants on the shareholdings of our Directors and substantial shareholder based on their shareholdings in our Company as at the LPD are as follows:

**(i) Minimum Scenario**

Name	As at LPD				(1)			
	Direct		Indirect		After the Rights Issue of Shares with Warrants <sup>(2)</sup>		Indirect	
	No. of XOX Shares	%	No. of XOX Shares	%	No. of XOX Shares	%	No. of XOX Shares	%
<b>Directors:</b>								
Dato' Seri Abdul Azim Bin Mohd Zabidi	451,380	0.13	-	-	451,380	0.12	-	-
Datuk Chai Woon Chet	1,250,000	0.35	-	-	36,850,000	9.41	-	-
Soo Pow Min	-	-	161,255	0.05 <sup>(1)</sup>	-	-	161,255	0.04 <sup>(1)</sup>
Faidzan Bin Hassan	1,500,000	0.42	-	-	1,500,000	0.38	-	-
Hew Tze Kok	-	-	-	-	-	-	-	-
Edwin Chin Vin Foong	-	-	-	-	-	-	-	-
<b>Substantial shareholders:</b>								
Nil	-	-	-	-	-	-	-	-

## INFORMATION ON OUR COMPANY AND GROUP (CONT'D)

Name	(II) After (II) and the SIS and assuming full grant and exercise of the SIS Options <sup>(3)</sup> (4)			
	Direct		Indirect	
	No. of XOX Shares	%	No. of XOX Shares	%
<b>Directors:</b>				
Dato' Seri Abdul Azim Bin Mohd Zabidi	451,380	0.09	-	-
Datuk Chai Woon Chet	36,850,000	7.24	-	-
Soo Pow Min	-	-	161,255	0.03 <sup>(1)</sup>
Faidzan Bin Hassan	1,500,000	0.29	-	-
Hew Tze Kok	-	-	-	-
Edwin Chin Vin Foong	-	-	-	-
<b>Substantial shareholders:</b>				
Nil	-	-	-	-

Notes:

- (1) Deemed interested through direct holding of his spouse.
- (2) Under the Minimum Scenario, only Datuk Chai Woon Chet fully subscribe for the Rights Issue of Shares with Warrants pursuant to his Undertaking and assuming he does not exercise his Warrants entitlement.
- (3) Assuming no provision has been made for the allotment of SIS Options to our Directors as our Board has yet to decide on the quantum of the SIS Options to be allocated to our Directors.
- (4) Based on the enlarged issued and paid-up share capital of 509,080,000 XOX Shares under the Minimum Scenario.

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## INFORMATION ON OUR COMPANY AND GROUP (CONT'D)

## (ii) Maximum Scenario

Name	Direct		As at LPD		After the Rights Issue of Shares with Warrants		(1)	
	No. of XOX Shares	%	No. of XOX Shares	Indirect %	No. of XOX Shares	Direct %		Indirect %
<b>Directors:</b>								
Dato' Seri Abdul Azim Bin Mohd Zabidi	451,380	0.13	-	-	902,760	0.13	-	
Datuk Chai Woon Chet	1,250,000	0.35	-	-	2,500,000	0.35	-	
Soo Pow Min	-	-	161,255	0.05 <sup>(1)</sup>	-	-	322,510	
Faidzan Bin Hassan	1,500,000	0.42	-	-	3,000,000	0.42	-	
Hew Tze Kok	-	-	-	-	-	-	-	
Edwin Chin Vin Foong	-	-	-	-	-	-	-	
<b>Substantial shareholders:</b>								
Nil	-	-	-	-	-	-	-	

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## INFORMATION ON OUR COMPANY AND GROUP (CONT'D)

Name	After (I) and assuming full exercise of the Warrants		(II)		After (II) and the SIS and assuming full grant and exercise of the SIS Options <sup>(2),(3)</sup>		(III)	
	Direct		Indirect		Direct		Indirect	
	No. of XOY Shares	%	No. of XOY Shares	%	No. of XOY Shares	%	No. of XOY Shares	%
<b>Directors:</b>								
Dato' Seri Abdul Azim Bin Mohd Zabidi	1,354,140	0.13	-	-	1,354,140	0.10	-	-
Datuk Chai Woon Chet	3,750,000	0.35	-	-	3,750,000	0.27	-	-
Soo Pow Min	-	-	483,765	0.05 <sup>(1)</sup>	-	-	483,765	0.03 <sup>(1)</sup>
Faidzan Bin Hassan	4,500,000	0.42	-	-	4,500,000	0.32	-	-
Hew Tze Kok	-	-	-	-	-	-	-	-
Edwin Chin Vin Foong	-	-	-	-	-	-	-	-
<b>Substantial shareholders:</b>								
Nil	-	-	-	-	-	-	-	-

Notes:

- (1) Deemed interested through direct holding of his spouse.
- (2) Assuming no provision has been made for the allotment of SIS Options to our Directors as our Board has yet to decide on the quantum of the SIS Options to be allocated to our Directors.
- (3) Based on the enlarged issued and paid-up share capital of 1,388,400,000 XOY Shares under the Maximum Scenario.

## INFORMATION ON OUR COMPANY AND GROUP (CONT'D)

## 5. SUBSIDIARIES AND ASSOCIATED COMPANIES

The details of our subsidiaries and associated companies as at the LPD are as follows:

Name of company	Date and place of incorporation	Principal activities	Issued and paid-up share capital RM	Effective equity interest %
<b>Subsidiaries:</b>				
XOX Com Sdn Bhd	16.09.2005 / Malaysia	Provider of mobile telecommunication products and services	55,000,000	100
XOX Management Services Sdn Bhd	13.03.2009 / Malaysia	Provision of management services	40,000	100
XOX Media Sdn Bhd	12.02.2007 / Malaysia	Provision of mobile application services	100,000	100
XOX Wallet Sdn Bhd	06.07.2011 / Malaysia	Provision of mobile wallet services and the trading of telecommunications airtime as a traded commodity for Shariah compliant financing	100,000	100
One XOX Sdn Bhd	05.12.2013 / Malaysia	Provider of mobile telecommunication products and services	100,000	60
X Style Sdn Bhd	26.12.2012 / Malaysia	Special marketing arm of XOX Mobile Sdn. Bhd. for telecommunication and broadband internet services	200,000	51
<b>Company held by XOX Com Sdn Bhd</b>				
XOX Mobile Sdn Bhd	10.04.2008 / Malaysia	Agent for marketing promotion, support services and managing the distribution channels of mobile telecommunication products and services	500,000	100

**INFORMATION ON OUR COMPANY AND GROUP (CONT'D)**
**6. PROFIT AND DIVIDEND RECORDS**

The profit and dividend records based on our Group's audited consolidated financial statements for the past three (3) FYEs 30 June 2013 to 30 June 2015 as well as the unaudited consolidated financial statements for the three (3)-months FPE 30 September 2015 are as follows:

	Audited FYE 30 June			Unaudited Three (3) months FPE 30 September	
	2013 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000
Revenue	40,807	57,050	90,953	17,252	35,959
Cost of sales	(15,114)	(34,210)	(48,969)	(10,905)	(20,274)
Gross profit ("GP")	25,694	22,840	41,984	6,347	15,685
Other income	436	2,420	2,293	590	16
Selling and distribution expenses	(4,173)	(6,906)	(18,061)	(2,807)	(7,923)
Administrative expenses	(17,260)	(19,927)	(24,569)	(4,459)	(7,291)
Finance costs	(161)	(26)	(18)	(13)	(8)
(LBT)/PBT	4,536	(1,598)	1,628	(342)	479
Taxation	(22)	22	(457)	(10)	(52)
(LAT)/PAT	4,514	(1,576)	1,171	(352)	427
EBITDA	7,822	2,792	6,190	772	1,965
Shareholders' funds / NA	16,217	17,761	18,970	17,409	19,397
Total borrowings	580	198	612	250	709
Weighted average no. of XOX Shares	302,000	312,849	332,000	332,000	332,000
GP margin (%)	62.9	40.0	46.2	36.8	43.6
PBT margin (%)	11.1	(2.8)	1.8	(1.9)	1.3
Basic net (loss) / earnings per Share (sen)	1.52	(0.40)	0.23	(0.10)	0.19
Diluted net (loss) / earnings per Share (sen)	N/A	N/A	N/A	N/A	N/A
NA per Share (sen)	5.37	5.68	5.71	5.24	5.84
Current ratio (times)	0.47	0.72	0.77	0.75	0.76
Gearing ratio (times)	0.04	0.01	0.03	0.01	0.04
Dividend (sen)	-	-	-	-	-

**Commentary on financial performance:**
**FYE 30 JUNE 2013**

Our Group recorded lower revenues of RM40.81 million for the FYE 30 June 2013 (FPE 30 June 2012: RM61.72 million) due to lower number of new subscribers acquired. The lower numbers of new subscribers and the corresponding lower revenues for the year was due to our Group switching its focus to acquiring quality subscribers selectively i.e., local or postpaid subscribers instead of mass acquisitions of subscribers i.e., mostly foreigners or prepaid subscribers that were one-off in nature and without recurring revenue. In addition, the lower revenue for the year was also contributed by loss of some of its existing prepaid subscribers that were one-off in nature i.e., the subscribers only utilize the subscription during the trial period when the prepaid mobile package was acquired and discontinued the service after the short period. For clarity, discontinued service is taken to mean that, the subscribers that have registered for the prepaid mobile package and have decided not to top-up the prepaid credits after fully utilised the credit amount of its prepaid services, within 12 months.

**INFORMATION ON OUR COMPANY AND GROUP (CONT'D)**

Our Group continues to face intense competition from incumbent and new operators such as Tron, Altel, uMobile, redONE Network, Tune Talk and Enabling Asia as well as having to deal with a challenging operating environment arising from the increased use of smartphones and mobile applications which led to lower industry wide ARPU from traditional voice and SMS. Our Group also faced slower than expected response to some of our marketing programmes and products.

In view that our Group has recorded lower revenue in the FYE 30 June 2013 and in order to improve our Group's cash flow position, our Group has also reduced its expenses on selling and distribution significantly by approximately RM7.16 million compared to the previous financial period, from the reallocation of the spending of those expenses from high cost marketing programmes such as billboards and radio to lower costs targeted programmes such as internet based advertising and shop front advertising. Administrative expenses were also reduced by RM2.03 million compared to the previous financial year. Furthermore, our Group had undertaken negotiations with a major trade creditor for a discount on the cost of sales incurred. The trade creditor has agreed in principle to grant the discount of RM10.0 million to our Group during the year and the credit note has been received subsequent to financial year end ("Discount").

As a result, our Group recorded a profit after taxation of RM4.51 million compared to a loss of RM20.67 million in the previous financial period mainly due to the Discount granted and impairment of trade receivable of RM1.96 million. Nevertheless, our Group recorded a RM5.25 million cash outflow from operating activities in FYE 30 June 2013, mainly due to deduction in trade payables as a result of the Discount.

The NA per share increased from RM0.04 to RM0.05 in FYE 30 June 2013. However, the current ratio decreased from 0.50 times to 0.47 times as at 30 June 2013, mainly attributable to the upliftment of fixed deposit as at 30 June 2013. The gearing of XOX Group decreased from 0.07 times to 0.04 times as at 30 June 2013 are due to the decrease in our Group's borrowing and the increase in shareholders' funds as our Group recorded a PAT of RM4.51 million for the FYE 30 June 2013.

**FYE 30 JUNE 2014**

Our Group recorded revenue of approximately RM57.05 million, an increase of approximately RM16.24 million compared to the previous financial year (FYE 30 June 2013: RM40.81 million). Our Group recorded better revenues in the FYE 30 June 2014 as a result of its strategies in focusing on its product branding, subscriber retention and obtaining quality subscribers which were implemented in the past and had started gaining traction. However, our GP margin has reduced from 62.96% in the FYE 30 June 2013 to 40.03% in the FYE 30 June 2014 mainly due to the Discount. Should the Discount was not granted, our Group's GP margin in the FYE 30 June 2013 would be approximately 38.46%.

Our Group recorded LAT of RM1.60 million for FYE 30 June 2014 (FYE 30 June 2013: PAT RM4.51). The significant movement from PAT position in the prior year to the LAT position in FYE 2014 was mainly due to the one-off Discount received from its trade creditor in the FYE 30 June 2013 as explained above. Further, the LAT position for FYE 2014 was also contributed by higher marketing expenses in building the brand image, as well as administrative expenses and depreciation charges.

The NA per share increased from RM0.05 to RM0.06 in FYE 30 June 2014. Furthermore, the current ratio increased from 0.47 times to 0.72 times as at 30 June 2014, mainly attributable to the increase in revenue recorded by our Group. The gearing of XOX Group decreased from 0.04 times to 0.01 times as at 30 June 2014, due to the repayment of our Group's hire purchase and the increase in shareholders' funds as our Group increased its issued and paid-up share capital pursuant to the private placement exercise in the FYE 30 June 2014.



**INFORMATION ON OUR COMPANY AND GROUP (CONT'D)****FYE 30 JUNE 2015**

2015 continues to be a challenging year for XOX where the Group had to operate in an intensely competitive environment. The effects of the recently introduced GST, whereby during the initial stages of implementation of GST, there have been reduced usage of prepaid mobile packages by prepaid users due to the perceived additional cost arising from GST. In addition, the constant growing demand for quality mobile Internet services had contributed to these challenges. However, more users are turning towards their smart phones and mobile internet to meet their daily communication needs resulting in a lower ARPU from traditional voice and SMS.

Despite the difficult business environment, the Group registered a significant improvement in its revenue of RM90.95 million compared to RM57.05 million in the previous financial year, a growth of almost 60%. The increase in revenue was mainly attributed to the 179% growth in our revenue generating subscribers, whereby we managed to broaden our subscriber base by approximately 420,000 subscribers during the financial year. The variance was further complemented by continued efforts on product branding, subscriber retention and quality subscriber acquisition through various business strategies (such as among others, member-get-member acquisition, direct activation teams, and special projects with partners) and product and marketing activities.

For FYE 30 June 2015, our Group achieved higher gross profit margin of approximately 46% (FYE 30 June 2014: approximately 40%) as compared to the preceding year mainly due to the continued business strategies implemented above as well as introduction of different data packages in meeting the subscribers' needs.

In 2015, XOX delivered a higher EBITDA of RM6.19 million compared to RM2.79 million recorded in 2014. The higher EBITDA was attributed to the higher revenue registered from increased quality subscribers after taking into consideration higher marketing expenditure to support the business. As a result, PAT of RM1.17 million was registered for the financial year compared to a LAT of RM1.58 million in 2014.

**THREE (3)-MONTHS FPE 30 SEPTEMBER 2015**

Our Group recorded revenue of approximately RM35.96 million for the 3-months FPE 30 September 2015, representing an increase of approximately RM18.71 million from the previous year's corresponding quarter (3-months FPE 30 September 2014: RM17.25 million). The higher revenue recorded was due to the increase in quality subscribers resulting from product branding, subscriber retention and subscriber acquisitions through various business strategies (i.e. Member-get-member acquisition, direct activation teams, and special projects with partners) put in place and product together with marketing activities carried out since the last financial year. The consolidation of the result of a subsidiary acquired in December 2014 also contributed to the higher revenue by approximately RM18.71 million.

Our Group registered higher gross profit margin of approximately 43.6% for FPE 30 September 2015 (three (3)-months FPE 30 September 2014: approximately 36.8%) mainly due to higher revenue achieved from offering of different product packages.

Our Group recorded a PBT of RM0.48 million for the 3-month FPE 30 September 2015 compared to the LBT of RM0.34 million in the previous year's corresponding quarter. The higher PBT is in tandem with the increase in revenue, coupled with continuous intensive marketing and branding programs carried out despite an increase in selling and distribution expenses.

The NA per share increased from 5.24 sen in FYE 30 September 2014 to 5.84 sen in FPE 30 September 2015. The current ratio increased marginally from 0.75 times as at 30 June 2015 to 0.76 times as at 30 September 2015, mainly attributable to the decrease in payables. Also, the gearing of XOX Group increased marginally from 0.03 as at 30 June 2015 to 0.04 times as at 30 September 2015 mainly due to acquisition of motor vehicles.

**INFORMATION ON OUR COMPANY AND GROUP (CONT'D)****7. HISTORICAL PRICES OF XOX SHARES**

The monthly high and low closing market prices of XOX Shares for the past twelve (12) months from January 2015 to December 2015 are as follows:

	<b>High RM</b>	<b>Low RM</b>
<b>2015</b>		
January	0.140	0.100
February	0.150	0.120
March	0.220	0.140
April	0.190	0.150
May	0.160	0.130
June	0.150	0.120
July	0.160	0.120
August	0.150	0.110
September	0.170	0.120
October	0.630	0.160
November	0.705	0.280
December	0.310	0.170

Last transacted market price of our Shares on 8 October 2014 (being the last trading date prior to the announcement of the Corporate Exercises) was RM0.105 per Share.

Last transacted market price of our Shares on 31 December 2015 (being the LPD prior to printing of this AP) was RM0.21 per Share.

Last transacted market price of our Shares on 13 January 2016 (being the last day on which XOX Shares were traded prior to the ex-date of the Rights Issue of Shares with Warrants) was RM0.185 per Share.

*(Source: Bloomberg)*

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON**



7 January 2016

The Board of Directors  
XOX Bhd  
Lot 8.1, 8<sup>th</sup> Floor, Menara Lien Hoe  
No. 8, Persiaran Tropicana  
Tropicana Golf & Country Resort  
47410 Petaling Jaya  
Selangor Darul Ehsan

UHY (AF1411)  
Chartered Accountants  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Phone +60 3 2279 3088  
Fax +60 3 2279 3099  
Email uhykl@uhy.com.my  
Web www.uhy.com.my

Dear Sirs,

**XOX BHD (“XOX” OR “THE COMPANY”) AND ITS SUBSIDIARIES (COLLECTIVELY KNOWN AS “XOX GROUP” OR “THE GROUP”) PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

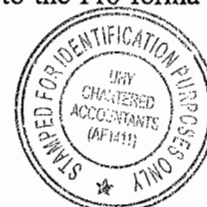
We have completed our assurance engagement to report on the compilation of Pro forma Consolidated Statement of Financial Position of XOX Group as at 30 June 2015 together with the accompanying notes thereto, for which the Board of Directors of XOX (“Board”) is solely responsible as set out in the accompanying statements (which we have stamped for the purpose of identification).

The Pro forma Consolidated Statements of Financial Position have been compiled by the Board to illustrate the impact of the following corporate exercise:

- (a) renounceable rights issue of up to 356,000,000 new XOX Shares (“Rights Shares”) on the basis of One (1) Rights Share for every one (1) existing XOX Share held as at 5.00 p.m. on 18 January 2016 (“Rights Entitlement Date”), together with up to 356,000,000 free detachable new warrants (“Warrants”) on the basis of one (1) Warrant for every one (1) Rights Share subscribed by the entitled shareholders (“Rights Issue of Shares with Warrants”); and
- (a) Establishment of a share issuance scheme (“SIS”) of up to 30% of the enlarged issued and paid-up share capital of XOX (excluding treasury shares, if any) after the completion of the Rights Issue of Shares with Warrants, at any one time during the duration of the scheme for the eligible directors and employees of the XOX Group (excluding dormant subsidiaries) (“SIS”)

Collectively referred to as the “Corporate Exercises”.

The Pro forma Consolidated Statement of Financial Position have been compiled by the Directors to illustrate the impact of the Corporate Exercises on the Consolidated Statement of Financial Position of the XOX Group as at 30 June 2015 had the Corporate Exercises been effected on that date, set out in Appendix A and the notes set out in the accompanying Notes 2 to 5 to the Pro forma Consolidated Statement of Financial Position in this letter.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**



- 2 -

**The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position**

As part of this process, information about the financial position has been extracted by the Directors from the relevant financial statements as at 30 June 2015, on which an audit report has been published.

The Directors are responsible for compiling the Pro forma Consolidated Statement of Financial Position on the basis set out in the accompanying notes thereto.

**Our Responsibilities**

Our responsibility is to express an opinion about whether the Pro forma Consolidated Statement of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in the accompanying notes thereto.

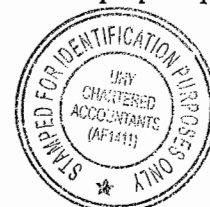
We conducted our engagement in accordance with the International Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* issued by the Malaysian Institute of Accountants. This standard requires us to comply with the ethical requirements and plan and perform procedures to obtain reasonable assurance on whether the Directors have compiled, in all material respects, the pro forma financial information on the basis set out in the accompanying notes thereto.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro forma Consolidated Statement of Financial Position.

The purpose of the Pro forma Consolidated Statement of Financial Position included in the Abridged Prospectus in relation to the Corporate Exercises is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro forma Consolidated Statement of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence on whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro forma Consolidated Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**



- 3 -

### Responsibilities (Cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Pro forma Consolidated Statement of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro forma Consolidated Statement of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion:

- (i) the Pro forma Consolidated Statement of Financial Position of XOX as at 30 June 2015, which have been prepared by the directors of XOX, for illustrative purposes only, have been properly compiled on the basis stated in the accompanying Notes to the Pro forma Consolidated Statement of Financial Position using financial statements prepared in accordance with Malaysian Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated statement of financial position and the accounting policies of XOX; and
- (ii) the adjustments made to the information used in the preparation of the Pro forma Consolidated Statement of Financial Position are appropriate for the purposes of preparing the Pro forma Consolidated Statement of Financial Position.

### Other Matters

This letter has been prepared for the purpose of inclusion in the Abridge Prospectus. Our work had been carried out in accordance with International Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Corporate Exercises described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Corporate Exercises.

Yours faithfully,

**UHY**  
Firm Number: AF 1411  
Chartered Accountants

**CHAN JEE PENG**  
Approved Number: 3068/08/16 (J)  
Chartered Accountant



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

XOX Bhd and its subsidiaries ("XOX Group" or "XOX")

Notes to the Pro forma Consolidated Statement of Financial Position as at 30 June 2015 (Maximum scenario)

The Pro forma Consolidated Statement of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the Consolidated Statement of Financial Position of the Proforma XOX Group as at 30 June 2015 and also based on the assumptions that the following events had been effected on that date.

Note	Audited XOX Group Level 30.6.2015 RM'000	Subsequent events up to LPD RM'000	Proforma I After Rights Issue of Shares with Warrants RM'000	Proforma II After full exercise of the Warrants RM'000	Proforma III After SIS RM'000
<b>NON-CURRENT ASSETS</b>					
	32,773	32,773	32,773	32,773	32,773
Property, plant and equipment	3	3	3	3	3
Goodwill on consolidation					
	<u>32,776</u>	<u>32,776</u>	<u>32,776</u>	<u>32,776</u>	<u>32,776</u>
<b>CURRENT ASSETS</b>					
	2,919	2,919	2,919	2,919	2,919
Inventories					
Trade receivables	24,294	24,294	24,294	24,294	24,294
Other receivables	8,433	8,433	8,433	8,433	8,433
Tax recoverable	10	10	10	10	10
Short-term investment	21	21	21	21	21
Cash and bank balances	4.4	9,287	79,687	150,887	182,927
	<u>44,964</u>	<u>44,964</u>	<u>115,364</u>	<u>186,564</u>	<u>218,604</u>
	<u>77,740</u>	<u>77,740</u>	<u>148,140</u>	<u>219,340</u>	<u>251,380</u>
<b>EQUITY</b>					
Share capital	4.6	33,200	35,600	71,200	106,800
Share premium	4.6	32,730	-	35,600	71,200
Capital reserves	4.6	2,200	2,200	2,200	2,200
Warrant reserves	4.6	-	-	10,431	-
Other reserves	4.6	-	-	(10,431)	-
Accumulated losses	4.6	(49,308)	22	(778)	(8,788)
	<u>18,822</u>	<u>37,822</u>	<u>108,222</u>	<u>179,422</u>	<u>211,462</u>
Non-controlling interests		148	148	148	148
	<u>18,970</u>	<u>37,970</u>	<u>108,370</u>	<u>179,570</u>	<u>211,610</u>
<b>NON-CURRENT LIABILITY</b>					
Hire purchase payables		410	410	410	410
Deferred tax liabilities		6	6	6	6
	<u>416</u>	<u>416</u>	<u>416</u>	<u>416</u>	<u>416</u>
<b>CURRENT LIABILITIES</b>					
Trade payables	4.5	40,876	21,876	21,876	21,876
Other payables		16,943	16,943	16,943	16,943
Hire purchase payables		202	202	202	202
Tax payables		333	333	333	333
	<u>58,354</u>	<u>39,354</u>	<u>39,354</u>	<u>39,354</u>	<u>39,354</u>
	<u>77,740</u>	<u>77,740</u>	<u>148,140</u>	<u>219,340</u>	<u>251,380</u>
No of XOX Shares		332,000,000	356,000,000	712,000,000	1,068,000,000
Net assets (RM'000)		<u>18,970</u>	<u>37,970</u>	<u>108,370</u>	<u>211,610</u>
NA per share (RM)		<u>0.06</u>	<u>0.11</u>	<u>0.15</u>	<u>0.17</u>
Borrowings (RM'000)		<u>612</u>	<u>612</u>	<u>612</u>	<u>612</u>
Gearing (times)		<u>0.03</u>	<u>0.02</u>	<u>0.01</u>	<u>0.00</u>



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

## XOX Bhd

Notes to the Pro forma Consolidated Statement of Financial Position as at 30 June 2015 (Minimum scenario)

The Pro forma Consolidated Statement of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the Consolidated Statement of Financial Position of the Proforma XOX Group as at 30 June 2015 and also based on the assumptions that the following events had been effected on that date.

	Note	Audited XOX Group Level 30.6.2015 RM'000	Subsequent events up to LPD RM'000	Proforma I After Rights Issue of Shares with Warrants RM'000	Proforma II After SIS RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment		32,773	32,773	32,773	32,773
Goodwill on consolidation		3	3	3	3
		<u>32,776</u>	<u>32,776</u>	<u>32,776</u>	<u>32,776</u>
<b>CURRENT ASSETS</b>					
Inventories		2,919	2,919	2,919	2,919
Trade receivables		24,294	24,294	24,294	24,294
Other receivables		8,433	8,433	8,433	8,433
Tax recoverable		10	10	10	10
Short-term investment		21	21	21	21
Cash and bank balances	5.3	9,287	9,287	15,607	27,355
		<u>44,964</u>	<u>44,964</u>	<u>51,284</u>	<u>63,032</u>
		<u>77,740</u>	<u>77,740</u>	<u>84,060</u>	<u>95,808</u>
<b>EQUITY</b>					
Share capital	5.5	33,200	35,600	39,160	50,908
Share premium	5.5	32,730	-	3,560	6,497
Capital reserves	5.5	2,200	2,200	2,200	2,200
Warrant reserves	5.5	-	-	1,043	1,043
Other reserves	5.5	-	-	(1,043)	(1,043)
Accumulated losses	5.5	(49,308)	22	(778)	(3,715)
		<u>18,822</u>	<u>37,822</u>	<u>44,142</u>	<u>55,890</u>
Non-controlling interests		148	148	148	148
		<u>18,970</u>	<u>37,970</u>	<u>44,290</u>	<u>56,038</u>
<b>NON-CURRENT LIABILITIES</b>					
Hire purchase payables		410	410	410	410
Deferred tax liabilities		6	6	6	6
		<u>416</u>	<u>416</u>	<u>416</u>	<u>416</u>
<b>CURRENT LIABILITIES</b>					
Trade payables	5.4	40,876	21,876	21,876	21,876
Other payables		16,943	16,943	16,943	16,943
Hire purchase payables		202	202	202	202
Tax payable		333	333	333	333
		<u>58,354</u>	<u>39,354</u>	<u>39,354</u>	<u>39,354</u>
		<u>77,740</u>	<u>77,740</u>	<u>84,060</u>	<u>95,808</u>
No of XOX Shares		332,000,000	356,000,000	391,600,000	509,080,000
Net assets (RM'000)		<u>18,970</u>	<u>37,970</u>	<u>44,290</u>	<u>56,038</u>
NA per share (RM)		<u>0.06</u>	<u>0.11</u>	<u>0.11</u>	<u>0.11</u>
Borrowings (RM'000)		<u>612</u>	<u>612</u>	<u>612</u>	<u>612</u>
Gearing (times)		<u>0.03</u>	<u>0.02</u>	<u>0.01</u>	<u>0.01</u>



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)****Appendix A****XOX BHD**  
**(Incorporated in Malaysia)****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015****1. Basis of Preparation**

The Pro forma Consolidated Statement of Financial Position of XOX Group as at 30 June 2015 of which the Directors of XOX Group are solely responsible, has been prepared for illustration purposes only, to show the effects on the audited Consolidated Statement of Financial Position of XOX Group had the Corporate Exercises been effected on that date, and should be read in conjunction with the notes accompanying thereto.

The Pro forma Consolidated Statement of Financial Position of XOX Group as at 30 June 2015 has been prepared based on the audited Consolidated Statement of Financial Position of XOX Group as at 30 June 2015.

The Pro forma Consolidated Statement of Financial Position of XOX Group has been prepared in a manner consistent with both the format of the financial statements and the accounting policies of XOX as disclosed in the XOX's audited consolidated financial statements for the financial year ended 30 June 2015, which have been prepared by the Directors in accordance with the Financial Reporting Standards in Malaysia.

**2. Adjustment for Subsequent Events**

The Pro forma Consolidated Statement of Financial Position of the Group has been prepared assuming the following subsequent events up to 31 December 2015, being the latest practicable date ("LPD") are incorporated as at 30 June 2015:

**(a) Share Premium Reduction**

Incorporated the effect of the reduction of RM32,730,251 from the share premium account of XOX and the credit arising there from will be used to offset against the accumulated losses of XOX. The Share Premium Reduction was completed on 18 November 2015.

**(b) Par Value Reduction**

Incorporated the effect of the reduction of XOX's issued and paid-up share capital involving the cancellation of RM0.05 par value of all existing XOX Shares thus decreasing the share capital from RM33,200,000 comprising 332,000,000 Shares to RM16,600,000 comprising 166,000,000 Shares. The RM16,600,000 arising from Par Value Reduction will be utilised to offset against the accumulated losses of XOX. The Par Value Reduction completed on 18 November 2015.





**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**Appendix A**

**XOX BHD**  
(Incorporated in Malaysia)

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

**2. Adjustment for Subsequent Events (Cont'd)**

**(c) Share Consolidation**

Incorporated the effect of share consolidation of existing two (2) ordinary shares of RM0.05 each into one (1) ordinary shares of RM0.10 each in XOX's shares. The Share Consolidation was completed on 18 November 2015.

**(d) Restricted Issue**

Incorporated the effect of restricted issue of 190,000,000 new XOX Shares at an issue price of RM0.10 each per restricted issue. The gross proceed of RM19 million has been utilised to settle the amount owing to Celcom Axiata Berhad. The Restricted Issue was completed on 23 November 2015.

**3. Corporate Exercises**

The Pro forma Consolidated Statement of Financial Position of the Group has been prepared assuming the following Corporate Exercises are effected as at 30 June 2015. The Corporate Exercises to be undertaken by XOX Group are presented into two (2) scenarios as follows:

**Minimum Scenario** : Based on the assumption of minimum subscription undertaken by Datuk Chai Woon Chet of 35,600,000 Rights Shares at the indicative issue price of RM0.20 per Rights Share and assuming Datuk Chai Woon Chet does not exercise his 35,600,000 Warrants entitlement.

**Maximum Scenario** : Based on the assumption that all the entitled shareholders fully subscribe the entitlement of 356,000,000 Rights Shares pursuant to the Rights Issue of Share with Warrants and full exercise of the 356,000,000 Warrants.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**Appendix A**

**XOX BHD**  
(Incorporated in Malaysia)

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

**3. Corporate Exercises (Cont'd)**

**Fair value of Warrants**

The fair value of the Warrants is estimated using Trinomial Option Pricing Model based on the following key assumption:

- |                                    |  |
|------------------------------------|--|
| a) Exercise price                  | RM0.20 per Warrant   |
| b) Theoretical ex-rights price     | RM0.2046 per XOX Share (based on 5-day volume weighted average market price up to and including 31 December 2015, of RM0.2092) |
| c) Borrowing cost                  | Nil  |
| d) Expected dividend yield         | Nil  |
| e) Tenure of Warrants              | 3 years from date of 18 February 2016  |
| f) Expected share price volatility | 10% (XOX determined the expected share price volatility based on 90 days volatility of the historical stock price of XOX)      |

Based on the assumption and basis described above and applying all the inputs into the Trinomial Option Pricing Model, the fair value of the Warrant is assumed at approximately RM0.0293 per Warrant for the purpose of the Pro forma Consolidated Statements of Financial Position as at 30 June 2015.

**Fair value of Share Issuance Scheme ("SIS")**

The fair value of the SIS is estimated using Trinomial Option Pricing Model based on the following key assumption:

- |                                    |   |
|------------------------------------|---|
| a) Option price                    | RM0.10 per XOX share  |
| b) Borrowing cost                  | 3.6%  |
| c) Expected dividend yield         | Nil   |
| d) Tenure of SIS                   | 5 years from date of 22 February 2016   |
| e) Expected share price volatility | 10% (XOX determined the expected share price volatility based on 90 days volatility of the historical stock price of XOX) |

Based on the assumption and basis described above and applying all the inputs into the Trinomial Option Pricing Model, the fair value of the SIS is assumed at approximately RM0.0250 per Share for the purpose of the Pro forma Consolidated Statements of Financial Position as at 30 June 2015.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**XOX BHD**  
**(Incorporated in Malaysia)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONT'D)**

**4. Maximum Scenario**

**4.1 Pro forma I**

**Rights Issue of Shares with Warrants**

Pro forma I incorporated the effect of rights issue of 356,000,000 Right Shares on the basis of one (1) Rights Share for every one (1) XOX Share held together with one (1) Warrant for every one (1) Rights Share by the entitled shareholders of XOX whose names appear on the Record of Depositors of the Company at the close of business on the Rights Entitlement Date, at an indicative issue price of RM0.20 per Right Share. The estimated expenses for the Corporate Exercises is approximately RM800,000 which is to be charged out immediately.

The proceeds arising from the Rights Issue of Shares with Warrants are to be utilised as follows:

	RM'000
Phone bundling expenses	24,000
Working capital	34,400
Capital expenditure	12,000
Defray estimated expenses in relation to the Corporate Exercises	800
	<u>71,200</u>

**4.2 Pro forma II**

**After Pro forma I and Exercise of Warrants**

The Warrants are detachable on one (1) Warrant for every one (1) Rights Share subscribed.

Based on the assumption that the entitled Shareholders fully subscribed for their entitlement of 356,000,000 Warrants at its exercise price of RM0.20 per Warrant into 356,000,000 new XOX Shares.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**XOX BHD**  
(Incorporated in Malaysia)

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONT'D)**

**4.3 Pro forma III**

**After Pro forma II and SIS**

Pro forma III incorporated the effect on SIS of 30% of issued and paid-up share capital of XOX (excluding treasury shares) representing 320,400,000 new XOX Shares. The option price is to be determined by the Board upon recommendation of the SIS committee, and which shall be higher of the following:

- (i) at a discount of not more than ten percent (10%) of the 5D-VWAP of XOX Shares, as quoted on Bursa Securities, immediately preceding the date of offer (to be determined), or such lower or higher limit in accordance with any prevailing guidelines by Bursa Securities or any other relevant authorities as amended from time to time;
- (ii) the par value of XOX Shares.

We assume the indicative option price for the new XOX Shares at RM0.10 each.

**4.4 Cash and bank balances**

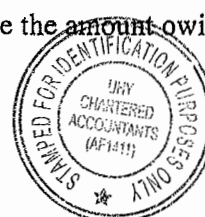
	RM'000
As at 30 June 2015	9,287
After Rights Issue of Shares with Warrants	70,400 *
As per Pro forma I	<u>79,687</u>
After Full Exercise of Warrants	71,200
As per Pro forma II	<u>150,887</u>
After SIS	32,040
As per Pro forma III	<u>182,927</u>

\* After deducting expenses incurred of RM800,000 in relation to the Rights Issue with Warrants.

**4.5 Trade payables**

	RM'000
As at 30 June 2015	40,876
Restricted Issue	(19,000) *
After adjustment of subsequent event	<u>21,876</u>

\* The gross proceed of RM19 million has been utilised to settle the amount owing to Celcom Axiata Berhad.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

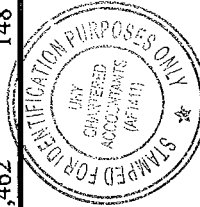
**XOX BHD**  
(Incorporated in Malaysia)  
**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

**4.6 Equity**

The movements of the issued and paid-up share capital, share premium and reserves of XOX are as follows:

Maximum Scenario

	Number of shares	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Other reserves RM'000	Warrant reserves RM'000	(Accumulated losses) RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
As at 30 June 2015	332,000	33,200	32,730	2,200	-	-	(49,308)	18,822	148	18,970
Capital Reduction	(166,000)	(16,600)	(32,730)	-	-	-	49,330	-	-	-
Restricted Issue	190,000	19,000	-	-	-	-	-	19,000	-	19,000
Rights Issue of shares with Warrants	356,000	35,600	-	2,200	-	-	22	37,822	148	37,970
Pro forma I	356,000	35,600	35,600	-	(10,431)	10,431	(800)	70,400	-	70,400
Exercise of Warrants	712,000	71,200	35,600	2,200	(10,431)	10,431	(778)	108,222	148	108,370
Pro forma II	356,000	35,600	35,600	-	10,431	(10,431)	-	71,200	-	71,200
SIS	1,068,000	106,800	71,200	2,200	-	-	(778)	179,422	148	179,570
Pro forma III	320,400	32,040	8,010	-	-	-	(8,010)	32,040	-	32,040
	1,388,400	138,840	79,210	2,200	-	-	(8,788)	211,462	148	211,610



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**XOX BHD**  
(Incorporated in Malaysia)

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

**5. Minimum Scenario**

**5.1 Pro forma I**

**Rights Issue of Shares with Warrants**

Pro forma I incorporated the effect of rights issue of 35,600,000 Right Shares on the basis of one (1) Rights Share for every one (1) existing XOX Share together with one (1) Warrant for every one (1) Right share undertaken by Datuk Chai Woon Chet, at an issue price of RM0.20 per Rights Share. The estimated expenses for this Corporate Exercises is approximately of RM800,000 which is to be charged out immediately.

The proceeds arising from the Rights Issue of Shares with Warrants are to be utilised as follows:

	RM'000
Phone bundling expenses	2,980
Working capital	3,340
Capital expenditure	-
Defray estimated expenses in relation to the Corporate Exercises	800
	<u>7,120</u>

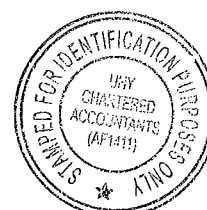
**5.2 Pro forma II**

**After Pro forma I and SIS**

Pro forma II incorporated the effect on SIS of 30% of issued and paid-up share capital of XOX (excluding treasury shares), representing 117,480,000 new XOX Shares. The option price is to be determined by the Board upon recommendation of the SIS committee, and which shall be higher of the following:

- (i) at a discount of not more than ten percent (10%) of the 5D-VWAP of XOX Shares, as quoted on Bursa Securities, immediately preceding the date of offer (to be determined), or such lower or higher limit in accordance with any prevailing guidelines by Bursa Securities or any other relevant authorities as amended from time to time;
- (ii) the par value of XOX Shares.

We assume the indicative option price for the new XOX Shares at RM0.10 each.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

**XOX BHD**  
**(Incorporated in Malaysia)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

**5.3 Cash and bank balances**

	RM'000
As at 30 June 2015	9,287
After Rights Issue of Shares with Warrants	6,320 *
As per Pro forma I	<u>15,607</u>
After SIS	11,478
As per Pro forma II	<u><u>27,355</u></u>

\* After deducting expenses incurred of RM800,000 in relation to the Rights Issue with Warrants.

**5.4 Trade payables**

	RM'000
As at 30 June 2015	40,876
After Restricted Issue	(19,000) *
After adjustment of subsequent event	<u><u>21,876</u></u>

\* The gross proceed of RM19 million has been utilised to settle the amount owing to Celcom Axiata Berhad.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

**XOX BHD**  
(Incorporated in Malaysia)

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

**5.4 Equity**

The movements of the issued and paid-up share capital and reserves of the XOX are as follows:

Minimum Scenario

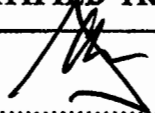
	Number of shares	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Other reserve RM'000	Warrant reserve RM'000	(Accumulated losses) RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
As at 30 June 2015	332,000	33,200	32,730	2,200	-	-	(49,308)	18,822	148	18,970
Capital Reduction	(166,000)	(16,600)	(32,730)	-	-	-	49,330	-	-	-
Restricted Issue	190,000	19,000	-	-	-	-	-	19,000	-	19,000
	356,000	35,600	-	2,200	-	-	22	37,822	148	37,970
Rights Issue of Shares with Warrants	35,600	3,560	3,560	-	(1,043)	1,043	(800)	6,320	-	6,320
Pro forma I	391,600	39,160	3,560	2,200	(1,043)	1,043	(778)	44,142	148	44,290
SIS	117,480	11,748	2,937	-	-	-	(2,937)	11,748	-	11,748
Pro forma III	509,080	50,908	6,497	2,200	(1,043)	1,043	(3,715)	55,890	148	56,038







CERTIFIED TRUE COPY

  
.....  
**CHAN JEE PENG**  
CA(M), ACCA, ACTIM, AIA,  
BSc (Hons) Applied Accounting  
Partner

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

**REPORTS AND FINANCIAL STATEMENTS**

**30 JUNE 2015**

**Registered office:**  
**Suite 10.03, Level 10**  
**The Gardens South Tower**  
**Mid Valley City**  
**Lingkaran Syed Putra**  
**59200 Kuala Lumpur**

**Principal place of business:**  
**Lot 8.1, 8<sup>th</sup> Floor, Menara Lien Hoe**  
**No.8, Persiaran Tropicana**  
**Tropicana Golf & Country Resort**  
**47410 Petaling Jaya**  
**Selangor Darul Ehsan**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**XOX BHD.**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS****30 JUNE 2015****INDEX**

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

- 1 -

**XOX BHD.**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

**Principal Activities**

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

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

**Financial Results**

	<b>Group RM</b>	<b>Company RM</b>
Net profit/(loss) for the financial year	<u>1,171,532</u>	<u>(922,569)</u>
Attributable to:		
Owners of the parent	756,511	(922,569)
Non-controlling interests	<u>415,021</u>	<u>-</u>
	<u>1,171,532</u>	<u>(922,569)</u>

**Reserves and Provisions**

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

**Dividend**

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

**Issue of Shares and Debentures**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

- 2 -

**Options Granted Over Unissued Shares**

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

**Directors**

The Directors in office since the date of the last report are:

Dato' Seri Abdul Azim Bin Mohd Zabidi

Soo Pow Min

Faidzan Bin Hassan

Cheong Wai Loong

Hew Tze Kok

Datuk Chai Woon Chet

Datuk Lor Chee Leng

Khoo Chuin Yuen

(Retired on 4 December 2014)

**Directors' Interest**

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

	Number of ordinary shares of RM0.10 each			At 30.6.2015
	At 1.7.2014	Bought	Sold	
<b><i>Direct Interests</i></b>				
Dato' Seri Abdul Azim Bin Mohd Zabidi	24,902,760	-	(24,000,000)	902,760
Faidzan bin Hassan	3,000,000	-	-	3,000,000
Cheong Wai Loong	718,000	-	-	718,000
Datuk Chai Woon Chet	-	2,500,000	-	2,500,000
<b><i>Indirect Interest</i></b>				
Sow Pow Min <sup>(1)</sup>	322,510	-	-	322,510

<sup>(1)</sup> Deemed interested through spouse's shareholdings in Company.

By virtue of their shareholdings in the Company, Dato' Seri Abdul Azim Mohd Bin Mohd Zabidi, Faidzan bin Hassan, Cheong Wai Loong, and Datuk Chai Woon Chet are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act, 1965.

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

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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- 3 -

**Directors' Benefits**

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

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**Other Statutory Information**

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to written off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements o the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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- 4 -

**Other Statutory Information (Cont'd)**

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Company.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**Significant Events**

Details of significant events are disclosed in Note 30 to the financial statements.

**Subsequent Events**

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

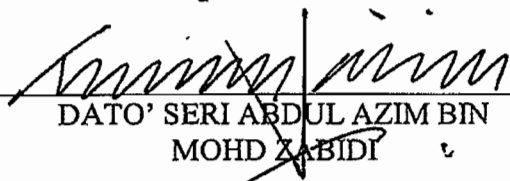
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

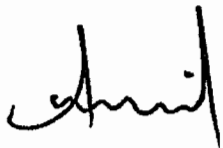
- 5 -

**Auditors**

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

Signed on behalf of the Board of Director in accordance with a resolution of the Directors dated 27 October 2015.

  
\_\_\_\_\_  
DATO' SERI ABDUL AZIM BIN  
MOHD ZABIDI

  
\_\_\_\_\_  
DATUK CHAI WOON CHET

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**XOX BHD.**

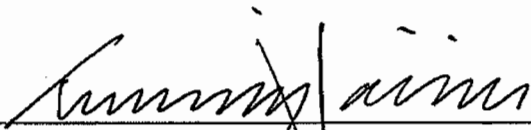
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS****Pursuant to Section 169(15) of the Companies Act, 1965**

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 71 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as of 30 June 2015 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.


The supplementary information set out in Note 33 to the financial statements on page 72 have been compiled in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Director in accordance with a resolution of the Directors dated 27 October 2015.



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DATO' SERI ABDUL AZIM BIN  
MOHD ZABIDI



---

DATUK CHAI WOON CHET



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**XOX BHD.**

(Incorporated in Malaysia)

**STATUTORY DECLARATION**

**Pursuant to Section 169(16) of the Companies Act, 1965**

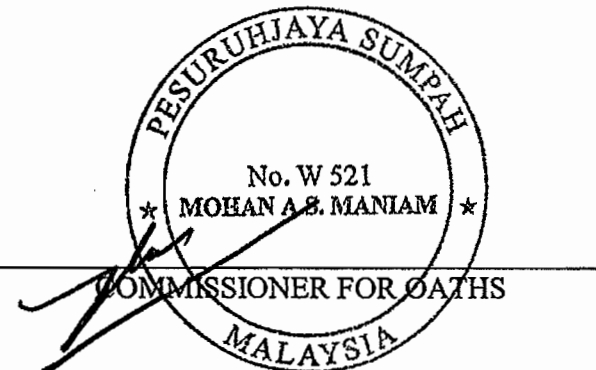
I, Kong Choo Hui being the officer primarily responsible for the financial management of XOX BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 11 to 72 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed at KUALA LUMPUR in the )  
Federal Territory on 27 October 2015 )



KONG CHOO HUI

Before me,



No. 50, Jalan Hang Lekiu  
50100 Kuala Lumpur.



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**UHY** (AF1411)  
**Chartered Accountants**  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Phone +60 3 2279 3088  
Fax +60 3 2279 3099  
Email uhykl@uhy.com.my  
Web www.uhy.com.my

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XOX BHD.**

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

### **Report on the Financial Statements**

We have audited the financial statements of XOX Bhd., which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 71.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the followings:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

The supplementary information set out in Note 33 on page 72 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.





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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
XOX BHD. (CONT'D)**  
(Company No. : 900384-X)  
(Incorporated in Malaysia)

**Other Matter**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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

  
CHAN JEE PENG  
Approved Number: 3068/08/16 (J)  
Chartered Accountant

KUALA LUMPUR  
27 October 2015

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

- 11 -

**XOX BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	32,772,742	31,382,977	-	-
Investments in subsidiary companies	5	-	-	60,004	40,004
Goodwill on consolidation	6	2,859	-	-	-
		<u>32,775,601</u>	<u>31,382,977</u>	<u>60,004</u>	<u>40,004</u>
<b>Current Assets</b>					
Inventories	7	2,919,489	745,964	-	-
Trade receivables	8	24,294,219	27,997,494	-	-
Other receivables	9	8,433,372	5,177,925	806,656	414,586
Amounts owing by subsidiary companies	10	-	-	6,699,230	7,526,492
Tax recoverable		10,480	28,372	252	625
Short-term investment	11	20,714	20,173	9,854	9,557
Cash and bank balances		9,286,052	751,391	5,599	62,219
		<u>44,964,326</u>	<u>34,721,319</u>	<u>7,521,591</u>	<u>8,013,479</u>
<b>Total Assets</b>		<u>77,739,927</u>	<u>66,104,296</u>	<u>7,581,595</u>	<u>8,053,483</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

- 12 -

**XOX BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2015 (CONT'D)**

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	12	33,200,000	33,200,000	33,200,000	33,200,000
Share premium	13	32,730,251	32,730,251	32,530,249	32,530,249
Capital reserve	14	2,200,000	2,200,000	2,200,000	2,200,000
Accumulated losses		(49,308,482)	(50,064,993)	(62,237,366)	(61,314,797)
Shareholder's equity		18,821,769	18,065,258	5,692,883	6,615,452
Non-controlling interests		148,585	(304,530)	-	-
<b>Total Equity</b>		<b>18,970,354</b>	<b>17,760,728</b>	<b>5,692,883</b>	<b>6,615,452</b>
<b>Non-Current Liabilities</b>					
Deferred tax liabilities	15	5,244	-	-	-
Finance lease payables	16	410,405	101,190	-	-
		<b>415,649</b>	<b>101,190</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Trade payables	17	40,876,381	20,345,333	-	-
Other payables	18	16,942,587	26,900,420	332,166	433,745
Amounts owing to subsidiary companies	10	-	-	1,556,546	1,004,286
Amount owing to a former Director	19	-	900,000	-	-
Finance lease payables	16	201,897	96,625	-	-
Tax payable		333,059	-	-	-
		<b>58,353,924</b>	<b>48,242,378</b>	<b>1,888,712</b>	<b>1,438,031</b>
<b>Total Liabilities</b>		<b>58,769,573</b>	<b>48,343,568</b>	<b>1,888,712</b>	<b>1,438,031</b>
<b>Total Equity and Liabilities</b>		<b>77,739,927</b>	<b>66,104,296</b>	<b>7,581,595</b>	<b>8,053,483</b>

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**XOX BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Revenue	20	90,953,086	57,049,972	-	-
Cost of sales		(48,968,723)	(34,210,382)	-	-
Gross profit		41,984,363	22,839,590	-	-
Other income		2,292,569	2,420,433	443	4,352,842
Selling and distribution expenses		(18,060,772)	(6,905,648)	(30,008)	(39,674)
Administrative expenses		(24,569,418)	(19,926,817)	(893,004)	(1,028,627)
Finance costs	21	(18,466)	(26,064)	-	-
Profit/(Loss) before taxation	22	1,628,276	(1,598,506)	(922,569)	3,284,541
Taxation	23	(456,744)	22,034	-	-
Net profit/(loss) for the financial year, representing total comprehensive income for the financial year		1,171,532	(1,576,472)	(922,569)	3,284,541
Net profit/(loss) for the financial year attributable to:					
Owners of the parent		756,511	(1,253,343)		
Non-controlling interests		415,021	(323,129)		
		1,171,532	(1,576,472)		
Earnings/(Loss) per share (sen)					
Basic	24	0.23	(0.40)		

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

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**XOX BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	Note	Attributable to owners of the parent							Total Equity RM
		Share Capital RM	Share Premium RM	Capital Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM	
<b>Group</b>									
At 1 July 2014		33,200,000	32,730,251	2,200,000	(50,064,993)	18,065,258	(304,530)	17,760,728	
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	756,511	756,511	415,021	1,171,532	
Arising from acquisition of subsidiary company		-	-	-	-	-	38,094	38,094	
At 30 June 2015		<u>33,200,000</u>	<u>32,730,251</u>	<u>2,200,000</u>	<u>(49,308,482)</u>	<u>18,821,769</u>	<u>148,585</u>	<u>18,970,354</u>	
At 1 July 2013		30,200,000	32,610,011	2,200,000	(48,811,650)	16,198,361	18,599	16,216,960	
Net loss for the financial year, representing total comprehensive income for the financial year		-	-	-	(1,253,343)	(1,253,343)	(323,129)	(1,576,472)	
<b>Transaction with owners:</b>									
Issuance of shares	12	3,000,000	120,240	-	-	3,120,240	-	3,120,240	
At 30 June 2014		<u>33,200,000</u>	<u>32,730,251</u>	<u>2,200,000</u>	<u>(50,064,993)</u>	<u>18,065,258</u>	<u>(304,530)</u>	<u>17,760,728</u>	



## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**XOX BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)**

Company	Note	Share Capital RM	Non-Distributable		Accumulated Losses RM	Total Equity RM
			Share Premium RM	Capital Reserve RM		
At 1 July 2014		33,200,000	32,530,249	2,200,000	(61,314,797)	6,615,452
Net loss for the financial year, representing total comprehensive income for the financial year		-	-	-	(922,569)	(922,569)
At 30 June 2015		<u>33,200,000</u>	<u>32,530,249</u>	<u>2,200,000</u>	<u>(62,237,366)</u>	<u>5,692,883</u>
At 1 July 2013		30,200,000	32,410,009	2,200,000	(64,599,338)	210,671
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	3,284,541	3,284,541
<b>Transaction with owners:</b>						
Issuance of shares	12	3,000,000	120,240	-	-	3,120,240
At 30 June 2014		<u>33,200,000</u>	<u>32,530,249</u>	<u>2,200,000</u>	<u>(61,314,797)</u>	<u>6,615,452</u>

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**XOX BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Cash Flows From Operating Activities</b>				
Profit/(Loss) before taxation	1,628,276	(1,598,506)	(922,569)	3,284,541
Adjustments for:				
Depreciation of property, plant and equipment	4,559,436	4,366,876	-	-
(Gain)/Loss on unrealised foreign exchange	(193,608)	302,984	-	-
(Gain)/Loss on disposal of property, plant and equipment	(1,866)	19,052	-	-
Impairment loss on:				
- Trade receivables	2,561,393	1,776,329	-	-
- Other receivables	61,641	-	-	-
- Investments in subsidiary companies	-	-	40,000	202,000
Interest expenses	18,466	26,064	-	-
Interest income	(16,485)	(2,257)	(443)	(373)
Inventories written off	190,354	72,540	-	-
Property, plant and equipment written off	280,084	-	-	-
Reversal of impairment of trade receivables	(1,661,397)	(1,963,222)	-	-
Reversal of impairment of amounts owing by subsidiary companies	-	-	-	(4,352,469)
Operating profit/(loss) before working capital changes	<u>7,426,294</u>	<u>2,999,860</u>	<u>(883,012)</u>	<u>(866,301)</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**XOX BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)**

	Group		Company		
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Changes in working capital:					
Inventories		(2,363,879)	(34,842)	-	-
Receivables		(513,809)	(19,240,557)	(392,070)	(326,210)
Payables		10,662,075	15,698,550	(101,579)	80,496
Subsidiary companies		-	-	1,379,522	(1,951,748)
Amount owing to former Director		(900,000)	900,000	-	-
		<u>6,884,387</u>	<u>(2,676,849)</u>	<u>885,873</u>	<u>(2,197,462)</u>
Cash generated from/(used in) operations		14,310,681	323,011	2,861	(3,063,763)
Interest received		16,485	2,257	443	373
Interest paid		(18,466)	(26,064)	-	-
Tax refunded		27,582	11,399	650	-
Tax paid		(128,131)	(27,290)	(277)	(325)
		<u>(102,530)</u>	<u>(39,698)</u>	<u>816</u>	<u>48</u>
<b>Net cash generated from/ (used in) operating activities</b>		<u>14,208,151</u>	<u>283,313</u>	<u>3,677</u>	<u>(3,063,715)</u>
<b>Cash Flows From Investing Activities</b>					
Acquisition of a subsidiary company, net of cash and cash equivalents acquired		-	-	(60,000)	(2)
Net cash inflow from acquisition of subsidiary company	5(b)	139,983	-	-	-
Purchase of property, plant and equipment	4(a)	(5,682,466)	(2,794,758)	-	-
Proceeds from disposal of property, plant and equipment		3,700	279,982	-	-
<b>Net cash used in investing activities</b>		<u>(5,538,783)</u>	<u>(2,514,776)</u>	<u>(60,000)</u>	<u>(2)</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**XOX BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Cash Flows From Financing Activities</b>				
Net proceeds from issuance of shares	-	3,120,240	-	3,120,240
Repayment of hire purchase payables	(134,166)	(381,835)	-	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(134,166)</b>	<b>2,738,405</b>	<b>-</b>	<b>3,120,240</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8,535,202</b>	<b>506,942</b>	<b>(56,323)</b>	<b>56,523</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>771,564</b>	<b>264,622</b>	<b>71,776</b>	<b>15,253</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9,306,766</b>	<b>771,564</b>	<b>15,453</b>	<b>71,776</b>
<b>Cash and cash equivalents at end of the financial year comprises:</b>				
Short-term investment	20,714	20,173	9,854	9,557
Cash and bank balances	9,286,052	751,391	5,599	62,219
	<b>9,306,766</b>	<b>771,564</b>	<b>15,453</b>	<b>71,776</b>

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

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**XOX BHD.**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS****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 principal place of business of the Company is at Lot 8.1, 8th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

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

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary companies are set out in Note 5. There have been no significant changes in the nature of these activities during the financial year.

**2. Basis of Preparation****(a) Statement of compliance**

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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

(a) Statement of compliance (Cont'd)

**Adoption of new and amended standards and IC Interpretations**

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

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
IC Interpretation 21	Levies
Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle	
Annual Improvements to MFRSs 2011 – 2013 Cycle	

Adoption of above 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 MFRSs and amendments to MFRSs that have been issued MASB but are not yet effective for the Group and the Company:

		<b>Effective dates for financial periods beginning on or after</b>
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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

		<b>Effective dates for financial periods beginning on or after</b>
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to MFRSs 2012–2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IMFRS 9 issued by IASB in July 2014)	1 January 2018

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

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

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

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

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

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

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

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

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.



**2. Basis of Preparation (Cont'd)****(a) Statement of compliance (Cont'd)****Standards issued but not yet effective (Cont'd)****MFRS 15 Revenue from Contracts with Customers**

MFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group is in the process of assessing the impact of this Standard.

**(b) Functional and presentation currency**

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

**(c) Significant accounting judgements, estimates and assumptions**

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

**Judgments**

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

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**2. Basis of Preparation (Cont'd)****(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Key sources of estimation uncertainty**

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

**Useful lives of property, plant and equipment**

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

**Impairment of loans and receivables**

The Group assess at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 8, 9 and 10 respectively.

**Income taxes**

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 23.

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

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

**Key sources of estimation uncertainty (Cont'd)**Impairment on investments in subsidiary companies

The Company has recognised impairment loss in respect of its investments in subsidiary companies. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost to sell of the cash-generating units to which the investments in subsidiary companies belong to. 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.

Accrual of cost of recharge usage

Accrual of cost of recharge usage is recognised on a monthly basis by using the last average 6 months costs margin which is the directors' best estimate of the expenditure required to settle the Group's obligation. When the actual invoices received, the Management will do the necessary under/over provision in the accrual account to reflect the actual costs incurred.

**3. Significant Accounting Policies**

- (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.

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

- (a) Basis of consolidation (Cont'd)
  - (i) Subsidiary companies (Cont'd)

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

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

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

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

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

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

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**3. Significant Accounting Policies (Cont'd)****(a) Basis of consolidation (Cont'd)****(ii) Changes in ownership interests in subsidiary companies without change of control**

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

**(iii) Disposal of subsidiary companies**

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

**(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(i)(i) on impairment of non-financial assets.

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

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

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

#### (i) Recognition and measurement

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

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.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained earnings.

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**3. Significant Accounting Policies (Cont'd)****(b) Property, plant and equipment (Cont'd)****(ii) Subsequent costs**

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

**(iii) Depreciation**

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

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

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

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

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

#### (c) Leases

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

##### (i) Finance lease

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

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

##### (ii) Operating lease

Leases, where the Group or the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

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



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

#### (d) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs.

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

#### (i) Loan and receivables

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

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

#### (ii) Available-for-sale financial assets

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

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

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

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

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

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

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

#### (e) Financial liabilities

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

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

The Group and the Company classify their financial liabilities at initial recognition into other liabilities measured at amortised cost.

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

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

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

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

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

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

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

#### (f) Offsetting of financial instruments

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

#### (g) Inventories

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

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

#### (h) Cash and cash equivalents

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

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

#### (i) Impairment of assets

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

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

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.

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 to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units).

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

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

#### (i) Impairment of assets (Cont'd)

##### (ii) Financial assets

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

##### Financial assets carried at amortised cost

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

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

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

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**3. Significant Accounting Policies (Cont'd)****(i) Impairment of assets (Cont'd)****(ii) Financial assets (Cont'd)****Available-for-sale financial assets**

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

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

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

**(j) Share capital**

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

Dividends on ordinary shares are accounted for in equity as appropriation of retained earnings and recognised as a liability in the period in which they are declared.

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**3. Significant Accounting Policies (Cont'd)****(k) Foreign currency transactions**

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.

**(l) Employee benefits****(i) Short term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the reporting period in which the associated services are rendered by employees of the Group and 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.

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.

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**3. Significant Accounting Policies (Cont'd)****(l) Employee benefits (Cont'd)****(ii) Defined contribution plans**

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

**(m) Revenue and income****(i) Sales of goods**

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

**(ii) Rental income**

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

**(iii) Interest income**

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

**(n) Borrowing costs**

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

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

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



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

#### (o) Income taxes

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the 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 year.

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period.

Deferred tax assets and liabilities are 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.

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**3. Significant Accounting Policies (Cont'd)****(p) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

**(q) 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.

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**4. Property, plant and equipment**

<b>Group Cost</b>	<b>Capital work-in-progress RM</b>	<b>Telecommunication network and equipment RM</b>	<b>Office equipment RM</b>	<b>Furniture and fittings RM</b>	<b>Renovation RM</b>	<b>Motor vehicles RM</b>	<b>Total RM</b>
At 1 July 2014	1,038,539	37,035,781	2,896,067	219,810	879,132	578,775	42,648,104
Additions	2,355,413	928,999	527,217	504,632	1,195,884	718,974	6,231,119
Reclassification	(2,367,842)	2,367,842	-	-	-	-	-
Disposals	-	-	(66,080)	(3,120)	-	-	(69,200)
Written off	-	-	(69,118)	(109,363)	(431,761)	-	(610,242)
At 30 June 2015	1,026,110	40,332,622	3,288,086	611,959	1,643,255	1,297,749	48,199,781
<b>Accumulated depreciation</b>							
At 1 July 2014	-	8,670,453	1,816,165	86,335	235,263	356,911	11,165,127
Charge for the current year	-	3,721,086	537,752	26,377	100,208	174,013	4,559,436
Disposals	-	-	(66,080)	(1,286)	-	-	(67,366)
Written off	-	-	(62,591)	(52,772)	(214,795)	-	(330,158)
At 30 June 2015	-	12,391,539	2,225,246	58,654	120,676	530,924	15,327,039
<b>Accumulated impairment loss</b>							
At 30 June 2015	(100,000)	-	-	-	-	-	(100,000)
<b>Carrying amount</b>							
At 30 June 2015	926,110	27,941,083	1,062,840	553,305	1,522,579	766,825	32,772,742

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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

Group Cost	Capital work-in-progress RM	Telecommunication network and equipment RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Total RM
At 1 July 2013	1,051,263	34,760,899	2,698,890	208,997	559,330	1,157,550	40,436,929
Additions	2,099,314	162,844	201,985	10,813	319,802	-	2,794,758
Reclassification	(2,112,038)	2,112,038	-	-	-	-	-
Disposals	-	-	(4,808)	-	-	(578,775)	(583,583)
At 30 June 2014	1,038,539	37,035,781	2,896,067	219,810	879,132	578,775	42,648,104
<b>Accumulated depreciation</b>							
At 1 July 2013	-	5,108,110	1,256,278	64,806	171,294	482,312	7,082,800
Charge for the current year	-	3,562,343	564,695	21,529	63,969	154,340	4,366,876
Disposals	-	-	(4,808)	-	-	(279,741)	(284,549)
At 30 June 2014	-	8,670,453	1,816,165	86,335	235,263	356,911	11,165,127
<b>Accumulated impairment loss</b>							
At 30 June 2014	(100,000)	-	-	-	-	-	(100,000)
<b>Carrying amount</b>							
At 30 June 2014	938,539	28,365,328	1,079,902	133,475	643,869	221,864	31,382,977

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Aggregate costs	6,231,119	2,794,758
Less: Finance lease arrangement	<u>(548,653)</u>	<u>-</u>
Cash payments	<u>5,682,466</u>	<u>2,794,758</u>

- (b) Included in the property, plant and equipment of the Group are motor vehicles acquired under hire purchase with carrying amount of RM766,825 (2014: RM221,864).

**5. Investments in Subsidiary Companies**

- (a) Investment in subsidiary companies

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Unquoted shares, at cost</b>		
At 1 July	55,342,002	55,342,000
Additions	<u>60,000</u>	<u>2</u>
At 30 June	<u>55,402,002</u>	<u>55,342,002</u>
<b>Accumulated impairment loss</b>		
At 1 July	<u>55,301,998</u>	<u>55,099,998</u>
Additions	<u>40,000</u>	<u>202,000</u>
At 30 June	<u>55,341,998</u>	<u>55,301,998</u>
	<u>60,004</u>	<u>40,004</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**5. Investments in Subsidiary Companies (Cont'd)**

**(a) Investment in subsidiary companies (Cont'd)**

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

Name of Company	Effective Interest		Principal Activities
	2015	2014	
XOX Com Sdn. Bhd.	100%	100%	Provider of mobile telecommunication products and services
XOX Management Services Sdn. Bhd.	100%	100%	Provision of management services
XOX Media Sdn. Bhd.	100%	100%	Provision of mobile application services
XOX Wallet Sdn. Bhd.	100%	100%	Provision of mobile wallet services and the trading of telecommunications airtime as a traded commodity for Shariah compliant financing
X Style Sdn. Bhd.	51%	51%	Special marketing arm of XOX Mobile for telecommunication and broadband internet services
XOX Retail Sdn. Bhd.	50%	50%	Retailers and dealers of all kind of mobile telecommunications products and to provide related services in Malaysia or worldwide
One XOX Sdn. Bhd.	60%	-	Provider of mobile telecommunication products and services

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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5. Investments in Subsidiary Companies (Cont'd)

(a) Investment in subsidiary companies (Cont'd)

The details of the subsidiary companies, which are incorporated in Malaysia are as follows (Cont'd):

Name of Company	Effective Interest		Principal Activities
	2015	2014	
<u>Company held by</u> <u>XOX Com Sdn. Bhd.</u> XOX Mobile Sdn. Bhd.	100%	100%	Agent for marketing promotion, support services and managing the distribution channels of mobile telecommunication

All the subsidiary companies are audited by UHY.

(b) Acquisition of a subsidiary company

During the financial year, the Company acquired 60,000 ordinary shares of RM1.00 each in One XOX Sdn. Bhd. represent 60% equity interest for a total cash consideration of RM60,000.

Fair value of consideration transferred

The following summarises the major classes of consideration transferred, and the recognised amounts of asset acquired and liability assumed at the acquisition date:

	RM
Cash and cash equivalents	199,983
Other payables	(104,748)
	<u>95,235</u>

Net cash inflow arising from acquisition of a subsidiary company

	RM
Purchase consideration settled in cash	(60,000)
Cash and cash equivalents acquired	199,983
	<u>139,983</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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5. Investments in Subsidiary Companies (Cont'd)

(b) Acquisition of a subsidiary company (Cont'd)

Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:

	RM
Fair value of consideration transferred	60,000
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	38,094
Fair value of identifiable assets acquired and liabilities assumed	<u>(95,235)</u>
Goodwill on consideration	<u>2,859</u>

There was no acquisition in the previous financial year.

(c) Material partly owned subsidiary companies

The summarised financial information on subsidiary companies with material non-controlling interests ("NCI") is as follows:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2015	2014	2015	2014	2015	2014
	%	%	RM	RM	RM	RM
X Style Sdn. Bhd.	49	49	(52,014)	(81,411)	(114,827)	(62,813)
XOX Retail Sdn. Bhd.	50	50	(61,991)	(241,717)	(303,708)	(241,717)
One XOX Sdn. Bhd.	40	-	529,026	-	567,120	-
Total non-controlling interests					<u>148,585</u>	<u>(304,530)</u>

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



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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6. **Goodwill on Consolidation**

	Group	
	2015	2014
	RM	RM
At 1 July	-	-
Acquisition of a subsidiary company	2,859	-
At 30 June	<u>2,859</u>	<u>-</u>

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

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

7. **Inventories**

	Group	
	2015	2014
	RM	RM
<b>At cost</b>		
Sim cards and recharge cards	<u>2,919,489</u>	<u>745,964</u>
Recognised in profit or loss: Inventories written off	<u>190,354</u>	<u>72,540</u>

8. **Trade Receivables**

	Group	
	2015	2014
	RM	RM
Trade receivables	26,855,612	30,027,623
Less: Accumulated impairment loss	<u>(2,561,393)</u>	<u>(2,030,129)</u>
	<u>24,294,219</u>	<u>27,997,494</u>

The normal trade credit terms granted is 7 to 210 days (2014: 7 to 210 days). Other credit terms are assessed and approved on a case by case basis.

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8. Trade Receivables (Cont'd)

Amount owing by related party is unsecured, interest-free and is repayable on demand. Trade amounts owing by related parties are subject to normal trade credit terms.

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

	Group	
	2015 RM	2014 RM
At 1 July	2,030,129	2,217,022
Impairment losses recognised	2,561,393	1,776,329
Reversal of impairment	(1,661,397)	(1,963,222)
Written off	(368,732)	-
At 30 June	<u>2,561,393</u>	<u>2,030,129</u>

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

	Group	
	2015 RM	2014 RM
Neither past due nor impaired	11,341,832	23,229,571
<i>Past due but not impaired:</i>		
Less than 30 days	2,138,979	4,746,493
31 to 60 days	4,067,783	-
More than 60 days	6,745,625	21,430
	<u>12,952,387</u>	<u>4,767,923</u>
	24,294,219	27,997,494
Impaired	<u>2,561,393</u>	<u>2,030,129</u>
	<u>26,855,612</u>	<u>30,027,623</u>

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

As at 30 June 2015, trade receivables of RM12,952,387 (2014: RM4,767,923) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM2,561,393 (2014: RM2,030,129), related 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**9. Other Receivables**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables				
- Third parties	4,882,141	2,614,220	253,150	253,150
- Related parties	-	104,421	-	-
	<u>4,882,141</u>	<u>2,718,641</u>	<u>253,150</u>	<u>253,150</u>
Deposits	961,833	713,750	64,500	64,500
Prepayments	<u>2,651,039</u>	<u>1,745,534</u>	<u>489,006</u>	<u>96,936</u>
	8,495,013	5,177,925	806,656	414,586
Less: Accumulated impairment losses	<u>(61,641)</u>	-	-	-
	<u>8,433,372</u>	<u>5,177,925</u>	<u>806,656</u>	<u>414,586</u>

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

	Group	
	2015 RM	2014 RM
At 1 July	-	-
Impairment losses recognised	<u>61,641</u>	-
At 30 June	<u>61,641</u>	-

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**10. Amounts Owning by/(to) Subsidiary Companies**

(a) Amount owing by subsidiary companies

This represents unsecured, interest free advances and is repayable on demand.

	Company	
	2015 RM	2014 RM
Amounts owing by subsidiary companies	6,699,230	7,526,492
Less: Accumulated impairment loss		
At beginning of the financial year	-	4,352,469
Reversal during the financial year	-	(4,352,469)
At the end of the financial year	-	-
	6,699,230	7,526,492

(b) Amount owing to subsidiary companies

This represents unsecured, interest free advances and is repayable on demand.

**11. Short-Term Investment**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At cost:				
AmIncome	20,714	20,173	9,854	9,557
Market value of the investment:				
AmIncome	20,714	20,173	9,854	9,557

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**12. Share Capital**

	Group/Company			
	Number of shares		Amount	
	2015 Units	2014 Units	2015 RM	2014 RM
Ordinary shares of RM0.10 each				
<b>Authorised</b>				
At 1 July/ 30 June	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued and fully paid</b>				
At 1 July	332,000,000	302,000,000	33,200,000	30,200,000
Issuance of shares during the financial year	-	30,000,000	-	3,000,000
At 30 June	<u>332,000,000</u>	<u>332,000,000</u>	<u>33,200,000</u>	<u>33,200,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

**13. Share Premium**

The movements in the share premium are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
1 July	32,730,251	32,610,011	32,530,249	32,410,009
Issue of new shares	-	300,000	-	300,000
Listing expenses	-	(179,760)	-	(179,760)
30 June	<u>32,730,251</u>	<u>32,730,251</u>	<u>32,530,249</u>	<u>32,530,249</u>

The share premium is not distributed by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965.

**14. Capital Reserve**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**15. Deferred Tax Liabilities**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At 1 July	-	3,622
Recognised in profit or loss	5,244	(3,622)
At 30 June	<u>5,244</u>	<u>-</u>

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Deferred tax liabilities	7,304,941	7,372,514
Deferred tax assets	<u>(7,299,697)</u>	<u>(7,372,514)</u>
	<u>5,244</u>	<u>-</u>

The estimated deferred tax (assets)/liabilities of the Group arising from temporary differences recognised in the financial statements are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Deferred tax liabilities</b>		
Differences between the carrying amount of property, plant and equipment and their tax base	7,252,321	7,372,514
Other timing differences	52,620	-
<b>Deferred tax assets</b>		
Unutilised capital allowance	(7,148,659)	(6,302,950)
Unused tax losses	<u>(151,038)</u>	<u>(1,069,564)</u>
	<u>5,244</u>	<u>-</u>

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

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability:

	Group	
	2015	2014
	RM	RM
Unabsorbed capital allowances	1,138,595	595,213
Unutilised tax losses	39,343,199	33,170,998
Other timing differences	8,811,688	16,847,189
	<u>49,293,482</u>	<u>50,613,400</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.

**16. Finance Lease Payables**

	Group	
	2015	2014
	RM	RM
<b>(a) Minimum finance lease payments</b>		
Within one year	227,902	103,740
Later than one year and not later than two years	124,212	103,690
Later than two year and not later than five years	323,724	-
	<u>675,838</u>	<u>207,430</u>
Less: Future finance charges	<u>(63,536)</u>	<u>(9,615)</u>
Present value of minimum lease payments	<u>612,302</u>	<u>197,815</u>
<b>(b) Present value of minimum lease payments</b>		
Within one year	201,897	96,625
Later than one year and not later than two years	106,403	101,190
Later than two year and not later than five years	304,002	-
	<u>612,302</u>	<u>197,815</u>
Analysed as:		
Repayable within twelve months	201,897	96,625
Repayable after twelve months	410,405	101,190
	<u>612,302</u>	<u>197,815</u>

The finance lease payables bear interest ranging from 4.70% to 5.19% (2014: 4.80%) per annum.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**17. Trade Payables**

The normal trade credit terms granted to the Group ranging from 30 to 45 days (2014: 30 to 45 days). Other credit terms are assessed and approved on a case by case basis.

**18. Other Payables**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	4,642,876	6,250,793	54,626	101,543
Deposits	222,181	300,715	-	-
Accruals	12,077,530	20,348,912	277,540	332,202
	<u>16,942,587</u>	<u>26,900,420</u>	<u>332,166</u>	<u>433,745</u>

Included in accruals of the Group is the accrual cost of recharge usage from a trade payable amounting to RM8,811,688 (2014: RM17,040,988).

Included in the other payables of the Group is the amount due to the vendor for the purchase of telecommunication network equipments which amounting to RM2,814,635 (2014: RM4,280,342).

The foreign currency exposure profile of other payables is as follows:

	Group	
	2015 RM	2014 RM
United States Dollar ("USD")	<u>2,814,635</u>	<u>4,280,342</u>

**19. Amount Owing to a Former Director**

This represents unsecured, interest-free advance and is repayable on demand.

**20. Revenue**

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



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**21. Finance costs**

	Group	
	2015 RM	2014 RM
Interest expenses on:		
Finance lease liabilities	18,466	26,064

**22. Profit/(Loss) before taxation**

Profit /(Loss) before taxation is carried at after charging/(crediting):

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Auditors' remuneration				
- statutory audits				
- current year	175,500	154,000	49,500	45,000
- underprovision in prior year	5,000	25,000	-	25,000
- non statutory audit	5,000	-	-	-
Depreciation of property, plant and equipment	4,559,436	4,366,876	-	-
Directors' remuneration				
- Salary and other emoluments	1,640,497	1,260,505	314,900	384,709
- EPF	136,500	114,000	-	-
(Gain)/Loss on disposal of property, plant and equipment	(1,866)	19,052	-	-
Impairment on:				
- trade receivables	2,561,393	1,776,329	-	-
- other receivables	61,641	-	-	-
- investments in subsidiary companies	-	-	40,000	202,000
Incorporation expenses	-	2,750	-	-
Inventories written off	190,354	72,540	-	-
(Gain)/Loss on foreign exchange				
- realised	(27,567)	51,292	-	-
- unrealised	(193,608)	302,984	-	-
Property, plant and equipment written off	280,084	-	-	-

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**22. Profit/(Loss) before taxation (Cont'd)**

Profit /(Loss) before taxation is carried at after charging/(crediting) (Cont'd):

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Rental of premises	1,976,093	1,021,212	-	-
Reversal of impairment on				
- trade receivables	(1,661,397)	(1,963,222)	-	-
- amounts owing by subsidiary companies	-	-	-	(4,352,469)
Interest income	(16,485)	(2,257)	(443)	(373)
Rental income	(125,400)	(50,000)	-	-
	<u>1,172,811</u>	<u>(994,267)</u>	<u>(443)</u>	<u>(4,352,842)</u>

**23. Taxation**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Tax expense recognised profit or loss:</b>				
Current tax provision	440,022	-	-	-
Under/(Over) provision in prior years	11,478	(18,412)	-	-
	<u>451,500</u>	<u>(18,412)</u>	<u>-</u>	<u>-</u>
<b>Deferred tax:</b>				
Relating to origination or reversal of temporary differences	5,244	(3,622)	-	-
	<u>456,744</u>	<u>(22,034)</u>	<u>-</u>	<u>-</u>

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**23. Taxation (Cont'd)**

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before taxation	<u>1,628,276</u>	<u>(1,598,506)</u>	<u>(922,569)</u>	<u>3,284,541</u>
At Malaysian statutory tax rate of 25% (2014: 25%)	407,069	(399,627)	(230,642)	821,135
Expenses not deductible for tax purpose	468,921	321,728	230,753	233,419
Income not subject to tax	(100,745)	-	(111)	(1,054,554)
Utilisation of previously unrecognised deferred tax assets	(723,752)	(402,366)	-	-
Deferred tax assets not recognised	393,773	476,643	-	-
Under/(Over) provision of taxation in respect of prior year	<u>11,478</u>	<u>(18,412)</u>	<u>-</u>	<u>-</u>
Tax expense for the financial year	<u>456,744</u>	<u>(22,034)</u>	<u>-</u>	<u>-</u>

The Group have unabsorbed capital allowances and unused tax losses carry forward, available to off-set against future taxable profits as follows:

	Group	
	2015 RM	2014 RM
Unabsorbed capital allowances	30,197,124	26,098,245
Unused tax losses	<u>39,524,660</u>	<u>37,148,269</u>
	<u>69,721,784</u>	<u>63,246,514</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**24. Earnings/(Loss) Per Share**

The basic earnings/(loss) per share is arrived at by dividing the Group's profit attributable to the owners of the Group of RM756,511 (2014: loss of RM1,253,343) by the following weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015 Units	2014 Units
Profit/(Loss) attributable to ordinary shares	<u>756,511</u>	<u>(1,253,343)</u>
Weighted average number of ordinary shares	<u>332,000,000</u>	<u>312,849,315</u>
Basic earnings/(loss) per ordinary shares (in sen)	<u>0.23</u>	<u>(0.40)</u>

The fully diluted earnings /(loss) per share for the Group was not presented as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

**25. Staff Costs**

	Group	
	2015 RM	2014 RM
Staff costs (excluding Directors)	<u>8,736,519</u>	<u>6,816,488</u>

Included in the total staff costs above are contributions made to EPF under a defined contribution plan for the Group and the Company amounting to RM714,087 (2014: RM531,442).

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**26. Related Party Disclosures**

**(a) Identity of 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 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 or common significant influence. 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 include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

The Group has related party relationships with its subsidiary companies and key management personnel.

**(b) Significant related party transaction**

Related party transactions have been entered into the normal course of business under normal trade terms. In addition, the related party balances are disclosed in Notes 9, 10 and 19.

**(c) Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity.**

The remunerations of the key management are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Short-term employee benefits	1,244,040	856,881	33,000	36,500

**27. Segment Information**

Segmental information are neither included in the internal management reports nor provided regularly to the Management as the Group operates principally in Malaysia and in one major business segment. Hence, there are no segmental information disclosures.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**28. Financial Instruments****(a) Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains 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>Group</b>	<b>Available for sales RM</b>	<b>Loans and receivables RM</b>	<b>Other financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>2015</b>				
<b>Financial Assets</b>				
Trade receivables	-	24,294,219	-	24,294,219
Other receivables	-	5,782,333	-	5,782,333
Short-term investment	20,714	-	-	20,714
Cash and bank balances	-	9,286,052	-	9,286,052
	<u>20,714</u>	<u>39,362,604</u>	<u>-</u>	<u>39,383,318</u>
<b>Financial Liabilities</b>				
Trade payables	-	-	40,876,381	40,876,381
Other payables	-	-	16,942,587	16,942,587
Finance lease payables	-	-	612,302	612,302
	<u>-</u>	<u>-</u>	<u>58,431,270</u>	<u>58,431,270</u>
<b>2014</b>				
<b>Financial Assets</b>				
Trade receivables	-	27,997,494	-	27,997,494
Other receivables	-	5,177,925	-	5,177,925
Short-term investment	20,173	-	-	20,173
Cash and bank balances	-	751,391	-	751,391
	<u>20,173</u>	<u>33,926,810</u>	<u>-</u>	<u>33,946,983</u>
<b>Financial Liabilities</b>				
Trade payables	-	-	20,345,333	20,345,333
Other payables	-	-	26,900,420	26,900,420
Amount owing to a former Director	-	-	900,000	900,000
Finance lease payables	-	-	96,625	96,625
	<u>-</u>	<u>-</u>	<u>48,242,378</u>	<u>48,242,378</u>

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28. **Financial Instruments (Cont'd)**(a) **Classification of financial instruments (Cont'd)**

<b>Company</b>	<b>Available for sales RM</b>	<b>Loans and receivables RM</b>	<b>Other financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>2015</b>				
<b>Financial Assets</b>				
Other receivables	-	317,650	-	317,650
Amounts owing by subsidiary companies	-	6,699,230	-	6,699,230
Short-term investment	9,854	-	-	9,854
Cash and bank balances	-	5,599	-	5,599
	<u>9,854</u>	<u>7,022,479</u>	<u>-</u>	<u>7,032,333</u>
<b>Financial Liabilities</b>				
Other payables	-	-	332,166	332,166
Amounts owing to subsidiary companies	-	-	1,556,546	1,556,546
	<u>-</u>	<u>-</u>	<u>1,888,712</u>	<u>1,888,712</u>
<b>2014</b>				
<b>Financial Assets</b>				
Other receivables	-	317,650	-	317,650
Amounts owing by subsidiary companies	-	7,526,492	-	7,526,492
Short-term investment	9,557	-	-	9,557
Cash and bank balances	-	62,219	-	62,219
	<u>9,557</u>	<u>7,906,361</u>	<u>-</u>	<u>7,915,918</u>
<b>Financial Liabilities</b>				
Other payables	-	-	433,745	433,745
Amounts owing to subsidiary companies	-	-	1,004,286	1,004,286
	<u>-</u>	<u>-</u>	<u>1,438,031</u>	<u>1,438,031</u>

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**28. Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies**

The Group's and the Company's financial risk management policy are to ensure that adequate financial resources are available for the development of the Group's and the Company's operation whilst managing their financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flows risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy are not to engage in speculative transactions.

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

**(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 and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group 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 only provided loans and advances to subsidiary companies and the results of the subsidiary companies are monitored regularly.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk. The Group has significant concentration of credit risk arise from its dealing with five of the customers (2014: five), which in aggregate represents 74% (2014: 53%) of the total trade receivables.



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**28. Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies (Cont'd)****(i) Credit risk (Cont'd)***Trade receivables that are neither past due nor impaired*

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

*Trade receivables that are past due but not impaired*

The Group believes that adequate impairment has been made in respect of these trade receivables. This represents companies with ongoing business with the Group with active transactions.

**(ii) Liquidity risk**

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

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows. The Group and the Company rely on its creditors and shareholders for appropriate financial support to enable it to meet its obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative 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.

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## 28. Financial Instruments (Cont'd)

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

## (ii) Liquidity risk (Cont'd)

	On demand or repayable within one year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flow RM	Carrying amount RM
<b>Group</b>					
<b>2015</b>					
<b>Financial Liabilities</b>					
Trade payables	40,876,381	-	-	40,876,381	40,876,381
Other payables	16,942,587	-	-	16,942,587	16,942,587
Finance lease payables	227,902	124,212	323,724	675,838	612,302
	<u>58,046,870</u>	<u>124,212</u>	<u>323,724</u>	<u>58,494,806</u>	<u>58,431,270</u>
<b>2014</b>					
<b>Financial Liabilities</b>					
Trade payables	20,345,333	-	-	20,345,333	20,345,333
Other payables	26,900,420	-	-	26,900,420	26,900,420
Amount owing to a former Director	900,000	-	-	900,000	900,000
Finance lease payables	103,740	103,690	-	207,430	197,815
	<u>48,249,493</u>	<u>103,690</u>	-	<u>48,353,183</u>	<u>48,343,568</u>

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28. **Financial Instruments (Cont'd)**(b) **Financial risk management objectives and policies (Cont'd)**(ii) **Liquidity risk (Cont'd)**

	<b>On demand or repayable within one year RM</b>	<b>Carrying amount RM</b>
<b>Company</b>		
<b>2015</b>		
<b>Financial Liability</b>		
Other payables	332,166	332,166
Amounts owing by subsidiary companies	1,556,546	1,556,546
	<u>1,888,712</u>	<u>1,888,712</u>
<b>2014</b>		
<b>Financial Liability</b>		
Other payables	433,745	433,745
Amounts owing by subsidiary companies	1,004,286	1,004,286
	<u>1,438,031</u>	<u>1,438,031</u>

(iii) **Market risks**(a) **Foreign currency exchange risk**

The Group incur foreign currency risk on transactions that are denominated in foreign currency. The currency giving rise to this risk is primarily the USD. The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant.

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

	<b>Denominated in USD RM</b>
<b>Group</b>	
<b>2015</b>	
<b>Financial liability</b>	
Other payables	<u>2,814,635</u>
<b>2014</b>	
<b>Financial liability</b>	
Other payables	<u>4,280,342</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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28. **Financial Instruments (Cont'd)**

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

(iii) **Market risks (Cont'd)**

(a) **Foreign currency exchange risk (Cont'd)**

Foreign currency sensitivity analysis

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

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

		2015		2014
	Change in	Effect on	Change in	Effect on
	currency rate	profit	currency rate	profit
	RM	before tax	RM	before tax
		RM		RM
USD	Strengthened 5%	(140,732)	Strengthened 5%	(214,017)
	Weakened 5%	140,732	Weakened 5%	214,017

(b) **Interest rate risk**

The Group obtains financing through other financial institutions. The Group's policy is to obtain the financing with the most favourable interest rates in the market.

The Group constantly monitors its interest rate risk and does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**28. Financial Instruments (Cont'd)**

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

The carrying amounts of the Group financial instruments that are exposed to interest rate risk are as follows:

	2015	2014
	RM	RM
<b>Group</b>		
<b>Fixed rate instruments</b>		
<b>Financial liability</b>		
Finance lease payables	612,302	197,815

Fair value sensitivity analysis for fixed rate instruments

The Group do not account for any fixed rate financial liability 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.

(c) Fair values of financial instruments

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

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

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1	Level 2	Level 3	
	RM	RM	RM	
<b>Group</b>				
<b>2015</b>				
<b>Financial asset</b>				
Short-term investment	20,714	-	-	20,714
<b>Financial liability</b>				
Finance lease payables	-	405,696	-	410,405

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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28. **Financial Instruments (Cont'd)**

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

	Fair value of financial instruments not carried at fair value			Carrying amount RM
	Level 1	Level 2	Level 3	
	RM	RM	RM	
<b>Group</b>				
<b>2014</b>				
<b>Financial asset</b>				
Short-term investment	20,173	-	-	20,173
<b>Financial liability</b>				
Finance lease payables	-	101,076	-	101,190
<hr/>				
<b>Company</b>				
<b>2015</b>				
<b>Financial asset</b>				
Short-term investment	9,854	-	-	9,854
<hr/>				
<b>2014</b>				
<b>Financial asset</b>				
Short-term investment	9,557	-	-	9,557
<hr/>				

## (i) Policy on transfer between levels

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

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

## (ii) Level 1 fair value

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

## (iii) Level 2 fair value

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**28. Financial Instruments (Cont'd)**

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

(iii) Level 2 fair value (Cont'd)

Non-derivative financial instruments

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

(iv) Level 3 fair value

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

**29. Capital Management**

The Group's Management manages its capital to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The Management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents and bank borrowings. The gearing ratios are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Total bank borrowings	-	-
Less: Cash and cash equivalents	<u>(9,306,766)</u>	<u>(771,564)</u>
Net cash	<u>(9,306,766)</u>	<u>(771,564)</u>
 Total equity	 <u>18,970,354</u>	 <u>17,760,728</u>
 Gearing ratio	 <u>_*</u>	 <u>_*</u>

\* The gearing ratio is not applicable as the Group does not incur any borrowing during the financial year.

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**30. Significant Events**

- (a) On 9 October 2014 and 8 December 2014, the Company announced to Bursa Malaysia Securities Berhad, a proposal to implement a Corporate Exercise. The details of the corporate exercise are as follows:
- (i) proposed reduction of up to RM32,730,251 from the share premium account of the Company pursuant to Sections 60(2) and 64(1) of the Companies Act, 1965;
  - (ii) proposed reduction of the issued and paid-up share capital of XOX pursuant to Section 64 of the Act involving the cancellation of RM0.05 of the par value of each existing ordinary share of RM0.10 each in the Company ("XOX Share(s)" or Share(s)) and thereafter, the consolidation of every 2 ordinary shares of RM0.05 each into 1 new XOX Share of RM0.10 each on an entitlement date to be determined and announced later;
  - (iii) proposed restricted issue of 190,000,000 new XOX Shares at an issue price of RM0.10 each per restricted issue share to parties to be identified later;
  - (iv) proposed renounceable rights issue of up to 356,000,000 new XOX Shares ("Rights Share") on the basis of 1 Rights Share for every 1 existing XOX Share held on an entitlement date to be determined later ("Rights Entitlement Date"), together with up to 356,000,000 free detachable new warrants ("Warrants") on the basis of 1 Warrant for every 1 Rights Share subscribed by the entitled shareholders;
  - (v) proposed establishment of a share issuance scheme of up to 30% of the issued and paid-up share capital of XOX (excluding treasury shares, if any) at any point in time for the eligible directors and employees of XOX and its subsidiaries;
  - (vi) proposed increase in the authorised share capital of XOX from RM100,000,000 comprising 1,000,000,000 XOX Shares to RM300,000,000 comprising 3,000,000,000 Shares ; and
  - (vii) proposed amendment to the Memorandum of Association of XOX to facilitate the implementation of the Proposed Capital Reduction and Proposed IASC.

On 18 February 2015, the Company obtained the approval from Bursa Malaysia Securities Berhad on the proposal. The circular was send to Shareholders on 6 March 2015 and approval from Shareholders on the proposals was obtained on 30 March 2015 through the Extraordinary General Meeting.

On 19 June 2015, the Company announced that the High Court of Malaya had on 5 June 2015 granted an order confirming the Proposed Par Value Reduction and Proposed Share Premium Reduction, whereby the draft Court Order was duly approved on 19 June 2015. The sealed order will be extracted and an office copy of the order will be lodged with the Companies Commission of Malaysia for the Proposed Par Value Reduction and Proposed Share Premium Reduction to take effect.



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**30. Significant Events (Cont'd)**

- (b) On 12 December 2014, the Company acquired 59,999 ordinary shares of RM1.00 each of the share capital of One XOX Sdn. Bhd. ("One XOX") for a consideration of RM59,999. As a result of this subscription, total equity held by XOX Bhd. ("XOX") in One XOX is 60,000 ordinary shares of RM1.00 each, representing 60% of the enlarged issued and paid up share capital of One XOX with total cost of investment of RM60,000. The management has indicated that they have control over One XOX by controlling the decision making power and also the right to distribute return.

**31. Subsequent Events**

- (a) On 11 September 2015, XOX Com Sdn. Bhd. ("XOX Com"), a wholly-owned subsidiary of XOX Bhd ("XOX") has subscribed for 450,000 new ordinary shares of RM1.00 each in XOX Mobile Sdn. Bhd. ("XOX Mobile") for total cash consideration of RM450,000. Consequently, XOX Mobile remained as 100% subsidiary company of XOX Com.
- (b) On 2 October 2015, XOX has disposed its entire fifty percent (50%) equity interest in XOX Retail Sdn. Bhd. ("XOX Retail") a subsidiary of the XOX, comprising 1 ordinary share of RM1.00 each for a cash consideration of RM1.00. Consequently, XOX Retail has ceased to be subsidiaries of XOX.

**32. Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 27 October 2015.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total accumulated losses of the Company and its subsidiary companies				
- realised	(106,040,692)	(106,676,112)	(62,237,366)	(61,314,797)
- unrealised	188,364	(302,984)	-	-
	<u>(105,852,328)</u>	<u>(106,979,096)</u>	<u>(62,237,366)</u>	<u>(61,314,797)</u>
Less: Consolidation adjustments	56,543,846	56,914,103	-	-
Total accumulated losses	<u>(49,308,482)</u>	<u>(50,064,993)</u>	<u>(62,237,366)</u>	<u>(61,314,797)</u>

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

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-  
MONTHS FPE 30 SEPTEMBER 2015

**XOX BHD**

(Company Registration No.: 900384-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

**XOX BHD.**  
**(900384-X)**

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015

*DRYUK CHH Woon Chee*  
MANAGING DIRECTOR

Unaudited Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter	Year to Date	Preceding Year Corresponding Period
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
Note	RM'000	RM'000	RM'000	RM'000
Revenue	35,959	17,252	35,959	17,252
Cost of sales	(20,274)	(10,905)	(20,274)	(10,905)
Gross Profit	15,685	6,347	15,685	6,347
Other income	16	590	16	590
Selling and distribution expenses	(7,923)	(2,807)	(7,923)	(2,807)
Administrative expenses	(5,998)	(3,243)	(5,998)	(3,243)
Other expenses	(1,293)	(1,216)	(1,293)	(1,216)
Finance costs	(8)	(13)	(8)	(13)
Profit/(Loss) Before Tax	B5 479	(342)	479	(342)
Income tax expense	B6 (52)	(10)	(52)	(10)
Profit / (Loss) After Taxation / Total comprehensive expenses	427	(352)	427	(352)
Profit / (Loss) After Taxation / Total comprehensive expenses				
Attributable to:-				
- Equity holders of the Company	633	(336)	633	(336)
- Non-controlling interest	(206)	(16)	(206)	(16)
	427	(352)	427	(352)
Net Profit/ (Loss) Per Share attribute to equity holders of the Company				
- Basic (sen)	B12 0.19	(0.10)	0.19	(0.10)
- Diluted (sen)	B12 0.19	(0.10)	0.19	(0.10)

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to this interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-  
MONTHS FPE 30 SEPTEMBER 2015 (CONT'D)

**XOX BHD**

(Company Registration No.: 900384-X)  
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**XOX BHD.**  
(900384-X)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015

*DBYUK CHAI WOON CHEE*  
MANAGING DIRECTOR

Unaudited Condensed Consolidated Statement of Financial Position

	Unaudited As at 30 September 2015 RM'000	Audited As at 30 June 2015 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Equipment	32,520	32,773
Intangible assets	3	3
<b>Total Non – Current Assets</b>	<b>32,523</b>	<b>32,776</b>
<b>CURRENT ASSETS</b>		
Inventories	2,241	2,919
Trade receivables	22,241	24,294
Other receivables, deposits and prepayments	9,062	8,445
Short-term investment	20	20
Cash and bank balances	6,701	9,286
<b>Total Current Assets</b>	<b>40,265</b>	<b>44,964</b>
<b>TOTAL ASSETS</b>	<b>72,788</b>	<b>77,740</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	33,200	33,200
Capital reserve	2,200	2,200
Share premium	32,730	32,730
Accumulated losses	(48,675)	(49,308)
<b>Total Equity</b>	<b>19,455</b>	<b>18,822</b>
Non-controlling interest	(58)	148
	<b>19,397</b>	<b>18,970</b>
<b>NON CURRENT LIABILITY</b>		
Hire Purchase Payables	520	411
Deferred tax liabilities	5	5
	<b>525</b>	<b>416</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	42,071	40,876
Other payable and accruals	10,606	17,276
Hire purchase payables	189	202
<b>Total Liabilities</b>	<b>52,866</b>	<b>58,354</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>72,788</b>	<b>77,740</b>
Net assets per share attributable to equity holders of the Company (sen) #	5.86	5.67

Notes: -

- # The net assets per share attributable to equity holders of the Company is computed based on the net assets divided by 332,000,000 ordinary shares of RM0.10 each of the Company.
- (a) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to this interim financial statements.

## UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 30 SEPTEMBER 2015 (CONT'D)

**XOX BHD**

(Company Registration No.: 900384-X)  
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**XOX BHD.**  
**(900384-X)**

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015

Unaudited Condensed Consolidated Statement of Changes in Equity

	← Non-distributable →		← Distributable →			
	Share capital RM'000	Capital Reserve RM'000	Share premium RM'000	Accumulated losses RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 July 2015	33,200	2,200	32,730	(49,308)	148	18,970
Total comprehensive expenses for the period	-	-	-	633	(206)	427
At 30 September 2015	33,200	2,200	32,730	(48,675)	(58)	19,397
At 1 July 2014	33,200	2,200	32,730	(50,065)	(304)	17,761
Total comprehensive expenses for the period	-	-	-	(336)	(16)	(352)
At 30 September 2014	33,200	2,200	32,730	(50,401)	(320)	17,409

Notes:-

The Unaudited Condensed Consolidated Statement of Changes to Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to this interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-  
MONTHS FPE 30 SEPTEMBER 2015 (CONT'D)

**XOX BHD**

(Company Registration No.: 900384-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

**XOX BHD.**  
(900384-X)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015

DR. CHAI WOON CHEE  
MANAGING DIRECTOR

Unaudited Condensed Consolidated Statement of Cash Flow

	Cumulative Quarter Ended 30 September 2015 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2014 RM'000
<b>NOTE</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	479	(341)
Adjustments for:		
Depreciation of equipment	1,274	1,112
Interest expense	8	2
Interest income	(2)	-
Impairment on trade receivable	-	1,203
Impairment on trade receivable recovered	-	(1,661)
Impairment of inventory	-	72
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,759</b>	<b>243</b>
(Increase) / Decrease in inventories	678	(51)
(Increase) / Decrease in trade and other receivables	1,436	(3,604)
Increase / (Decrease) in trade and other payables	(5,475)	5,004
<b>Cash for operations</b>	<b>(1,602)</b>	<b>1,592</b>
Interest paid	(8)	(2)
Tax paid	(52)	(10)
<b>Net cash generated from operating activities</b>	<b>(1,662)</b>	<b>1,580</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2	-
Purchase of equipment	(1,021)	(541)
<b>Net cash used in investing activities</b>	<b>(1,019)</b>	<b>(541)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(54)	(24)
Drawdown of hire purchase	150	76
<b>Net cash from financing activities</b>	<b>96</b>	<b>52</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,585)</b>	<b>1,091</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>9,306</b>	<b>771</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>6,721</b>	<b>1,862</b>

Notes: -

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to this interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 30 SEPTEMBER 2015 (CONT'D)

**XOX BHD**

(Company Registration No.: 900384-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015

**A. Explanatory Notes Pursuant To MFRS 134**

**1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and Appendix 9B of the ACE Market Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The interim financial report should be read in conjunction with the latest audited financial statements of XOX Bhd ("XOX" or the "Company") and its subsidiaries ("Group") for the financial year ended 30 June 2015.

The accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2015.

**Standards issued but not yet effective**

The Group have not applied the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group.

		Effective dates for financial periods <u>beginning on or after</u>
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Invest or and its Associate or Joint Venture	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle		1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities : Applying the Consolidation Exception	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

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

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

MFRS 9	Financial Instruments
MFRS15	Revenue from Contracts with Customers

The Group is currently examining the financial impact that may arise from the adoption of MFRS 9 and MFRS 15.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-  
MONTHS FPE 30 SEPTEMBER 2015 (CONT'D)

**XOX BHD**

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015

**2. Audit report of the Group's preceding annual financial statements**

There was no audit qualification reported in the audited financial statements of the Group for the financial year ended 30 June 2015.

**3. Seasonality or cyclical factors**

The business of the Group was not affected by any significant seasonal and cyclical factors for the current quarter under review and financial year-to-date.

**4. Nature and amount of exceptional and extraordinary items**

There were no exceptional or extraordinary items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review and financial year-to-date.

**5. Changes in estimates**

There were no material changes in estimates for the current quarter under review and financial year-to-date.

**6. Debt and equity securities**

There were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter and financial year to date.

**7. Dividends**

No dividends were declared or paid by the Group in the current quarter under review.

**8. Segment information**

Segmental information are neither included in the internal management reports nor provided regularly to the Management as the Group operates principally in Malaysia and in one major business segment. Accordingly, there are no segmental information disclosures.

**9. Material events subsequent to the end of the reporting period**

On 2 October 2015, XOX Bhd ("XOX") has disposed its entire fifty percent (50%) equity interest in XOX Retail Sdn Bhd ("XOX Retail") a subsidiary of the XOX, comprising 1 ordinary share of RM1.00 each for a cash consideration of RM1.00. Consequently, XOX Retail has ceased to be subsidiaries of XOX.

**10. Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter under review.

**11. Contingent liabilities and assets**

There are no material contingent liabilities or assets which may have material effect on the financial position of the Group as the date of this announcement.

**12. Equipment**

The Group acquired additional equipment amounting to approximately RM1,021,000.00 in the current quarter under review.

**13. Capital commitment**

Authorised capital expenditure not provided for in the interim financial report at the end of the current quarter under review is as follows:-

	RM'000
Approved and contracted for:	
- Equipment	18



**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 30 SEPTEMBER 2015 (CONT'D)**

**XOX BHD**

(Company Registration No.: 900384-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015**

**14. Significant related party transactions**

- (a) Identities of related parties
- (i) the Company has a controlling related party relationship with its subsidiaries;
- (ii) the directors who are the key management personnel; and
- (iii) entities controlled by certain key management personnel, directors and/or substantial shareholders.
- (b) In addition to the information detailed elsewhere in the financial statements, the Group carried out the following significant transactions with the related parties during the quarter:

	<b>Current quarter 30 September 2015 RM'000</b>	<b>Preceding year corresponding quarter 30 September 2014 RM'000</b>
(i) Key management personnel compensation: Short-term employee benefits	353	202

**15. Cash and cash equivalents**

	<b>As At 30 September 2015 RM'000</b>	<b>As At 30 June 2015 RM'000</b>
Short-term investment	20	20
Cash and bank balances	6,701	9,286
	<u>6,721</u>	<u>9,306</u>

**16. Other investments**

Save for the short-term investment placed with a bank disclosed in Section A.15, there were no other investments during the current quarter under review and financial year-to-date.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 30 SEPTEMBER 2015 (CONT'D)

**XOX BHD**

(Company Registration No.: 900384-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015

**B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities**

**1. Performance of the current quarter and financial year-to-date against preceding year corresponding quarter and year-to-date**

XOX Group achieved a revenue of RM35.96 million for the current quarter under review, or an increase of RM18.71 million from the previous year's corresponding quarter. The higher revenue recorded was due to the increased in quality subscribers from 270,000 to 850,000 resulting from the continuous efforts on products branding, consistent subscribers' retention and quality subscriber acquisitions through various business strategies put in place and product together with marketing activities carried out since the last financial year, and the consolidation of the result of a subsidiary acquired in December 2014.

Correspondingly, XOX Group recorded a profit before taxation of RM0.48 million for the current quarter under review compared to the loss before taxation of RM0.34 million in the previous year's corresponding quarter. The higher profit before taxation reported is in tandem with the increase in revenue coupled with continuous intensive marketing and branding programs carried out despite an increase in selling and distribution and administrative expenses.

**2. Performance of the current quarter against the preceding quarter**

	Current Quarter	Preceding Quarter
	30 September 2015	30 June 2015
	RM'000	RM'000
Revenue	35,959	27,915
Earnings Before Interest Taxes Depreciation and Amortisation	1,965	1,792
Profit after tax	633	173

Despite the difficult and challenging business environment, the Group managed to register an increased sales revenue of RM8.04 million mainly due to the continuous strong demand for quality mobile internet services and positive results from the continuous marketing and branding campaigns.

And the earnings before interest taxes depreciation and amortisation (EBITDA) and profit after taxation is in tandem with higher sales revenue registered.

**3. Prospects and business outlook**

The telecommunication industry is undergoing a major revolution driven by changes in user requirements together with revenue drivers and new technologies. With this as the backdrop, the Group is expected to face challenges from the market through stiffer competition among industry players, product offerings, pricing and regulatory changes. It is on this cautious note that the Group will strive harder to achieve better performance through marketing activities, subscriber retention, quality subscriber acquisition and also by introducing innovative products and services, promoting the Group's SIM-free mobile application brand named *Voopee*, to be in line with current consumer trends in order to stay ahead of the competition.

As part of the expansion of business, the strategic priorities in 2016 will be switching the focus to attract more quality subscribers, namely post-paid subscribers, by offering innovative products and services to broaden the subscriber base in order to better respond to subscribers' needs.

Based on the aforesaid series of plans and strategies and barring any unforeseen circumstances, the Board of Directors of the Company is of the view that the Group expects to remain profitable for the financial year ending 30 June 2016.

**4. Profit forecast**

The Board of Directors wishes to inform that the XOX Group did not issue any profit forecast.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 30 SEPTEMBER 2015 (CONT'D)

**XOX BHD**

(Company Registration No.: 900384-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015

5. Profit/(Loss) before tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	<u>30 September 2015</u>	<u>30 September 2014</u>	<u>30 September 2015</u>	<u>30 September 2014</u>
	RM'000	RM'000	RM'000	RM'000
Interest income	(2)	-	(2)	-
Interest expense	8	2	8	2
Provision for and write off of/(Reversal of) receivables	-	(458)	-	(458)
Depreciation on plant and equipment	1,274	1,112	1,274	1,112

6. Income Tax Expense

The reconciliation of income tax expenses applicable to the loss before taxation at the statutory tax rate to income tax expenses at the effective tax rate are as follows:

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	<u>30 September 2015</u>	<u>30 September 2014</u>	<u>30 September 2015</u>	<u>30 September 2014</u>
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	479	(342)	479	(342)
Tax at statutory rate of 25%	120	(86)	120	(86)
Expenses not deductible for tax purposes	370	108	370	108
Income not subject to tax	(2,310)	(1,204)	(2,310)	(1,204)
Deferred tax not recognised	1,872	1,192	1,872	1,192
Income tax expenses	52	10	52	10

7. Gain or loss on disposal of quoted and/or unquoted investments and/or properties

There were no disposal of quoted, unquoted and/or properties for the current quarter and financial year to date.

8. Corporate proposals and utilisation of proceeds

Save as disclosed below, there were no other corporate proposals which had been announced by the Company and are pending for completion as of today :

On 9 October 2014 and 8 December 2014, the Company announced a proposal to implement a Corporate Exercise. The details of the corporate exercise are as follows:

- (i) Proposed Reduction Of Up To RM32,730,251 From The Share Premium Account Of XOX Pursuant To Sections 60(2) And 64(1) Of The Companies Act, 1965 ("Act") ("Proposed Share Premium Reduction");
- (ii) Proposed Reduction Of The Par Value Of Each Existing Ordinary Share Of XOX From RM0.10 Each ("XOX Share") To RM0.05 Each By Way Of Cancellation Of RM0.05 Of The Par Value Of Each XOX Share Pursuant To Section 64(1) Of The Act ("Proposed Par Value Reduction");

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 30 SEPTEMBER 2015 (CONT'D)

**XOX BHD**

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015

- (iii) Proposed Consolidation Of Every Two (2) Ordinary Shares Of RM0.05 Each In XOX After The Proposed Par Value Reduction Into One (1) New Share In XOX Of RM0.10 Par Value Each ("Consolidated Share") ("Proposed Share Consolidation");

(The Proposed Share Premium Reduction, Proposed Par Value Reduction And Proposed Share Consolidation Are Collectively Referred To As "Proposed Capital Reduction")

- (iv) Proposed Restricted Issue Of 190,000,000 New XOX Shares At An Issue Price Of RM0.10 Each Per Restricted Issue Share To Parties To Be Identified Later ("Proposed Restricted Issue");
- (v) Proposed Renounceable Rights Issue Of Up To 356,000,000 New XOX Shares ("Rights Shares") On The Basis Of One (1) Rights Share For Every One (1) Existing XOX Share Held (After The Completion Of The Proposed Capital Reduction) On An Entitlement Date To Be Determined Later ("Rights Entitlement Date"), Together With Up To 356,000,000 Free Detachable New Warrants ("Warrants") On The Basis Of One (1) Warrant For Every One (1) Rights Share Subscribed By The Entitled Shareholders ("Proposed Rights Issue Of Shares With Warrants");
- (vi) Proposed Establishment Of A Share Issuance Scheme ("SIS") Of Up To Thirty Percent (30%) Of The Issued And Paid-Up Share Capital Of XOX (Excluding Treasury Shares, If Any) At Any One Time During The Duration Of The Scheme For The Eligible Directors And Employees Of XOX And Its Subsidiaries ("XOX Group" Or "Group") (Excluding Dormant Subsidiaries) ("Proposed SIS");
- (vii) Proposed Increase In The Authorised Share Capital Of XOX From RM100,000,000 Comprising 1,000,000,000 XOX Shares To RM300,000,000 Comprising 3,000,000,000 XOX Shares ("Proposed IASC"); And
- (viii) Proposed Amendment To The Memorandum Of Association Of XOX To Facilitate The Implementation Of The Proposed Capital Reduction And Proposed IASC ("Proposed Amendment")

On 18 February 2015, the Company obtained the approval from Bursa Malaysia Securities Berhad on the proposal. The circular was sent to Shareholders on 6 March 2015 and approval from Shareholders on the proposals was obtained on 30 March 2015 through the Extraordinary General Meeting.

On 19 June 2015, the Company announced that the High Court of Malaya had on 5 June 2015 granted an order confirming the Proposed Par Value Reduction and Proposed Share Premium Reduction, whereby the draft Court Order was duly approved on 19 June 2015. The sealed order will be extracted and an office copy of the order will be lodged with the Companies Commission of Malaysia for the Proposed Par Value Reduction and Proposed Share Premium Reduction to take effect.

On 2 November 2015, on behalf of the Board, TA Securities Holdings Berhad ("TA Securities") has announced that an office copy of the sealed order of the High Court of Malaya confirming the Par Value Reduction and Share Premium Reduction has been lodged with the Companies Commission of Malaysia on 2 November 2015, upon which the Par Value Reduction and Share Premium Reduction shall take effect and hence deemed completed.

On 17 November 2015, on behalf of the Board, TA Securities has further announced that as a result of the Share Consolidation, which is after the Par Value Reduction is effective, 332,000,000 ordinary shares in XOX of RM0.05 each will be consolidated into 166,000,000 new ordinary shares in XOX of RM0.10 each ("Consolidated Shares") and the Consolidated Shares will be listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on Wednesday, 18 November 2015.

On 18 November 2015, on behalf of the Board, TA Securities has further announced that the Proposed Capital Reduction has been completed, following the listing and quotation of the Consolidated Shares on the ACE Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on Wednesday, 18 November 2015.

**9. Group Borrowings**

Except for the additional Hire Purchase borrowing of RM150k, there were no other borrowings during the current quarter under review and financial year-to-date.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 30 SEPTEMBER 2015 (CONT'D)

**XOX BHD**

(Company Registration No.: 900384-X)  
(Incorporated in Malaysia under the Companies Act, 1967)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 30 SEPTEMBER 2015

	As at 30 September 2015	As at 30 June 2015
	RM'000	RM'000
<b>Hire purchase</b>		
Short-term	189	202
Long-term	520	410

The hire purchase payables are pertaining to the acquisition of motor vehicles.

The Group does not have any foreign currency denominated borrowings.

**10. Material litigation**

There were no litigation or arbitration, which has a material effect on the financial position of the Group and the Board is not aware of any other proceedings pending or threatened or of any fact likely to give rise to any proceedings which has a material effect on the financial position of the Group.

**11. Realised and Unrealised Losses Disclosure**

	As at 30 September 2015	As at 30 June 2015
	RM'000	RM'000
Total accumulated losses:		
- Realised	(48,863)	(49,496)
- Unrealised	188	188
	<u>(48,675)</u>	<u>(49,308)</u>

**12. Net Profit/(Loss) per share**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	<u>30 September 2015</u>	<u>30 September 2014</u>	<u>30 September 2015</u>	<u>30 September 2014</u>
	RM'000	RM'000	RM'000	RM'000
Net Profit/(Loss) attributable to equity holders of the company	<u>633</u>	<u>(336)</u>	<u>633</u>	<u>(336)</u>
Weighted average number of ordinary shares in issue ('000)	332,000	332,000	332,000	332,000
Net Profit/(Loss) Per Share - Basic (sen)	<u>0.19</u>	<u>(0.10)</u>	<u>0.19</u>	<u>(0.10)</u>

The fully diluted profit per share is not presented as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

## DIRECTORS' REPORT



## Registered Office:

Suite 10.03, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

To: Shareholders of XOX Bhd ("XOX" or "Company")

7 JAN 2016

Dear Sir/Madam,

On behalf of the Board of Directors of XOX ("Board"), I wish to report that after making due enquiries in relation to our Company and subsidiary companies ("Group") during the period between 30 June 2015 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than fourteen (14) days before the date of this Abridged Prospectus that:

- (i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;
- (v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and
- (vi) save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully  
For and behalf of the Board of  
**XOX BHD**

  
**DATUK CHAI WOON CHET**  
Managing Director

**ADDITIONAL INFORMATION****1. SHARE CAPITAL**

- 1.1 Save for the Rights Shares, Warrants, as well as new Shares to be issued pursuant to the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this AP later than twelve (12) months after the date of the issue of this AP.
- 1.2 As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.
- 1.3 As at the LPD, save as disclosed below, no person has been or is entitled to be granted an option to subscribe for any of our securities:
  - (a) the Entitled Shareholders who will be allotted the Provisional Rights Shares with Warrants under the Rights Issue of Shares with Warrants; and
  - (b) up to thirty percent (30%) of the issued and paid-up share capital of our Company (excluding treasury shares, if any) can be issued at any one time during the duration of the SIS for the eligible persons after completion of the Rights Issue of Shares with Warrants. As at the LPD, the SIS has not been implemented.

**2. REMUNERATION OF DIRECTORS**

The provisions in our Articles of Association in respect of the arrangements for the remuneration of Directors are as follows:

- (a) The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting PROVIDED THAT such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fee;
- (b) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (c) An executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine;
- (d) Salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (e) Any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter;
- (f) The Directors shall also be paid such travelling, hotel and other expenses properly and reasonably incurred by them in the execution of their duties including any such reasonable expenses incurred in connection with their attendance at meetings of the Directors, any committee of the Directors or General Meetings of the Company or in connection with the business of the Company;

**ADDITIONAL INFORMATION (CONT'D)**

- (g) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors. Extra remuneration payable to non-executive Director(s) shall not include a commission or percentage of profits or turnover;
- (h) No payment shall be made to any Directors by way of compensation for loss of office or as consideration for or in consideration with his retirement from office unless particulars with respect to the proposed payment (including the amount thereof) have been disclosed to the Members and the proposal has been approved by the Company in general meeting.

**3. MATERIAL CONTRACTS**

Save as disclosed below, neither we nor our subsidiaries have entered into any other material contract (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the date of this AP:

- (i) Deed Poll executed by our Company constituting the Warrants; and
- (ii) MVNO Service Agreement dated 15 September 2008 entered between Celcom and XOX Com Sdn Bhd wherein both parties have decided to use Celcom Digital Network for MVNO to provide MVNO Services subject to the terms and conditions contained therein.

**4. MATERIAL LITIGATION**

As at the LPD, neither we nor our subsidiaries are engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant, and our Board does not have any knowledge of any proceedings, pending or threatened, against us or our subsidiaries or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Company or our subsidiaries.

**5. GENERAL**

- 5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this AP.
- 5.2 Save as disclosed in this AP and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
  - (i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
  - (ii) material commitments for capital expenditure of our Group;



**ADDITIONAL INFORMATION (CONT'D)**

- (iii) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;
- (iv) known trends or uncertainties that have had or that our Group reasonably expects will have, a material favourable or unfavourable impact on our Group's revenue or operating income;
- (v) substantial increase in revenues; and
- (vi) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

**6. CONSENTS**

The Adviser, Company Secretary, Principal Bankers, Auditors, Share Registrar, Solicitors for the Rights Issue of Shares with Warrants and Bloomberg Finance LP have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Reporting Accountants and Auditors to the inclusion in this AP of their names and letter relating to the pro forma consolidated statements of financial position of our Group as at 30 June 2015, the audited consolidated financial statements of our Group for the FYE 30 June 2015, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our Registered Office at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpur during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of twelve (12) months from the date of this AP:

- (i) our Memorandum and Articles of Association;
- (ii) the audited financial statements of our Group for the past two (2) FYE 2014 and FYE 2015;
- (iii) the latest unaudited consolidated financial results of our Group for the three (3) months FPE 30 September 2015 as set out in **Appendix V** of this AP;
- (iv) the pro forma consolidated statements of financial position of our Group as at 30 June 2015 together with the notes and Reporting Accountants' letter thereon as set out in **Appendix III** of this AP;
- (v) the Undertaking as referred to in Section 2.5 of this AP;
- (vi) the Directors' Report referred to in **Appendix VI** of this AP;
- (vii) the Deed Poll;
- (viii) the letters of consent referred to in Section 6 of this **Appendix VII** of this AP; and
- (ix) the material contracts referred to in Section 3 of this **Appendix VII** of this AP.

**ADDITIONAL INFORMATION (CONT'D)**

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**8. RESPONSIBILITY STATEMENT**

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of Shares with Warrants.

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