

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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This Circular has been reviewed and approved by Sierac Corporate Advisers Sdn. Bhd. as the Adviser to XOX Technology Berhad for the Proposed Capital Reduction (as defined herein).



TECHNOLOGY

XOX TECHNOLOGY BERHAD

Registration No. 199901007872 (482772-D)

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF XOX TECHNOLOGY BERHAD OF
RM65.0 MILLION PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016
("PROPOSED CAPITAL REDUCTION")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

sierac
corporate advisers

**SIERAC CORPORATE ADVISERS SDN. BHD.
(Registration No.: 200001013247 (515853-A))**

The resolution pertaining to the Proposed Capital Reduction will be tabled at the Extraordinary General Meeting ("**EGM**") of **XOX TECHNOLOGY BERHAD** ("**XOXTech**" or the "**Company**") which will be held on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 8 February 2023 at 10.30 a.m.** or any adjournment thereof. The Notice of the EGM together with the Form of Proxy are enclosed in this Circular.

As a shareholder, you can appoint a proxy or proxies to attend and vote on your behalf. The Form of Proxy must be completed and deposited at the registered office of the Company at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6413 3270 or email to infosr@wscs.com.my not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 6 February 2023 at 10.30 a.m.
Date and time of the EGM : Wednesday, 8 February 2023 at 10.30 a.m.

This Circular is dated 16 January 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

“Act”	: The Companies Act 2016 as amended from time to time and any re-enactment thereof
“Announcement”	: The announcement of the Proposed Capital Reduction dated 28 December 2022
“Board”	: Board of Directors of XOXTech
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Circular”	: This circular to shareholders dated 16 January 2023 in relation to the Proposed Capital Reduction
“COVID-19”	: Coronavirus disease 2019
“Director(s)”	: A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“EGM”	: Extraordinary General Meeting of the Company
“EPS”	: Earnings per Share
“FPE”	: Financial period ended/ending
“FYE”	: Financial year ended/ending
“LAT”	: Loss after tax
“LBT”	: Loss before tax
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time.
“LPD”	: 28 December 2022, being the latest practicable date prior to the printing of this Circular
“LPS”	: Loss per Share
“NA”	: Net assets
“PAT”	: Profit after tax
“PBT”	: Profit before tax
“Proposed Capital Reduction”	: Proposed reduction of the issued share capital of XOXTech of RM65.0 million pursuant to Section 117 of the Act
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“SCA”	: Sierac Corporate Advisers Sdn. Bhd.
“Treasury Shares”	: 2,557,500 Shares held as treasury shares by the Company

DEFINITIONS (CONT'D)

“XOXTech” or the “Company” : XOX Technology Berhad

“XOXTech Group” or the “Group” : XOXTech and its subsidiaries, collectively

“XOXTech Shares” or the “Shares” : Ordinary shares in XOXTech

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

Any reference in this Circular 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 Circular shall be a reference to Malaysian time, unless otherwise specified.

All references to “you” in this Circular are to the shareholders of the Company.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by the Company, such as in the quarterly results or annual reports of the Company (as the case may be), is due to rounding.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION CONTAINED IN THE MAIN CONTENT OF THIS CIRCULAR. PLEASE READ THE ENTIRE CIRCULAR CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED CAPITAL REDUCTION BEFORE VOTING AT THE FORTHCOMING EGM.

PROPOSED CAPITAL REDUCTION	
Details	<p>: The Proposed Capital Reduction entails the reduction of the issued share capital of XOXTech via the cancellation of the Company's issued share capital which is substantially unrepresented by available assets of RM65.0 million pursuant to Section 117 of the Act.</p> <p>Refer to Section 2 of this Circular for further details of the Proposed Capital Reduction.</p>
Rationale	<p>: The Proposed Capital Reduction will:</p> <ul style="list-style-type: none">• enable the Company to eliminate its accumulated losses to reflect more accurately the value of the underlying assets and financial position of the Company.• enhance the Company's ability to declare and pay dividends out of its retained earnings in the future, as and when appropriate, when the Company returns to profitability. <p>Refer to Section 3 of this Circular for further information on the rationale for the Proposed Capital Reduction.</p>
Effects	<p>: The Proposed Capital Reduction will:</p> <ul style="list-style-type: none">(a) reduce and cancel RM65.0 million of the issued share capital but it will not have effect on the total number of Shares;(b) have no effects on the substantial shareholders' shareholdings in the Company as well as the Group's earnings and EPS for FYE 31 March 2023; and(c) not reduce the NA due to the cancellation of the issued share capital and accumulated losses of the Group, and will not have material effects on the NA per Share and gearing of the Group. <p>Refer to Section 4 of this Circular for further information on the effects of the Proposed Capital Reduction.</p>
Approvals Required	<p>: The Proposed Capital Reduction is subject to the following approvals being obtained from:</p> <ul style="list-style-type: none">(a) the shareholders of XOXTech at the forthcoming EGM; and(b) any other relevant authorities or parties, if required.



TECHNOLOGY

XOX TECHNOLOGY BERHAD

Registration No. 199901007872 (482772-D)
(Incorporated in Malaysia)

Registered Office:

A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
W.P. Kuala Lumpur

16 January 2023

BOARD OF DIRECTORS

Chew Shin Yong, Mark (*Executive Chairman*)
Nicholas Wong Yew Khid (*Executive Director*)
Yong Ket Inn (*Independent Non-Executive Director*)
Chen Chee Peng (*Independent Non-Executive Director*)
Datuk Chai Woon Chet (*Non-Independent Non-Executive Director*)

To: The Shareholders of XOX Technology Berhad

Dear Sir/Madam,

PROPOSED CAPITAL REDUCTION

1. INTRODUCTION

On 28 December 2022, SCA had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Capital Reduction.

Further details of the Proposed Capital Reduction are set out in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED CAPITAL REDUCTION, TO SET OUT OUR BOARD'S RECOMMENDATION ON THE PROPOSED CAPITAL REDUCTION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED CAPITAL REDUCTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED CAPITAL REDUCTION AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction entails the reduction of the issued share capital of XOXTech via the cancellation of the Company's issued share capital which is substantially unrepresented by available assets of RM65.0 million pursuant to Section 117 of the Act. The corresponding credit of RM65.0 million arising from such cancellation will be used to set-off against the accumulated losses of the Company while the remaining balance, if any, will be credited to the retained earnings of the Company which shall be used in such manner as the Board deems fit and in the best interest of the Company as permitted by the relevant and applicable laws as well as the Listing Requirements of Bursa Securities.

As at LPD, the total issued share capital of the Company is RM82,053,612 comprising 896,183,566 XOXTech Shares of which 2,557,500 XOXTech Shares are held as Treasury Shares by the Company.

For illustrative purposes only, the pro forma effects of the Proposed Capital Reduction on the accumulated losses of the Group based on the latest audited consolidated financial statements of XOXTech Group for the FYE 31 March 2022 and the unaudited financial results of XOXTech Group as at 30 September 2022 will result in the following effects:

	Audited As at 31 March 2022		Unaudited As at 30 September 2022	
	Company Level	Group Level	Company Level	Group Level
	RM	RM	RM	RM
Accumulated losses	(93,463,601)	(51,035,536)	(92,652,009)	(48,995,858)
Add: Credit arising from the Proposed Capital Reduction	65,000,000	65,000,000	65,000,000	65,000,000
Less: Estimated expenses for the Proposed Capital Reduction	(70,000)	(70,000)	(70,000)	(70,000)
Resultant (accumulated losses)/retained earnings	(28,533,601)	13,894,464	(27,722,009)	15,934,142

The summary and commentaries of the financial information of the Group for the 18-month FPE 31 December 2018, FYE 31 December 2019, 15-month FPE 31 March 2021, FYE 31 March 2022, 6-month FPE 30 September 2021 and 6-month FPE 30 September 2022 are set out in **Appendix I** of this Circular.

Subject to and subsequent to the approval of the Proposed Capital Reduction by the shareholders of the Company at the forthcoming EGM, the Proposed Capital Reduction will be effective when the Registrar of Companies has recorded the information lodged in the appropriate register in accordance with Section 119 of the Act.

For the avoidance of doubt, the Proposed Capital Reduction will not result in:

- (a) any adjustment to the price of the XOXTech Shares;
- (b) any change in the total number of XOXTech Shares in issue or the number of XOXTech Shares held by the Company's existing shareholders;
- (c) any payment to the Company's shareholders; and
- (d) any cash outflow or change in the net assets of the XOXTech Group, save for the estimated expenses to be incurred in relation to the Proposed Capital Reduction.

3. RATIONALE FOR THE PROPOSED CAPITAL REDUCTION

Due to the accumulated losses, the share capital to be cancelled is substantially no longer represented by the available assets. As such, the Proposed Capital Reduction will enable the Company to eliminate its accumulated losses to reflect more accurately the value of the underlying assets and financial position of the Company. The Proposed Capital Reduction will also enhance the Company's ability to declare and pay dividends out of its retained earnings in the future, as and when appropriate, when the Company returns to profitability.

4. EFFECTS OF THE PROPOSED CAPITAL REDUCTION

4.1 Share capital

The pro forma effects of the Proposed Capital Reduction on the issued share capital of the Company are as follows:

	No. of Shares	RM
Issued share capital as at the LPD	896,183,566	82,053,612
Treasury Shares	(2,557,500)	(565,639)
	893,626,066	81,487,973
To be cancelled pursuant to the Proposed Capital Reduction	-	(65,000,000)
After the Proposed Capital Reduction	893,626,066	16,487,973

4.2 Substantial shareholders' shareholdings

The Proposed Capital Reduction will not have any effect on the substantial shareholders' shareholdings in the Company.

4.3 Earnings and EPS

The Proposed Capital Reduction will not have any material effect on the Group's earnings and EPS for the FYE 31 March 2023.

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4.4 NA, NA per Share and gearing

The pro forma effect of the Proposed Capital Reduction on the NA, NA per Share and gearing of the Group based on the audited consolidated financial statements as at 31 March 2022 on the assumption that the Proposed Capital Reduction had been effected on that date is as follows:

		(I)	(II)
	Audited as at 31 March 2022	Subsequent events up to LPD ⁽¹⁾	After (I) and the Proposed Capital Reduction
	RM	RM	RM
Share capital	82,053,612	82,053,612	17,053,612
Treasury shares	(565,639)	(565,639)	(565,639)
Other reserves	(9,127,347)	(11,907,925)	(11,907,925)
(Accumulated losses)/Retained earnings	(51,035,536)	(48,995,858)	15,934,142 ⁽²⁾
Shareholders' funds/NA	21,325,090	20,584,190	20,514,190
No. of Shares in issue (excluding Treasury Shares) ('000)	893,626,066	893,626,066	893,626,066
NA per Share (RM)	0.02	0.02	0.02
Total borrowings ⁽³⁾ (RM'000)	945,107	628,715	628,715
Gearing ⁽⁴⁾ (times)	0.04	0.03	0.03

Notes:

- (1) After adjusting for the following subsequent events from 1 April 2022 and up to the LPD:
- (i) other reserves extracted from the latest unaudited 6-month quarterly results ended 30 September 2022; and
 - (ii) accumulated losses extracted from the latest unaudited 6-month quarterly results ended 30 September 2022.
- (2) After setting off RM65.0 million from the Company's accumulated losses due to the cancellation of the Company's issued share capital and deducting the estimated expenses of RM70,000 in relation to the Proposed Capital Reduction.
- (3) Total borrowings comprise of bank borrowings and lease liabilities.
- (4) Computed based on total borrowings divided by shareholders' funds/NA.

4.5 Convertible securities

The Company does not have any convertible securities as at the LPD.

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5. APPROVALS REQUIRED

The Proposed Capital Reduction is subject to the following approvals being obtained from:

- (i) the shareholders of XOXTech at the forthcoming EGM; and
- (ii) any other relevant parties/authorities, if required.

6. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at the LPD, there are no other corporate exercises which have been announced by XOXTech but pending completion.

7. INTER-CONDITIONALITY

The Proposed Capital Reduction is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, chief executive of the Company and/or persons connected with them has any interest, direct and indirect, in the Proposed Capital Reduction.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

After having considered all aspects of the Proposed Capital Reduction including but not limited to the rationale and effects of the Proposed Capital Reduction, the Board is of the opinion that the Proposed Capital Reduction is in the best interest of the Company and accordingly recommend you to vote in favour of the resolution in respect of the Proposed Capital Reduction to be tabled at the Company's forthcoming EGM.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Capital Reduction is expected to be completed in the 2nd quarter of 2023. The indicative timeline of events in relation to the Proposed Capital Reduction is set out as follows:

Tentative timeline	Events
8 February 2023	<ul style="list-style-type: none">• EGM
March 2023	<ul style="list-style-type: none">• Lodgement of documents with the Registrar of Companies for the Proposed Capital Reduction
April 2023	<ul style="list-style-type: none">• Effective date of the Proposed Capital Reduction

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11. EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 8 February 2023 at 10.30 a.m.** or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Capital Reduction.

If you are unable to attend the EGM, you may appoint one or more proxies to participate and vote on your behalf. If you wish to do so, you should complete and lodge the Form of Proxy enclosed in this Circular with the Share Registrar of the Company, not less than 48 hours before the stipulated time fixed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting at the EGM should you subsequently wish to do so.

12. FURTHER INFORMATION

You are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
XOX TECHNOLOGY BERHAD

Chew Shin Yong, Mark
Executive Chairman

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

The summary of the financial information of the Group for 18-month FPE 31 December 2018, FYE 31 December 2019, 15-month FPE 31 March 2021, FYE 31 March 2022, 6-month FPE 30 September 2021 and 6-month FPE 30 September 2022 is as follows:

	Audited				Unaudited	
	18-month FPE 31 December 2018	FYE 31 December 2019	15-month FPE 31 March 2021	FYE 31 March 2022	6-month FPE 30 September 2021	6-month FPE 30 September 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	54,449	37,264	57,807	68,665	30,207	33,744
(LBT)/PBT	(6,495)	(6,528)	(2,668)	(262)	(3,960)	4,792
(LAT)/PAT	(12,975)	(8,532)	(5,285)	(2,413)	(5,109)	3,748
(LAT)/PAT attributable to the owners of the Company	(15,671)	(10,109)	(7,776)	(5,670)	(5,927)	2,619
Total borrowings ⁽¹⁾	637	2,471	1,884	945	1,484	628
Shareholders' funds/NA	32,864	21,242	20,881	21,325	22,295	20,584
Share capital	62,946	65,049	72,693	82,054	82,058	82,054
No. of Shares in issue (excluding Treasury Shares) ('000)	584,289	642,718	771,261	893,626	893,626	893,626
NA per Share (RM) ⁽²⁾	0.06	0.03	0.03	0.02	0.02	0.02
(LPS)/EPS (sen) ⁽³⁾	(2.68)	(1.57)	(1.01)	(0.63)	(0.66)	0.29
Current ratio (times)	3.42	2.20	2.12	1.96	2.16	2.03
Gearing ratio (times)	0.02	0.09	0.06	0.03	0.05	0.02

Notes:

- (1) Total borrowings comprise of bank borrowings and lease liabilities.
- (2) Computed by dividing the shareholders' funds/NA with the total number of Shares in issue in the respective financial year/period under review.
- (3) Computed by dividing the PAT/(LAT) attributable to owners of the Company with the total number of Shares in issue (excluding Treasury Shares) in the respective financial year/period under review.

HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONT'D)

Commentaries:**(i) 6-month FPE 30 September 2022 vs 6-month FPE 30 September 2021**

The Group's revenue increased by RM3.54 million or 11.7% in 6-month FPE 30 September 2022, to RM33.74 million (6-month FPE 30 September 2021: RM30.21 million). The increase in revenue was attributable to:

- (a) Increase of RM2.13 million or 7.4% in revenue generated from mobile solution services to RM31.02 million in 6-month FPE 30 September 2022 (6-month FPE 30 September 2021: RM28.89 million) due to banking customers increasing their promotional broadcast; and
- (b) increase of RM1.20 million or 78.4% in revenue generated from cloud solution services to RM2.73 million in 6-month FPE 30 September 2022 (6-month 30 September 2021: RM1.53 million) due to increase of demand in the marketing events as a result of the COVID-19 transition into endemic phase.

(ii) FYE 31 March 2022 vs 15-month FPE 31 March 2021

The Group's revenue increased by RM10.86 million or 18.8% in FYE 31 March 2022, to RM68.67 million (15-month FPE 31 March 2021: RM57.81 million) (the annualised revenue for 15-month FPE 31 March 2021 was RM46.25 million, representing an increase of RM22.42 million or 48.5% on an annualised basis). The increase in revenue was attributable to:

- (a) increase of RM7.71 million or 13.9% in revenue generated from mobile solution services to RM63.05 million in FYE 31 March 2022 (15-month FPE 31 March 2021: RM55.35 million) (the annualised revenue generated from mobile solution services for 15-month FPE 31 March 2021 was RM44.28 million, representing an increase of RM18.77 million or 42.4% on an annualised basis) due to increase of demand in promotional broadcast from banking customers;
- (b) increase of RM2.71 million or 156.6% in revenue generated from cloud solution services to RM4.44 million in FYE 31 March 2022 (15-month FPE 31 March 2021: RM1.73 million) (the annualised revenue generated from cloud solution services for 15-month FPE 31 March 2021 was RM1.38 million, representing an increase of RM3.06 million or 221.7% on an annualised basis) due to increase of demand in the marketing events as a result of the COVID-19 transition into endemic phase; and
- (c) increase of RM0.45 million or 61.6% in revenue generated from sales of fast-moving electronic goods and related products to RM1.18 million in FYE 31 March 2022 (15-month FPE 31 March 2021: RM0.73 million) (the annualised revenue generated from fast-moving electronic goods and related products for 15-month FPE 31 March 2021 was RM0.58 million, representing an increase of RM0.60 million or 103.4% on an annualised basis) due to increase of demand in trading products, i.e. video surveillance equipment and smart home gadgets from consumer goods market.

The Group's LAT for FYE 31 March 2022 was further reduced by RM2.87 million or 54.4% to RM2.41 million (15-month FPE 31 March 2021: RM5.28 million) (the annualised LAT for the 15-month FPE 31 March 2021 was RM4.22 million, representing a reduction of RM1.81 million or 42.9% on an annualised basis) due to lower finance cost incurred during FYE 31 March 2022.

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONT'D)

(iii) 15-month FPE 31 March 2021 vs FYE 31 December 2019

The Group's revenue increased by RM20.55 million or 55.2% in 15-month FPE 31 March 2021, to RM57.81 million (the annualised revenue for 15-month FPE 31 March 2021 was RM46.25 million, representing an increase of RM8.99 million or 24.1% on an annualised basis) (FYE 31 December 2019: RM37.26 million).

The increase in revenue was attributable to increase of RM21.98 million or 65.9% in revenue generated from mobile solution services to RM55.35 million in 15-month FPE 31 March 2021 (the annualised revenue generated from mobile solution services for 15-month FPE 31 March 2021 was RM44.28 million, representing an increase of RM10.91 million or 32.7% on an annualised basis) (FYE 31 December 2019: RM33.37 million) due to increase of demand in promotional broadcast from banking customers in Pakistan and United Arab Emirates.

However, the increase in revenue was partially offset by the following business segments:

- (a) decrease of RM0.72 million or 29.4% in revenue generated from cloud solution services to RM1.73 million in 15-month FPE 31 March 2021 (the annualised revenue generated from cloud solution services for 15-month FPE 31 March 2021 was RM1.38 million, representing a decrease of RM1.07 million or 43.7% on an annualised basis) (FYE 31 December 2019: RM2.45 million) due to the decline in revenue from food and beverage and consumer industries as a result of the ongoing COVID-19 pandemic; and
- (b) decrease of RM0.71 million or 49.3% in revenue generated from sales of fast-moving electronic goods and related products to RM0.73 million in 15-month FPE 31 March 2021 (the annualised revenue generated from fast-moving electronic goods and related products for 15-month FPE 31 March 2021 was RM0.58 million, representing a decrease of RM0.86 million or 59.7% on an annualised basis) (FYE 31 March 2019: RM1.44 million) due to intense price competition resulting in decrease in demand from consumer goods market.

The Group's LAT for 15-month FPE 31 March 2021 was reduced by RM3.25 million or 38.1% to RM5.28 million (the annualised LAT for the 15-month FPE 31 March 2021 was RM4.22 million, representing a reduction of RM4.31 million or 50.5% on an annualised basis) (FYE 31 December 2019: RM8.53 million). This was attributable to the improved revenue in mobile solution services and lower operating expenses incurred during the 15-month FPE 31 March 2021.

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONT'D)

(iv) FYE 31 December 2019 vs 18-month FPE 31 December 2018

The Group's revenue decreased by RM17.19 million or 31.6% in FYE 31 December 2019, to RM37.26 million (18-month FPE 31 December 2018: RM54.45 million). The decrease in revenue was attributable to decrease of RM17.21 million or 31.6% in revenue generated from mobile solution services and cloud solution services to RM37.21 million in FYE 31 December 2019 (18-month FPE 31 December 2018: RM54.42 million). However, the decrease in revenue was partially offset by the increase of RM0.02 million or 66.7% in revenue generated from sales of fast-moving electronic goods and related products to RM0.05 million in FYE 31 December 2019 (18-month FPE 31 December 2018: RM0.03 million).

The annualised revenue for 18-month FPE 31 December 2018 was RM36.30 million, representing an increase of RM0.96 million or 2.6% as compared to RM37.26 million in FYE 31 December 2019, mainly due to the increase in annualised revenue generated from mobile solution services and cloud solution services by RM0.93 million or 2.6% as compared to RM37.21 million in FYE 31 December 2019 (annualised 18-month FPE 31 December 2018: RM36.28 million) as a result of the increase in sales in mobile services and i3Display software. Further, the annualised revenue generated from sales of fast-moving electronic goods and related products for 18-month FPE 31 December 2018 was RM0.02 million, representing an increase of RM0.03 million or 150.0% as compared to RM0.05 million in FYE 31 December 2019, due to higher revenue generated from trading products, i.e. video surveillance equipment and smart home gadgets.

The Group's LAT for FYE 31 December 2019 was reduced by RM4.45 million or 34.3% to RM8.53 million (18-month FPE 31 December 2018: RM12.98 million) (the annualised LAT for the 18-month FPE 31 December 2018 was RM8.65 million, representing a reduction of RM0.12 million or 1.4% on an annualised basis). This was attributable to the lower administrative and selling and marketing expenses incurred during FYE 31 December 2019.

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ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

SCA, as the Adviser for the Proposed Capital Reduction, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTEREST

As at the LPD, SCA has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Adviser for the Proposed Capital Reduction.

4. MATERIAL CONTRACTS

Save as disclosed below, neither the Company nor the Group has entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of the Group) during the 2 years immediately preceding the date of this Circular:

- (i) XOXTech had on 28 March 2022 entered into a price agreement with Petronas Dagangan Berhad ("**Petronas**") for the provision of services of sending short messages for Petronas for a period of 2 years ("**Project**"). The total contract price for the provision of services in relation to the Project is RM238,725.00. The Project is currently ongoing.

5. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save for as disclosed below, the Board confirms that there is no material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of the Group:

- (i) In 2013, a subsidiary of the Group, M3 Technologies Pakistan (Private) Ltd ("**M3 Tech Pakistan**") had purchased copyrights of songs albums from Mr. Asif Heera ("**the Defendant**"), the owner of Heera Studio. In the same year, M/S S.M Sadiq ("**the Plaintiff**") has filed a suit against the Defendant for permanent injunction against the infringement by the Defendant of copyrights and passing off the goods/services of the Plaintiff and as a result, the Plaintiff has also made M3 Tech Pakistan as a pro-forma defendant. The honourable court of presiding officer, Intellectual Property Tribunal, Lahore, Pakistan has granted the Plaintiff an interim injunction against the Defendant.

However, the Defendant has represented to M3 Tech Pakistan that it has all the legal documents regarding the purchase of content from the Plaintiff and has the transferring rights of the same to M3 Tech Pakistan. Therefore, M3 Tech Pakistan's barrister is of the view that the suit will be decided in the favour of the Defendant.

ADDITIONAL INFORMATION (CONT'D)

The suit is currently on going with a next date to appear in the Punjab Intellectual Property Tribunal, Lahore on 11 January 2023 for further directions;

- (ii) On 4 September 2019, the Company filed a civil claim in the Shah Alam Sessions Court against a former employee of the Group to recover a sum of RM705,568.69 pertaining to suspected fraud payments made to certain suppliers of the Company in the previous years. On 21 December 2022, the Sessions Court had dismissed the Company's claim against the Defendant with costs of RM35,000.00.

On 3 January 2023, the Company filed an appeal against the Shah Alam Sessions Court's decision in the Shah Alam High Court. The appeal is pending for further directions from the Court;

- (iii) On 18 May 2021, Lim Seng Boon and Voon Sze Lin ("**Plaintiffs**") filed an originating summons ("**OS**") in the Kuala Lumpur High Court against the Company to restrain the Company from undertaking an Employee Share Option Scheme and other corporate exercises which have the effect of diluting the shareholdings that the Plaintiffs allegedly had. On 2 June 2022, the Plaintiffs filed an appeal to the Court of Appeal after the High Court dismissed their OS on 6 May 2022. The appeal is fixed for hearing on 12 April 2023;

- (iv) On 8 July 2021, a former Director of the Company filed a civil suit in the Kuala Lumpur Sessions Court against the Company for a RM5 million claim in damages alleging the Company for defamation via an announcement made to Bursa Securities on 26 April 2021.

On 18 October 2021, the Court has given direction for this suit to be transferred to Sessions Court. On 10 August 2022, the suit has been settled amicably via consent judgment;

- (v) On 16 July 2021, the Company and its wholly owned subsidiary, M3 Online Sdn. Bhd. (collectively referred to as "**Plaintiffs**") filed a civil suit in the Kuala Lumpur High Court against certain former directors and former employees, certain current employees and a private limited liability company (collectively referred to as "**Defendants**") for, inter alia, misuse of the Plaintiffs' software products, copyright infringement, breach of confidence, breach of fiduciary duties, conspiracy and unlawful interference with trade.

On 19 August 2021, the Plaintiffs obtained an Anton Piller Injunction against certain Defendants in Enclosure 4 ("**APO**") for, inter alia, Plaintiffs' solicitors, supervising solicitors and forensic representative to enter the premises of certain Defendants to search, receive, analyse, copy, image and/or take into custody items as listed in Schedule 2 of the APO.

On 20 January 2022, the Defendants had filed applications to set aside the APO but was subsequently dismissed by the High Court. APO (inter-parties) was sustained on the same day. The Defendants appealed against both decisions.

On 4 April 2022, the Plaintiffs' application for further direction/consequential order on protocol to deal with seized evidence from the APO was allowed by the High Court. The Defendants appealed against the High Court's decision.

All appeals will be heard together on 10 July 2023.

The suit is currently on going with multiple interlocutory applications and a case management will be held on 9 February 2023 for pre-trial directions. The Court has fixed trial dates on 18 July 2023 to 24 July 2023 and 7 August 2023 and 10 August 2023;

ADDITIONAL INFORMATION (CONT'D)

- (vi) On 4 February 2022, a former Director of the Company filed a civil suit in the Kuala Lumpur Sessions Court against the Company for allegedly unpaid salaries amounting to RM330,635.00.

On 1 March 2022, parties have recorded a consent judgment where the Company shall pay the former Director an amount of RM330,635.00 in 3 instalments ending on 31 May 2022. As at the LPD, the Company has remitted the full sum to the former Director and the matter has been settled.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of XOXTech at A3-3-8, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P. 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 commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of XOXTech;
- (ii) XOXTech Group's audited financial statements for the 18-month FPE 31 December 2018, FYE 31 December 2019, 15-month FPE 31 March 2021 and FYE 31 March 2022 and the unaudited financial statements for 6-month FPE 30 September 2021 and 6-month FPE 30 September 2022;
- (iii) the letter of consent and conflict of interest as referred to in **Sections 2 and 3 of this Appendix II**; and
- (iv) the cause papers in respect of the material litigation referred to in **Section 5 of this Appendix II**.

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TECHNOLOGY

XOX TECHNOLOGY BERHAD

Registration No. 199901007872 (482772-D)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**” or “**Meeting**”) of **XOX TECHNOLOGY BERHAD** (“**XOXTech**” or the “**Company**”) will be conducted on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 8 February 2023 at 10.30 a.m.** or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution with or without any modifications:

SPECIAL RESOLUTION

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF THE COMPANY OF RM65.0 MILLION PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED CAPITAL REDUCTION”)

“**THAT**, subject to the approvals from the relevant parties and/or authorities (where applicable) pursuant to Section 117 of the Act, the Company be and is hereby given the authority and approval to reduce the share capital of the Company via the cancellation of the issued share capital by RM65.0 million and for the credit arising from such cancellation to be used to set-off against the accumulated losses of the Company while the remaining balance, if any, will be credited to the retained earnings account of the Company which shall be used in a manner to be determined by the Board of Directors of XOXTech (“**Board**”) at a later date and in the best interest of the Company as permitted by the relevant and applicable laws as well as the ACE Market Listing Requirements (“**AMLR**”).

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things and to execute, sign, deliver and cause to be delivered for and on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company’s common seal, where necessary) as the Board may consider necessary, expedient and/or relevant to finalise, implement, give full effect to and complete the Proposed Capital Reduction with full powers to assent to any conditions, terms, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities or as the Board may in their discretion deem fit, necessary, expedient or relevant and to do all such acts and things as the Board may consider necessary or expedient in the best interest of the Company.”

By Order of the Board
XOX TECHNOLOGY BERHAD

WONG YUET CHYN (MAICSA 7047163)
(SSM PC 202008002451)
Company Secretary

Kuala Lumpur
Date: 16 January 2023

Notes:

1. A member of the Company who is entitled to attend, participate, speak and vote at the EGM shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
5. The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing. If the appointor is a corporation, either under the seal or signed by an officer or attorney duly authorised.
6. To be valid, the instrument appointing a proxy must be deposited at the registered office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6413 3270 or email to infosr@wscs.com.my not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.
7. In respect of deposited securities, only members whose names appear in the Record of Depositors on 27 January 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the Meeting.
8. Pursuant to Rule 8.31 (A)(1) of AMLR of Bursa Malaysia Securities Berhad, the resolution set out in the Notice will be put to vote by way of poll.
9. The members are encouraged to refer the Administrative Guide on registration and voting process for the Meeting.



TECHNOLOGY

XOX TECHNOLOGY BERHAD

Registration No. 199901007872 (482772-D)
(Incorporated in Malaysia)

FORM OF PROXY

CDS ACCOUNT NO.				-											
NO. OF SHARES HELD															

I/We
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No.....)
of
(FULL ADDRESS)

Email Address Contact No.

being a member/members* of **XOX TECHNOLOGY BERHAD**, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address	Contact Number	

and/or failing him/her*

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address	Contact Number	

or failing him*, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting (“EGM”) of the Company will be conducted on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 8 February 2023 at 10.30 a.m.** or at any adjournment thereof.

SPECIAL RESOLUTION	FOR	AGAINST
Proposed Capital Reduction		

* Delete if not applicable

(Please indicate with an “X” in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this day of 2023.

.....
Signature(s) of member(s)

Notes:

- A member of the Company who is entitled to attend, participate, speak and vote at the EGM shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the meeting.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing. If the appointor is a corporation, either under the seal or signed by an officer or attorney duly authorised.
- To be valid, the instrument appointing a proxy must be deposited at the registered office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6413 3270 or email to infosr@wscs.com.my not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 27 January 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the Meeting.
- Pursuant to Rule 8.31 (A)(1) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll.
- The members are encouraged to refer the Administrative Guide on registration and voting process for the Meeting.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
XOX TECHNOLOGY BERHAD
Registration No. 199901007872 (482772-D)
c/o Workshire Corporate Services Sdn. Bhd.
A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
W.P. Kuala Lumpur

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