

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 MONTHS		CUMULATIVE 12 MONTHS	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	FINANCIAL YEAR	FINANCIAL	FINANCIAL YEAR
	QUARTER	CORRESPONDING	YEAR-TO-DATE	CORRESPONDING
	ENDED	QUARTER	ENDED	QUARTER
	30/6/2019		30/6/2019	
	RM'000	RM'000	RM'000	RM'000
	Unaudited		Unaudited	
CONTINUING OPERATIONS				
Revenue	9,052	-	16,236	-
Cost of sales	(8,664)	-	(15,664)	-
Gross profit	388	-	572	-
Other operating income	-	-	80	-
Administrative expenses	(790)	-	(1,645)	-
Other operating expenses	-	-	(15)	-
Profit before taxation	(402)	-	(1,008)	-
Taxation	(72)	-	(86)	-
Loss after taxation from continuing operations	(474)	-	(1,094)	-
DISCONTINUED OPERATIONS				
Loss after taxation from discontinued operations	(4,774)	-	(3,198)	-
Impairment loss on non-current assets held for sale	(69,572)	-	(69,572)	-
	(74,346)	-	(72,770)	-
Loss after taxation	(74,820)	-	(73,864)	-
Other comprehensive income, net of tax				
Foreign currency translation differences	3,274	-	2,249	-
Total comprehensive loss for the period	(71,546)	-	(71,615)	-
Loss attributable to:				
Equity holders of the parent	(74,820)	-	(73,864)	-
Minority interest	-	-	-	-
	(74,820)	-	(73,864)	-
Total comprehensive loss attributable to:				
Equity holders of the parent	(71,546)	-	(71,615)	-
Minority interest	-	-	-	-
	(71,546)	-	(71,615)	-
Loss per share (sen) :				
- Basic				
Continuing operations	(0.12)	-	(0.28)	-
Discontinued operations	(18.83)	-	(18.43)	-
- Diluted	n.a.	n.a.	n.a.	n.a.

The Company changed its financial year end from 31 December to 30 June as announced to Bursa Malaysia Securities Berhad on 29 December 2017, accordingly, there were no comparative figures that correspond to the current quarter and the current year cumulative quarter as this is the first set of financial statements for the financial year end of 30 June.

This statement should be read in conjunction with the notes to this report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30/6/2019 RM'000 UNAUDITED	AS AT 30/6/2018 RM'000 AUDITED
ASSETS		
Non-current assets		
Investment in a joint venture	-	6,020
Property, plant and equipment	-	42,332
Investment property	-	4,068
Land use rights	-	6,378
	-	58,798
Current Assets		
Land use rights	-	170
Inventories	-	13,309
Trade and other receivables	3,530	59,712
Contract assets	16,162	-
Fixed deposits with licensed banks	2,100	37,863
Cash and bank balances	25	24,163
	21,817	135,217
Assets classified as held for sale	119,311	-
Total assets	141,128	194,015
EQUITY AND LIABILITIES		
Share capital	118,470	118,470
Statutory reserve	-	15,697
Foreign currency translation reserve	-	42,588
Accumulated losses / retained profits	(68,368)	5,496
	50,102	182,251
Reserves of a disposal group held for sale	56,036	-
Total equity	106,138	182,251
Current Liabilities		
Trade and other payables	24,500	11,309
Income tax payable	72	455
	24,572	11,764
Liabilities directly associated with assets classified as held for sale	10,418	-
Total liabilities	34,990	11,764
Total equity and liabilities	141,128	194,015
Net assets per share (sen)	26.88	27.94

This statement should be read in conjunction with the notes to this report.

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	< ----- Non distributable ----- >				Distributable	
	Share Capital RM '000	Statutory Reserve RM '000	Foreign Currency Translation Reserve RM '000	Reserves of a Disposal Group Held For Sale RM '000	Unappropriated Profits RM '000	Total Equity RM '000
Balance at 1 July 2018 (audited)	118,470	15,697	42,588	-	5,496	182,251
Total comprehensive income for the financial year						
- Loss after tax for the financial year						
			(2,249)		(73,864)	(76,113)
Discontinued operations	-	(15,697)	(40,339)	56,036	-	-
Balance at 30 June 2019 (unaudited)	118,470	-	-	56,036	(68,368)	106,138

This statement should be read in conjunction with the notes to this report.

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT CURRENT QUARTER ENDED 30/6/2019 RM'000 UNAUDITED	AS AT PRECEDING 18-MONTH FINANCIAL PERIOD ENDED 30/6/2018 RM'000 AUDITED
OPERATING ACTIVITIES		
Loss before taxation		
- Continuing operations	(1,008)	(394)
- Discontinuing operations	(71,410)	2,984
	(72,418)	2,590
Adjustments for :-		
Allowance for impairment losses on trade receivables	5,880	2,330
Amortisation of land use right	168	262
Depreciation	3,616	7,101
Inventory written off	429	43
Impairment loss on non-current assets held for sale	69,572	-
Loss on disposal of plant and machinery	-	2,676
Share of results of a joint venture	1,300	593
Unrealised gain on foreign exchange	818	4
Write-back of allowance for impairment losses on trade receivables	(5)	(1,493)
Interest income	(677)	(2,642)
Investment income	(2,047)	-
Changes in working capital		
- Inventories	2,004	2,621
- Trade receivables and other receivables	3,217	7,120
- Trade payables and other payables	15,702	1,454
Cash from operations	27,559	22,659
Income tax paid	(1,681)	(2,814)
Net cash generated from operating activities	25,878	19,845
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(37,496)	(11,873)
Additional investment in a joint venture	-	(2,264)
Placement in other investment	(20,458)	(25,663)
Proceeds from disposal of plant and machinery	-	515
Proceeds from disposal of unquoted investment	-	14,503
Refund from an investment property/purchase of an investment property	-	1,466
Bidding bond received from disposal of assets	3,000	-
Interest received	677	2,642
Investment income received	2,047	-
Net cash for investing activities	(52,230)	(20,674)
FINANCING ACTIVITY		
Capital repayment to shareholders	-	(29,814)
Net cash for financing activity	-	(29,814)
Net increase in cash and cash equivalents	(26,352)	(30,643)
Foreign exchange translation differences	(7,886)	(3,718)
Cash and cash equivalents at beginning of the year	36,363	70,724
Cash and cash equivalents at end of the period	2,125	36,363

Note : () Denotes cash outflow

This statement should be read in conjunction with the notes to this report.



SINOTOP HOLDINGS BERHAD (114842-H)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting, and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the 18-month financial period ended 30 June 2018. These explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2018.

A2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in these interim financial statements are consistent with those of the audited financial statements for the period ended 30 June 2018. During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year :-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year :- (cont'd)

Amendments to MFRS 10 : Consolidated Financial Statements and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 128 : Long Term interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 3 : Annual Improvement to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 11 : Annual Improvement to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 112 : Annual Improvement to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 123 : Annual Improvement to MFRS Standards 2015-2017 Cycle	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

A3. AUDITORS' REPORT

The auditors' report of the preceding financial period of the Group was not subject to any qualification.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A4. SEASONAL OR CYCLICAL FACTORS

CONTINUING OPERATIONS

i) PROJECT MANAGEMENT SERVICES AND INFRASTRUCTURE CONSTRUCTION SEGMENT

Business operations of the Group's project management services and infrastructure construction segment is not significantly affected by seasonal or cyclical factors.

DISCONTINUED OPERATIONS

ii) FABRIC PRODUCTION SEGMENT

The Group's sales of fabric products are subject to seasonality effect by virtue of fabrics being a primary input material of fashion and some household products. The majority of the Group's customers are downstream players, i.e. export-oriented garment manufacturers. As such, sales of the Group's fabric products are affected by factors such as change in fashion trends, consumer taste and surge in demand ahead of festive seasons. Economic outlook inevitably will also have a significant impact on the demand of fabric finished products, and hence on the demand of fabrics.

The generally higher production costs (primarily arisen from higher wages, costs relating to compliance to environmental protection rules and utilities costs) does impact the financial performance of fabric production.

Consumer sentiment is another important factor that impacts earnings of the fabric production segment, given their spending pattern differs at different stages in the economic cycle, which affects the demand for fashion products and consequently the demand over the Group's fabric products.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A5. UNUSUAL ITEMS

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence in respect of the financial period-to-date.

A6. CHANGES IN ESTIMATES

There were no changes to the estimates that had been used in the preparation of the current financial statements.

A7. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

A8. DIVIDEND

There were no dividends paid for the quarter ended 30 June 2019.

A9. SEGMENTAL INFORMATION

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information.

	Project Management and Infrastructure construction and Investment Holdings <i>Continuing</i>		Fabric Production <i>Discontinued</i>		Adjustments and Elimination		Per Consolidated Financial Statements	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Revenue	16,236	10,895	109,876	206,611	-	-	126,112	217,506
Results								
Interest income	34	12	643	2,630	-	-	677	2,642
Profit /(loss) before tax	(1,008)	(394)	(71,410)	2,984	-	-	(72,418)	2,590
Income tax expense	(86)	(156)	(1,360)	(2,312)	-	-	(1,446)	(2,468)
Profit/(loss) after tax	(1,094)	(550)	(72,770)	672	-	-	(73,864)	122
Assets								
Segment assets	178,784	162,270	224,616	225,196	(262,272)	(193,451)	141,128	194,015
Liabilities								
Segment liabilities	61,048	43,848	10,418	5,140	(36,476)	(37,224)	34,990	11,764
Other information								
Depreciation and amortisation	-	-	3,784	7,369	-	-	3,784	7,369
Non cash expenses other than depreciation and amortisation	-	-	76,699	5,006	-	-	76,699	5,006

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Not applicable

A11. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There was no post balance sheet event.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter under review.

A13. CHANGES IN CONTINGENT LIABILITIES / ASSETS

- (i) There is no contingent liability as at the date of this announcement.
- (ii) There was no change in contingent assets since the last annual financial statements.

A14. CAPITAL COMMITMENTS

The Group's capital commitment in relation to a capital work-in-progress in China as at the end of the preceding quarters (i.e. the first quarter and second quarter for the current financial year ended 30 June 2019) has been completed. There has not been any other capital commitment as at end of the current reporting quarter.

A15. FOREIGN CURRENCY TRANSLATION

The translation of the condensed consolidated financial statements from RMB to RM is based on the following exchange rates:-

	As at Current Year Quarter Ended 30/6/2019	As at Financial Period Ended 30/6/2018
Condensed consolidated statement of comprehensive income		
Based on average rate for the quarter / financial period RMB1.00 to RM	0.6045	0.6290
Condensed consolidated statement of financial position		
Based on closing rate for the quarter / financial period RMB1.00 to RM	0.6026	0.6100

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A16. SIGNIFICANT RELATED PARTY TRANSACTION

(a) **Identities of Related Parties**

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly 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.

(b) **Related Party Transactions**

There was no significant related party transaction during the current reporting quarter.

A17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 2 May 2019, the Company announced that it had entered into a conditional sale and purchase agreement ("**SPA**") with Gifted Investments Limited ("**GIL**") for the proposed disposal of the entire equity interest in Be Top Group Limited ("**Be Top**") to GIL for a total cash consideration of RM70 million including assumption of liabilities by GIL.

As at the reporting date, the assets and liabilities relating to Be Top and its wholly owned subsidiary (collectively, "**Be Top Group**") have been presented in the statement of financial position as "Non-current assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" respectively, and its results are presented separately on the statement of comprehensive income as "Loss from discontinued operations, net of tax".

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

The major classes of assets and liabilities of Be Top Group classified as held for sale are as follows:-

	30.6.2019
Assets	
Inventories	11,305
Trade receivables	31,443
Other receivables, deposits and prepayments	4,233
Other short term investment	56,614
Fixed deposit with licensed bank	1,085
Cash and bank balances	14,631
Assets of disposal group classified as held for sale	119,311
Liabilities	
Trade payables	2,682
Other payables	7,588
Income tax payable	148
Liabilities directly associated with assets classified as held for sale	10,418
Net assets directly associated with assets classified as held for sale	108,893
Equity	
Statutory reserve	15,697
Foreign currency translation reserve	40,339
	56,036

The net cash flow incurred by Be Top Group are as follows:-

	2019 'RM'000	2018 RM'000
Net cash from operating activities	79,961	9,144
Net cash for investing activities	(52,264)	(20,686)
Net cash from financing activities	-	-
Net cash from discontinued operations	27,697	(11,542)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART B :-

EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B)

B1. REVIEW OF PERFORMANCE FOR THE CURRENT YEAR QUARTER AND CORRESPONDING QUARTER IN THE PRECEDING FINANCIAL YEAR AND YEAR-TO-DATE PERFORMANCE IN THE CURRENT AND PRECEDING FINANCIAL YEARS

The Company changed its financial year end from 31 December to 30 June, as announced on 29 December 2017. As the current financial year is the first year for financial statements prepared after the change of financial year end, accordingly, there were no comparative figures (of results in the preceding financial year) that correspond to the current reporting quarter and cumulative quarters in the current financial year ending on 30 June 2019.

In view of and with reference to the above, there shall be no review of performance on the following comparison basis:

- i) current year quarter vs corresponding quarter in the preceding financial year; and
- ii) year-to-date performance in the current and preceding financial years.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART B :-

EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B) (CONT'D)

B2. MATERIAL CHANGES IN THE CURRENT REPORTING QUARTER COMPARED TO THE IMMEDIATE PRECEDING QUARTER

A summary of financial performance of the Group is as tabulated below:-

	Current Quarter Ended 30/6/2019 RM '000	Immediate Preceding Quarter Ended 31/3/2019 RM '000	Changes	
			RM'000	Percentage
Continuing Operations				
Revenue	9,052	7,184	1,868	26%
Gross profit	388	184	204	111%
Loss from operations	(402)	(120)	-282	-235%
Loss before interest and tax *	(402)	(120)	-282	-235%
Loss before tax	(402)	(120)	-282	-235%
Loss after tax	(474)	(120)	-354	-295%
Loss attributable to ordinary equity holders of the parent	(474)	(120)	-354	-295%

**The Group did not have borrowing from any financial institutions.*

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART B :-

EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B) (CONT'D)

B2. MATERIAL CHANGES IN THE CURRENT REPORTING QUARTER COMPARED TO THE IMMEDIATE PRECEDING QUARTER

	Current Quarter Ended 30/6/2019 RM '000	Immediate Preceding Quarter Ended 31/3/2019 RM '000	Changes	
			RM'000	Percentage
Discontinued Operations				
Revenue	22,338	29,070	-6,732	-23%
Gross profit	1,580	2,234	-654	-29%
Profit/(loss) from operations	(5,157)	677	-5,834	-862%
Profit/(loss) before interest and tax *	(4,530)	856	-5,386	-629%
Profit/(loss) before tax	(4,530)	856	-5,386	-629%
Profit/(loss) after tax	(4,774)	311	-4,463	-1,435%
Profit/(loss) attributable to ordinary equity holders of the parent	(4,774)	311	-4,463	-1,435%

**The Group did not have borrowing from any financial institutions.*

(i) REVENUE

CONTINUING OPERATIONS

a) PROJECT MANAGEMENT AND INFRASTRUCTURE CONSTRUCTION SEGMENT

Turnover recognized from the project management and infrastructure construction segment for the current reporting quarter was contributed by projects that the Group secured, i.e. one contract for infrastructure construction and one project management contract secured in the previous quarter.

DISCONTINUED OPERATIONS

b) FABRIC PRODUCTION SEGMENT

Sales revenue of fabric remain at a similar level compared to the immediate reporting quarter, as a result of drop in demand on the back of trade war tension between the United States of America and China. The Management is observing the development in the trade war mentioned and also trade sanction in the Middle East.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART B :-

EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B) (CONT'D)

B2. MATERIAL CHANGES IN THE CURRENT REPORTING QUARTER COMPARED TO THE IMMEDIATE PRECEDING QUARTER (CONT'D)

(ii) LOSS FROM OPERATIONS

Continuing operations

Results from operations of the continuing operations of the Group for the current reporting quarter and the immediate preceding quarter both are losses, due primarily to losses incurred at investment holdings company level, mainly are administrative and other operating expenses. The project management and infrastructure construction business are profitable.

Discontinued operations

The discontinued operations of the Group reported a loss for the current reporting quarter as opposed to a minimal profit the immediate preceding quarter, due mainly to impairment loss and a higher amount of lifetime loss allowance on trade receivables being charged to the income statement in the current quarter.

During the current reporting quarter, a loss on impairment of non-current assets held for sale amounting to RM69,572,000 has been incurred as mentioned earlier.

(iii) LOSS BEFORE INTEREST AND TAX & LOSS BEFORE TAX

Continuing operations

Loss before interest and tax and loss before tax are recorded in the current quarter for the reason detailed in B2 (ii) above.

Discontinued operations

Loss before interest and tax and loss before tax are reduced by the recognition of the Group's share of profit in its joint venture investment in HL Painting Co. for the current quarter.

(iv) LOSS AFTER TAX & LOSS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The loss after tax and loss attributable to ordinary equity holders of the parent of the Group, for the continuing and discontinued operations of the Group, were recorded in the current quarter for reasons detailed in B2 (ii) and (iii) above.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART B :-

EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B) (CONT'D)

B3. PROSPECTS

i) CONTINUING OPERATIONS

PROJECT MANAGEMENT SERVICES AND INFRASTRUCTURE CONSTRUCTION SEGMENT

Since the diversification of business into the project management and infrastructure construction related businesses, there had been positive contribution of earnings to the Group from this business segment. The Group's effort to source for new contracts and business opportunities is ongoing in order to sustain the continuity and growth of this business segment.

During the current reporting quarter, this segment managed to secure a new contract for infrastructure construction.

ii) DISCONTINUED OPERATIONS

FABRIC PRODUCTION SEGMENT

The recent tension from trade war between US and China has exerted tremendous pressure on the group's overall sales. In addition, the slow recovery pace of global economy, development of China gross domestic product trend in the coming years, economic policies, coupled with higher manufacturing overheads, especially wages and utilities, are still affecting the Group's financial performance, particularly when the Group is operating in the fast-moving consumer goods segment which demand is highly dependent on trend and fashion.

The China government imposes more stringent requirements, including the type of fuel allowed in production processes on the back of environment protection concern. Moving forward, the Group anticipates higher fuel costs resulted from the compulsory switch from coal to liquefied natural gas used in its production process.

B4. EXPLANATORY NOTE FOR VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not provided any profit forecast or profit guarantee during the quarter ended 30 June 2019.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART B :-

EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B) (CONT'D)

B5. TAXATION

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended 30/6/2019	Preceding Financial Year Corresponding Quarter #	Current Quarter To-Date Ended 30/6/2019	Preceding Financial Year #
	RM'000	RM'000	RM'000	RM'000
Tax on profit	316	-	1,446	-

In respect of :-

Continuing operations

- Gorgeous Goldhill Sdn. Bhd.

T
h
e
D
iscontinued operations

Discontinued operations

- Top Textile (Suzhou) Co., Ltd

72	-	86	-
244	-	1,360	-

The corporate tax rates applicable to the Company and its subsidiaries are as follows :-

- the corporate income tax rate of a subsidiary in the People's Republic of China is 25%.
- the subsidiary incorporated in The British Virgin Islands is not subject to any corporate tax; and
- the Company and its wholly-owned subsidiary incorporated in Malaysia are subject to a statutory tax rate at 24%. Nevertheless, the Company is in a tax loss position.

#The Company changed its financial year end from 31 December to 30 June, as announced on 29 December 2017. As the current financial year is the first year for financial statements prepared after the change of financial year end, accordingly, there were no comparative figures (of results in the preceding financial year) that correspond to the current reporting quarter and cumulative quarters in the current financial year ending on 30 June 2019.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART B :-

EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B) (CONT'D)

B6. CORPORATE PROPOSALS

i) PROPOSED DISPOSAL OF SINOTOP'S FOREIGN ASSETS FOR CASH VIA AN OPEN TENDER EXERCISE

On 12 December 2018, the Company had announced on the proposed disposal of its foreign assets comprising the Company's investments in its wholly-owned subsidiary, Be Top Group Limited ("**Be Top**") and/or Top Textile (Suzhou) Co., Ltd., which in turn is a wholly-owned subsidiary of Be Top for cash via an open tender exercise ("**Open Tender**").

On 2 May 2019, the Company announced that it had entered into a conditional sale and purchase agreement ("**SPA**") with Gifted Investments Limited ("**GIL**") for the proposed disposal of the entire equity interest in Be Top to GIL pursuant to the Open Tender at a total cash consideration of RM70 million including assumption of liabilities by GIL ("**Proposed Disposal**"), and that the Company had also proposed to undertake the following:

- a) proposed reduction of Sinotop's share capital pursuant to Section 117 of the Companies Act 2016 ("**Act**") after the completion of the Proposed Disposal ("**Proposed Capital Reduction**"); and
- b) proposed consolidation of every 7 existing ordinary shares in Sinotop ("**Sinotop Share(s)**") into 2 new Sinotop Shares held on an entitlement date to be determined later after the completion of the Proposed Capital Reduction ("**Proposed Share Consolidation**").

Pursuant to the SPA, it has been agreed that the conditions precedent ("**CP**") of the SPA have to be fulfilled on or before the cut-off date, being 2 August 2019, the date falling no later than three (3) months from the date of the SPA, or such other date that may be mutually agreed in writing by the parties ("**SPA Cut-off Date**"). Accordingly, on 2 August 2019, the Company announced that the Company and GIL had via a letter dated 2 August 2019, mutually agreed to extend the SPA Cut-off Date for two (2) months to 2 October 2019 to facilitate the fulfilment of CP in the SPA.

ii) PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN ASIANMAX CORPORATION SDN BHD ("**ACSB**")

On 1 April 2019, the Company announced that it had accepted a letter of offer dated 28 March 2019 issued by Dato' Justin Soo Sze Ching ("**DJ**") for the proposed acquisition by Sinotop of the entire equity interest in ACSB from DJ for an indicative total purchase consideration of RM96.00 million ("**Proposed Acquisition**").

On 23 April 2019, the Company announced that it had entered into a conditional share sale agreement ("**SSA**") with DJ in relation to the Proposed Acquisition to be satisfied via a combination of cash consideration of RM14.40 million, the issuance of 28,518,519 new Sinotop Shares and 273,703,704 new irredeemable convertible preference shares in Sinotop ("**ICPS**") at an issue price of RM0.27 per Sinotop Share/ICPS. In addition, the Company also proposed to undertake amendments to the its Constitution to facilitate the issuance of the ICPS as part consideration for the Proposed Acquisition ("**Proposed Amendments**").

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART B :-

EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B) (CONT'D)

B6. CORPORATE PROPOSALS (CONT'D)

Pursuant to the SSA, it has been agreed that CP of the SSA have to be fulfilled on or before the cut-off date, being 23 August 2019, the date falling no later than four (4) months from the date of the SSA, or such other date that may be mutually agreed in writing by the parties ("**SSA Cut-off Date**"). Accordingly, on 23 August 2019, the Company announced that the Company and DJ had via a letter dated 23 August 2019, mutually agreed to extend the SSA Cut-off Date from 24 August 2019 to 24 October 2019 to enable the parties to obtain/fulfil CP in the SPA.

The share consolidation application, listing application and the draft circular in relation to the Proposals have been submitted to Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 1 July 2019.

As at the date of this report, the Proposed Disposal, Proposed Capital Reduction, Proposed Share Consolidation, Proposed Acquisition and Proposed Amendments (collectively, the "**Proposals**") are ongoing. The Company shall make any relevant announcement(s) pertaining to the Proposals in due course.

B7. BORROWINGS

There was no outstanding borrowing as at 30 June 2019.

B8. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There is no off balance sheet financial instrument as at the date of this announcement.

B9. CHANGES IN MATERIAL LITIGATION

The Group does not have any material litigation.

B10. PROPOSED DIVIDEND

The Board does not recommend the payment of any dividend for the quarter ended 30 June 2019.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

PART B :-

EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B) (CONT'D)

B11. NON-COMPLIANCE TO THE PUBLIC SHAREHOLDING SPREAD REQUIREMENT

On 27 February 2017, the Company announced that it is not in compliance with the public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities.

On 28 February 2019, Sinotop had announced that Bursa Securities, vide a decision letter dated 22 February 2019, had rejected the Company's application for further extension of time to comply with the public shareholding spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements ("Public Spread Requirements"). The Company is required to meet the Public Spread Requirements by 11 September 2019.

Based on the Record of Depositors as at 26 August 2019, the public shareholding spread of the Company was 20.81%.

The Company endeavours to continue working on its rectification plans to address the shortfall in the Public Spread Requirements. The Board believes that upon successful completion of the Proposals, investors will have a clearer perception on the outlook and prospects of Sinotop. The Company is hopeful that this will incentivize investors to invest in the Company which may help the Company to meet its Public Spread Requirements.

B12. EARNINGS /(LOSS) PER SHARE

	Current Year Quarter Ended 30/6/2019 RM '000 Unaudited	Preceding Financial Period (18 Months) Ended 30/6/2018 RM '000 Audited
a) Basic loss per share		
(i) Continuing operations		
Net loss attributable to equity holders of the Company	(1,094)	(550)
Weighted average number of ordinary shares ('000)	394,899	652,379
Basic loss per share (sen)	(0.28)	(0.08)
(ii) Discontinued operations		
Net (loss)/profit attributable to equity holders of the Company	(72,770)	672
Weighted average number of ordinary shares ('000)	394,899	652,379
Basic loss/earnings per share (sen)	(18.43)	0.10

b) Diluted earnings per share

The Group has no potential dilutive ordinary shares outstanding at the end of the reporting quarter, therefore, diluted earnings per share is not applicable to the Group.